

City of Orange, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2015

Shawn Oubre, Ph.D., City Manager

Prepared by:
City of Orange Finance Department
Gail English, Director of Finance
Sherry Jackson, Accounting Manager



City of Orange, Texas
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For the Fiscal Year Ended September 30, 2015

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INTRODUCTORY SECTION







February 18 , 2016

Honorable Mayor Jimmy Sims 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, 2015 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 of 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 Charles E. Reed and Associates , PC 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, 2015, 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 unqualified opinion that the City of Orange's financial statements for the fiscal year ended September 30, 2015, 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 157 through 166.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment 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 "Golden Triangle", 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 from 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 and major Special Revenue Funds these comparisons are presented on pages 40, 41 and 42 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund and major Special Revenue Funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 102.

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

The City of Orange had to face several years of rebuilding following two major hurricanes and two minor hurricanes to hit the area. On September 23, 2005 the City of Orange was hit by Hurricane Rita a category three hurricane. The damage to the area was extensive. On September 13, 2008 the City of Orange was once again hit by a major hurricane. Hurricane Ike was a category two storm, but had a devastating storm surge.

While most hurricane recovery cost occur in the years directly following the hurricane, the City continues to have hurricane recovery costs within the Special Revenue Governmental Funds. In fiscal year 2015 the City was still working to complete several infrastructure projects associated with two (2) 2008 Supplemental Disaster Recovery Fund Grants passed through the Texas General

Land Office (GLO). These grants are Supplemental Disaster Recovery Grant Round 2.1 and Round 2.2.

Sales taxes have varied widely over the last ten fiscal years. In the fiscal year following the major hurricanes, 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 an increase in sales tax. In fiscal year 2013 sales tax collections increased by 3.61% , in fiscal year 2014 by 2.08% and in fiscal year 2015 by 9.96%. The City had not anticipated any growth in sales tax and budgeted sales tax revenue growth would be fairly flat. The increase in sales tax, over what was anticipated, did result in sales tax revenue being up by \$234,833 for the fiscal year.

Long-term financial planning.

Industrial District Contracts (IDCs) provided 37% of the operating revenue for the City's general fund in fiscal year 2015. The City presently has seventeen 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 our local industries. This agreement replaced an expiring IDC. The Chapter 380 agreement is for a 15 year period.

In prior years the City's ad valorem tax rate had remained constant, at \$0.745/\$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 \$0.70/\$100 in fiscal year 2013, \$0.69/\$100 in fiscal year 2014 and \$0.68131/\$100 in fiscal year 2015. In the upcoming fiscal year 2016 the ad valorem tax rate was raised to \$0.70/\$100, but was still below the effective rate of \$0.71342/\$100.

Going forward the City will review the property and industrial values on an annual basis. If property and industrial values remain fairly constant it is anticipated that the tax rate will be fairly constant in upcoming fiscal years.

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 has 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 is reviewed annually when the City budget is formulated. This policy has placed the City in a good position when economic conditions have changed suddenly or where hurricane repairs were needed immediately.

Major Initiatives

In fiscal year 2011 the City was awarded an additional grant from the Texas General Land Office (GLO), formerly Texas Department of Rural Affairs (TDRA) for the rehabilitation of the City's Coopers Gully Lift Station as well as the resurfacing and repair of various streets and bridges. The total Round 2.1 grant award is \$6,401,138. Initial planning and engineering were begun in fiscal year 2012. The City had grant related expenditures of \$5,425,218 in fiscal years 2012, 2013 and 2014. In fiscal year 2015 there was an additional \$973,977 in grant related expenditures. This grant is substantially complete and will have minor expenses in fiscal year 2016.

In fiscal year 2012 the City was awarded another additional grant from the Texas General Land Office (GLO) for drainage improvement in Cooper's Gully and security lighting at Central Fire Station. The total Round 2.2 grant award is \$3,532,892. Initial planning started on the grant in fiscal year 2012. The City had grant related expenditures of \$104,358 in fiscal years 2013 and 2014. In fiscal year 2015 there was an additional \$1,510 in grant related expenditures. This grant is ongoing in fiscal year 2016.

In fiscal year 2015 the City Water and Sewer Proprietary Fund began a \$10,000,000 capital project to repair or replace components of the water system, water plant, wastewater system and wastewater treatment plant. The project was split into several water and sewer phases to be funded from two separate bond issues. On August 1, 2015 the City issued \$4,845,000 in Tax and Revenue Certificates of Obligation to begin the capital project. The second issue is anticipated to be issued in June of 2016.

The Texas Department of Transportation has started the rebuilding of IH 10 with the City's boundaries. In fiscal year 2015 grants were received from the Texas Department of Transportation in the amount of \$118,000. These grants were is to reimburse the City for costs associated with the relocation of utilities along the IH 10 corridor due to the rebuilding on the interstate.

In anticipation of the rebuilding the City completed a "Quiet Zone" at applicable railroad crossings throughout the City and obtained two at grade crossings included in the interstate project. This will leverage existing and new commercial real estate along the interstate for commercial development. The City will use its infrastructure, developer contacts and EDC in an effort to secure development in those areas.

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, 2014. This was the 23rd consecutive year (1992-2014) 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,



*Shawn Oubre
City Manager*



*Gail English
Director of Finance*



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

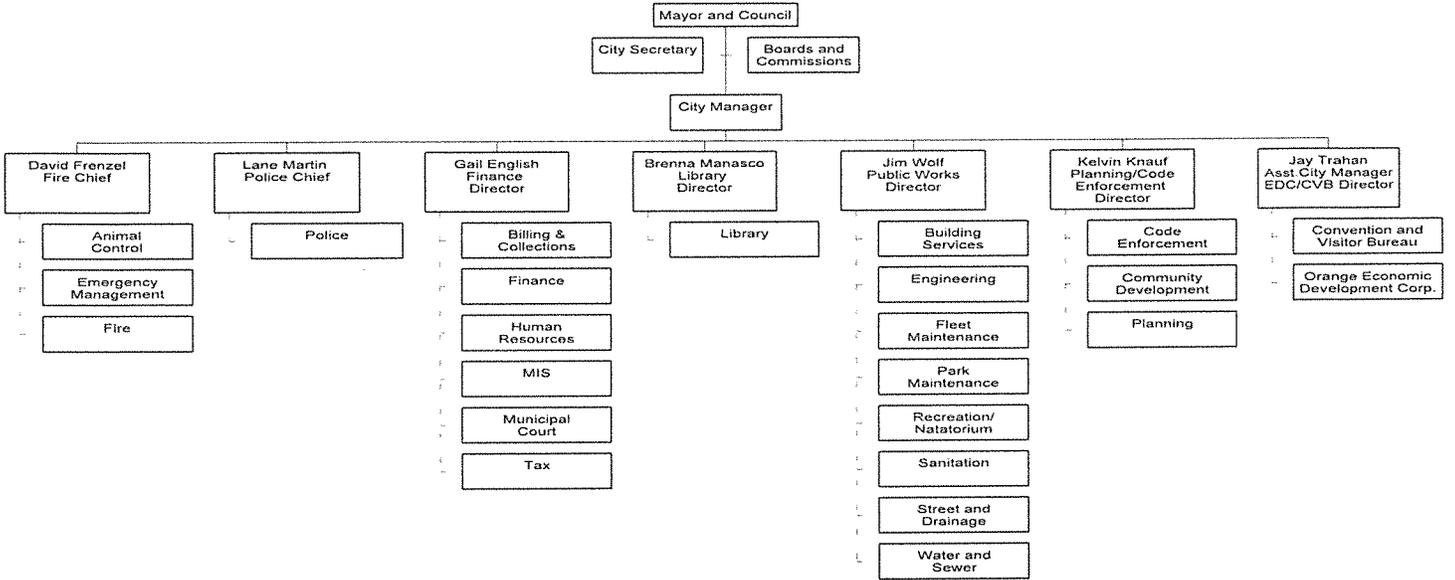
**City of Orange
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

City of Orange, Texas Organizational Chart



City of Orange, Texas

City Council

Jimmy Simms, Mayor
Patrick A. Pullen - Council Member District 1
Dr. Wayne Guidry - Council Member District 2
Essie Bellfield - Council Member District 3
Mary McKenna, Mayor Pro-Tem - Council Member District 4
Bill Mello - Council Member at Large Position 5
Larry Spears, Jr. - Council Member at Large Position 6

City Manager

Shawn Oubre, Ph. D.

Directors

Gail English, 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

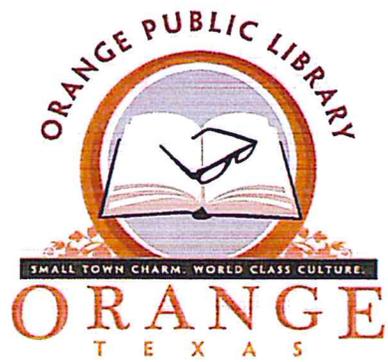
City Secretary

Rhonda Haskins



FINANCIAL SECTION







Charles E. Reed & Associates, P.C.

Certified Public Accountants & Consultants

Member

American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

AICPA Private
Companies Practice Section

INDEPENDENT AUDITOR'S REPORT

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Orange, Texas as of and for the year ended September 30, 2015, 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

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Orange, Texas, as of September 30, 2015, 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 and analysis on pages 17–34 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 of Orange, Texas's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

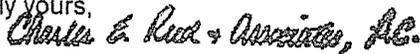
The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 combining and individual nonmajor fund financial statements, budgetary comparison information and the schedule of expenditures of federal awards are 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2016, on our consideration of the City of Orange, Texas'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 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 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 of Orange, Texas's internal control over financial reporting and compliance.

Very truly yours,



Charles E. Reed and Associates, P.C.
Certified Public Accountants and Consultants
Port Arthur, Texas

February 17, 2016

Management's Discussion and Analysis For the year ended September 30, 2015

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, 2015. 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 8 of this report.

Financial Highlights

- *The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$60,387,711 (net position). The net position is composed (1) net investment in capital assets of \$59,168,845, (2) restricted for debt service of \$869,082 and (3) unrestricted of \$349,784. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.*
- *The City implemented GASB Statement 68, Accounting and Financial Reporting for Pensions, during fiscal year 2015. GASB Statement 68 amended GASB Statement 27 and changed the way state and local governmental entities report pension liabilities and costs. It also had a direct impact on the government-wide unrestricted net position of the City.*
- *The implementation of GASB Statement 68 required a prior period adjustment to establish the net pension liability for prior years. The prior period adjustment reduced the prior period unrestricted net position by (\$12,265,418), a 1.32% decrease, at September 30, 2014. The City's government-wide net pension liability, at September 30, 2015, was \$13,794,187.*
- *After taking into account the prior period adjustment, the City's total net position increased by \$3,445,722, a 6.1% increase for the fiscal year. Governmental activities had an increase in total net position of \$2,324,133 which is an 11.7% increase over the prior fiscal year. The business type activities had an increase in total net position of \$1,121,589 which is a 3.0% increase from the prior fiscal year.*
- *The largest component of change in net position was an increase in unrestricted net position. Unrestricted net position increased by \$3,310,423.*
- *The other components of net position also changed within the fiscal year. The investment in capital assets increased by \$800,650 and the amount restricted for debt service payments decreased (\$665,351).*
- *As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,202,933, an increase of \$2,193,887 in comparison with the prior year. Of the total amount, \$6,956,414 is available for spending at the government's discretion (unassigned fund balance). The largest fund balance change was in the general fund for an increase of \$1,417,293.*
- *The general fund revenues were over budget by \$490,861 and expenditures were under budget by (\$953,226).*
- *The two largest components of additional revenue were an additional \$205,830 in tax collections and an additional \$215,147 in charges for services.*
- *Within the general fund the largest budgetary savings were \$128,816 in capital outlay and \$705,515 in the maintenance & services line item categories.*
- *Unassigned fund balance for the General Fund was \$6,956,414 or 40.7% of total general fund expenditures at September 30, 2015.*

- *The City's total long-term bonded debt increased by \$2,510,000. There were routine bond payments of \$800,000 in Governmental Activities. There were routine bond payments of \$1,640,000 in the Business-Type Activities. There were \$1,980,000 in General Obligation Refunds Bonds issued to refund \$1,875,000 from a prior issue. There were \$4,845,000 in new Tax and Revenue Certificates of Obligation issued for capital projects with the Water and Sewer Utility.*
- *The City had additional Hurricane Ike recovery costs during fiscal year 2015 that were paid through grants. On September 13, 2008, the City was hit by Hurricane Ike. Hurricane Ike was a category two storm at the time it came on shore but had a devastating storm surge which caused extensive flooding damage to many homes, businesses and City buildings and facilities. Hurricane Ike has been classified as the third most destructive hurricane to ever make landfall in the United States.*
- *In fiscal year 2011 the City was awarded supplemental Disaster Recovery Funds (Round 2.1), from the Texas General Land Office (GLO), in the amount of \$6,401,138. This grant was awarded to fund the repair of the Cooper's Gully pump station as well as various street and bridge repairs. In fiscal years 2012, 2013 and 2014 the City had \$5,425,218 in expenditures related to this grant. In fiscal year 2015 the City had \$973,977 in additional expenditures related to this grant. This grant is substantially complete and will have minor expenses in fiscal year 2016.*
- *In fiscal year 2012 the City was once again 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. In fiscal years 2013 and 2014 City had \$104,358 in expenditures related to the grant. In fiscal year 2015 the City had \$1,510 in additional expenditures related to this grant. This grant will be ongoing in fiscal year 2016.*
- *The City also received other special revenue grants to fund various other projects.*
- *In fiscal year 2015 the City was awarded a Federal Highway Administration, Texas Department of Transportation Grants, in the amount of \$189,910. This grant is to reimburse the City cost for utility line extensions along Hwy. 3247. In fiscal year 2015 the City has \$11,138 in expenditures. This grant will be ongoing in fiscal year 2016.*
- *In fiscal year 2015 the City was awarded two Federal Highway Administration, Texas Department of Transportation Grants, in the amount of \$118,000. These grants are to reimburse the City for additional cost for utility line relocation along IH 10. In fiscal year 2015 the City had \$26,578 in expenditures. One of the grants was completed and the other grant will be ongoing in fiscal year 2016.*
- *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 \$267,447, Department of Justice Assistance Grant and Seizure funds \$43,167, and Department of Homeland Security Emergency Management Performance \$32,325.*
- *The City was also awarded a State grant from Texas Forrest Service, TIFMAS Grant in the amount of \$11,045 for training tuition assistance. These funds were expended in fiscal year 2015.*

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.

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 38 and 39 of this report.

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 2015. 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 budgetary comparison statements for the two major Special Revenue Funds are also presented within the basic governmental fund financial statements.

The basic governmental fund financial statements can be found on pages 40 to 43 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 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, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 44 to 46 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 47 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 48 to 95 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 96 to 100 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 102 to 144 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 \$60,387,711 at the close of the most recent fiscal year.

By far, the largest portion of the City of Orange's net position (98%) 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.

	City of Orange's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014(a)	2015	2014(a)	2015	2014(a)
Current and other assets	\$13,470,990	\$11,352,351	\$9,401,709	\$4,476,833	\$22,872,699	\$15,829,184
Capital assets	<u>30,464,811</u>	<u>30,965,303</u>	<u>41,552,025</u>	<u>42,046,865</u>	<u>72,016,836</u>	<u>73,012,168</u>
Total assets	<u>43,935,801</u>	<u>42,317,654</u>	<u>50,953,734</u>	<u>46,523,698</u>	<u>94,889,535</u>	<u>88,841,352</u>
Deferred outflow of resources (a)	<u>2,788,325</u>	<u>1,434,594</u>	<u>375,350</u>	<u>279,454</u>	<u>3,163,675</u>	<u>1,714,048</u>
Long-term liabilities outstanding	22,370,811	23,009,576	11,812,867	8,633,100	34,183,678	31,642,676
Other liabilities	<u>960,131</u>	<u>943,127</u>	<u>1,031,530</u>	<u>1,021,233</u>	<u>1,991,661</u>	<u>1,964,360</u>
Total liabilities	<u>23,330,942</u>	<u>23,952,703</u>	<u>12,844,397</u>	<u>9,654,333</u>	<u>36,175,339</u>	<u>33,607,036</u>
Deferred inflow of resources (a)	<u>1,269,506</u>	<u>0</u>	<u>220,654</u>	<u>6,375</u>	<u>1,490,160</u>	<u>6,375</u>
Net position:						

Net investment in capital assets	23,174,811	23,215,863	35,994,034	35,152,332	59,168,845	58,368,195
Restricted	91,495	76,887	777,587	1,457,546	869,082	1,534,433
Unrestricted	<u>(1,142,628)</u>	<u>(3,493,205)</u>	<u>1,492,412</u>	<u>532,566</u>	<u>349,784</u>	<u>(2,960,639)</u>
Total net position	<u>\$22,123,678</u>	<u>19,799,545</u>	<u>\$38,264,033</u>	<u>\$37,142,444</u>	<u>\$60,387,711</u>	<u>56,941,989</u>

(a) The City implemented GASB 68, Accounting and Financial Report for Pension, in fiscal year 2015. There was a GASB 68 prior period adjustment for fiscal year 2014. Fiscal year 2014 was restated according to the prior period adjustment.

An additional portion of the City of Orange's net position, \$869,082 (1.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$349,784 may be used to meet the government's ongoing obligations to citizens and creditors.

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. However due to the implementation of GASB 68 the governmental activities did have a negative unrestricted net position was the end of the current fiscal year. It should also be noted that when the GASB 68 prior period adjustment was applied to fiscal year 2014 it also resulted in a negative unrestricted net position for the governmental activities.

As reflected in the following table the City's net position increased by \$3,445,722 during the current fiscal year. Net position for the governmental activities increased \$2,324,133 and net position for the business-type activities increased \$1,121,589. The largest change was in government-wide unrestricted net position \$3,310,423.

City of Orange's Changes in Net Position

Governmental Activities		Business-Type Activities		Total	
2015	2014	2015	2014	2015	2014

Revenues:

Program revenues:

Charges for services	\$1,880,121	\$1,473,913	\$9,577,453	\$9,118,490	\$11,457,574	\$10,592,403
Operating grants and contributions	442,087	536,954	0	0	442,087	536,954
Capital grants and contributions	1,365,962	4,224,806	37,715	821,987	1,403,677	5,046,793

General revenues:

Property taxes	5,869,937	6,044,783	--	--	5,869,937	6,044,783
Sales tax	2,592,886	2,358,053	--	--	2,592,886	2,358,053
Other taxes	694,827	622,747	--	--	694,827	622,747

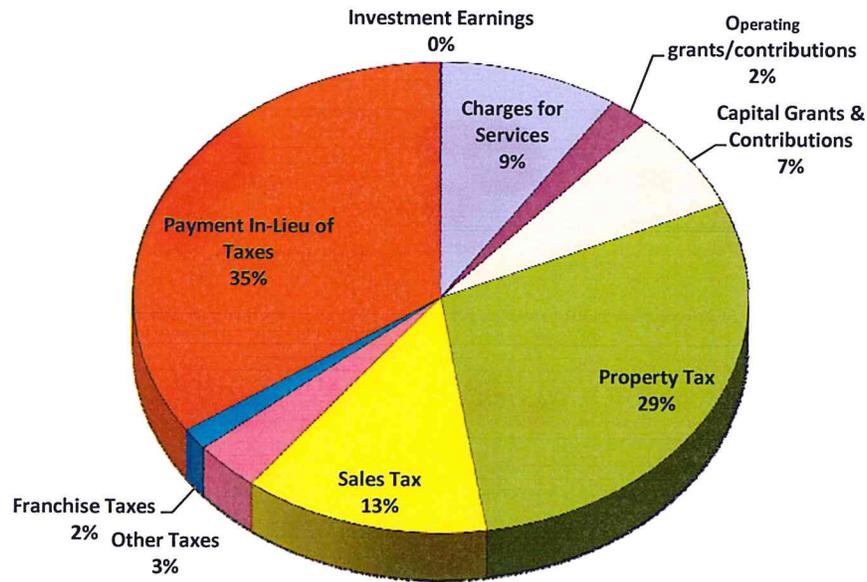
Franchise taxes	307,093	298,172	--	--	307,093	298,172
Payment-in-lieu of taxes	6,933,803	6,201,387	--	--	6,933,803	6,201,387
Investment earnings	<u>21,843</u>	<u>13,885</u>	<u>7,866</u>	<u>10,015</u>	<u>29,709</u>	<u>23,900</u>
Total revenues	<u>20,108,559</u>	<u>21,774,700</u>	<u>9,623,034</u>	<u>9,950,492</u>	<u>29,731,593</u>	<u>31,725,192</u>
Expenses:						
General government	1,362,420	1,155,305	--	--	1,362,420	1,155,305
Cultural and recreation	1,571,047	1,636,053	--	--	1,571,047	1,636,053
Public safety	10,843,357	10,666,744	--	--	10,843,357	10,666,744
Public works	3,808,559	4,323,317	--	--	3,808,559	4,323,317
Interest on long term debt	199,043	281,198	--	--	199,043	281,198
Water	--	--	2,910,512	2,965,856	2,910,512	2,965,856
Sewer	--	--	3,884,481	3,985,926	3,884,481	3,985,926
Sanitation	--	--	<u>1,706,452</u>	<u>1,691,352</u>	<u>1,706,452</u>	<u>1,691,352</u>
Total expenses	<u>17,784,426</u>	<u>18,062,617</u>	<u>8,501,445</u>	<u>8,643,134</u>	<u>26,285,871</u>	<u>26,705,751</u>
Increase (decrease) before transfers	2,324,133	3,712,083	1,121,589	3,712,083	3,445,722	5,019,441
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase (decrease) in net position	2,324,133	3,712,083	1,121,589	3,712,083	3,445,722	5,019,441
Net position - beginning	19,799,545	27,000,106	37,142,444	37,187,860	56,941,989	64,187,966
Net position restatement - prior year GASB 68	<u>0</u>	<u>(10,912,644)</u>	<u>0</u>	<u>(1,352,774)</u>	<u>0</u>	<u>(12,265,418)</u>
Net position - ending	<u>\$22,123,678</u>	<u>\$19,799,545</u>	<u>\$38,264,033</u>	<u>\$37,142,444</u>	<u>\$60,387,711</u>	<u>\$56,941,989</u>

Governmental activities: Governmental activities increased the City of Orange's net position by \$2,324,133 which is 67% of the total change in City wide net position.

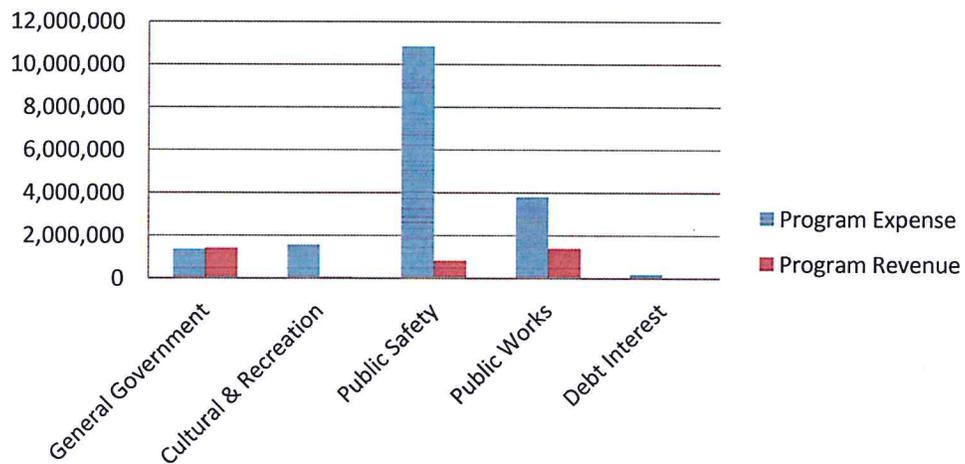
Unrestricted net position increased by \$2,350,577. Some of the items that occurred were:

- A settlement, from BP Deepwater Horizon Restoration Fund was received in the amount of \$330,162.
- Mineral income on City property was received in the amount of \$272,352.
- The City budgeted \$257,500 in capital amounts that were not expended during the fiscal year but were instead set aside in the Capital Projects fund to be expended in a future fiscal year.
- 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 \$251,132 remaining.
- Sales tax increased by \$234,833.
- The City had budgeted an anticipated budget surplus of \$224,930.
- Petroleum purchases were less than anticipated due to reduced pricing for a saving of \$122,055.

Governmental Activities - Revenues by Source



Government Activities - Expenses and Program Revenue



Business-type activities: Business-type activities increased the City of Orange's net position by \$1,352,774, thereby accounting for 33% of the total increase in the net position of the City of Orange.

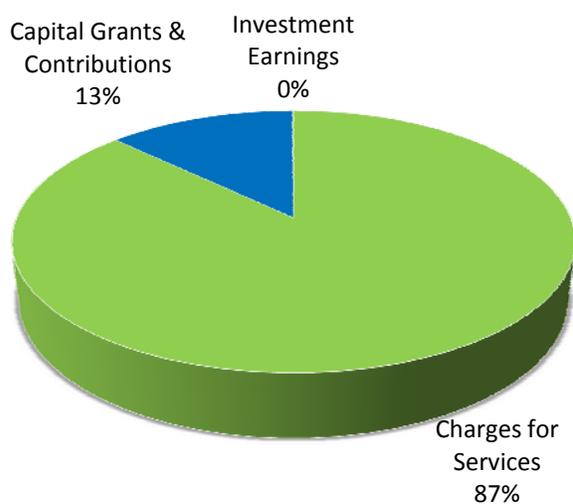
Unrestricted net position increased by \$959,846. The major item was

- The amount restricted for debt service decreased by \$679,961. The Series 2010 General Obligation Bonds will be paid off in fiscal year 2016 and the need for higher reserve is no longer necessary. This amount also accounts for the decrease in the amount reserved for debt service payments.

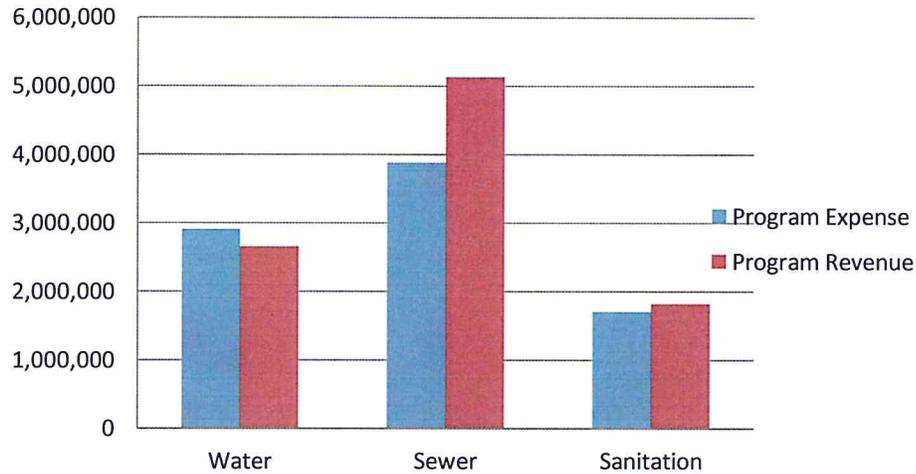
Other items:

- The City issued \$4,845,000 in Tax and Revenue Certificates of Obligation on August 1, 2015. The funding is the first phase of \$10,000,000 Water and Sewer capital projects. These bonds are anticipated to be paid from water and sewer utility revenues. At September 30, 2015 the City had \$4,739,893, of unexpended bond proceeds, in the Series 2015 CO Bond Construction account.
- To adjust for CPI changes the water and sewer rates were increased by 3.4%. Sanitation rates were increased by 2.6% to offset increases in the contracted rates charged to the City. The City received additional utility revenues of \$458,962. Water consumption stayed fairly consistent with a 0.5% decrease.
- Net investment in capital assets increased by \$841,702.

Business-Type Activities - Revenues By Source



Business-Type Activities - Expenses and Program Revenues



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, 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 \$10,202,933, an increase of \$2,193,887 in comparison with the prior year. The unassigned fund balance total was \$6,956,414 which is 68% of total fund balance. The unassigned fund balance is available for spending at the government's discretion.

<i>Nonspendable</i>	<i>Inventories</i>	<i>\$ 89,271</i>
	<i>Prepays</i>	<i>\$ 155,330</i>
<i>Restricted for:</i>	<i>Cultural and recreation</i>	<i>\$ 114,953</i>
	<i>Debt service</i>	<i>\$ 115,384</i>
	<i>Public safety</i>	<i>\$ 787,368</i>
	<i>Public works</i>	<i>\$ 64,796</i>
	<i>Tourism and promotion</i>	<i>\$ 1,297,103</i>
<i>Assigned to:</i>	<i>Capital outlay</i>	<i>\$ 620,017</i>
	<i>Economic development</i>	<i>\$ 2,297</i>
<i>Unassigned</i>		<i>\$ 6,956,414</i>

The General Fund is the chief operating fund of the City of Orange. At the end of fiscal year 2015 the General Fund had an unassigned fund balance of \$6,956,414, which is \$1,425,011 more than the prior fiscal year. The unassigned fund balance is 40.7% of the expenditures of the General Fund for fiscal year 2015.

The change in unassigned fund balance was composed of:

- The General Fund's overall revenue increased by \$1,264,937.*
- The City saw an increase of \$343,338, 4.7%, in general fund tax collections. The City also saw an increase of \$732,416, 11.8% in IDC contract payments. The changes were the results of tax rate and property values. The ad valorem property tax rate went from \$0.69/\$100 in fiscal year 2014 to \$0.68131/\$100, the effective rate, in fiscal year 2015. The certified property tax values increased 1.67%. In fiscal year 2015 the remainder of the City's industrial district contracts came up for renewal. The IDC certified contract values remained fairly constant. The increased IDC billing revenue was due to the new IDC contracts. One of the IDC contracts was converted to a Chapter 380 Economic Development Program Agreement contract at renewal.*
- General Fund expenditures decreased overall by \$113,649, which is a 0.6% decrease. The General Fund saw changes in various categories of expenditures.*
- Capital expenditures decreased by \$461,861 for the fiscal year, but at the same time the City transferred \$257,500 from the General Fund into the Capital Projects to fund capital in a future fiscal year. The overall change, considering the transfer, was \$204,361 less.*
- The City was able to give a 2.5% cost of living to all full time and part time employees. The City also bid medical insurance and was able to provide similar coverage with minor cost changes to employees. Overall General Fund wages and benefits increased by \$503,289 which is a 4% increase.*

The Debt Service Fund had a fund balance of \$115,384 which is restricted for debt service payments. This is an increase of \$1,258 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 \$620,017 which is assigned to capital outlay. There was an increase of \$587,887. During the fiscal year the City received a settlement from the BP Deepwater Horizon Restoration Fund in the amount of \$330,162. There was also a transfer in of \$257,500 from the General Fund.

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 \$2,274,604. This is an increase of \$187,449 from the prior year. The City did not have any major Special Revenue Funds for fiscal year 2015.

Proprietary funds. *The City of Orange's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the water and sewer fund increased by \$1,113,136.*

Net investment in capital assets increased by \$841,702.

The amount restricted for debt service decreased by \$679,961.

- *The Series 2010 General Obligation Bonds will be paid off in fiscal year 2016 and the need for higher reserve is no longer necessary. The release of reserves reduced the necessary bond payment transfers for the fiscal year. This amount also accounts for the decrease in the amount reserved for debt service payments.*

Unrestricted net position increased by \$959,846. The major item was

- *As noted above the amount necessary for bond payment transfers was reduced by the use of bond reserves that were no longer required. This was an addition of \$679,961,*
- *To adjust for CPI changes the water and sewer rates were increased by 3.4%. Sanitation rates were increased by 2.6% to offset increases in the contracted rates charged to the City. The City received additional utility revenues of \$458,962. Water consumption stayed fairly consistent with a 0.5% decrease during the year.*
- *Operating expenses decreased by \$143,985 during the fiscal year.*
- *The City was able to give a 2.5% cost of living to all full time and part time employees. The City also bid medical insurance and was able to provide similar coverage with minor cost changes to employees. Overall Proprietary Funds wages and benefits decreased by \$85,445 which is a 3.35% decrease. Most of the decrease was due to the implementation of GASB Statement 68 at the Proprietary Funds level.*
- *In fiscal year 2012 there was a transfer in/out between the Sanitation Fund and the Water and Sewer Fund for \$250,000. The amount was transferred from the Sanitation Fund to the Water and Sewer Fund to pay for the construction of a Sewer Septic Receiving Station. The project was started in fiscal year 2012 and completed in fiscal year 2013. This station started operations in fiscal year 2013 on a fee basis. In fiscal year 2015 the Water and Sewer Fund transferred \$50,000 back to the Sanitation Fund from fees collected by the operations of the Sewer Septic Receiving Station.*

Other items:

- *On August 1, 2014 the City issued \$4,845,000 in Tax and Revenue Certificates of Obligation. The funding is the first phase of \$10,000,000 Water and Sewer capital projects. These bonds are anticipated to be paid from water and sewer utility revenues. At September 30, 2015 the City had \$4,739,893, of unexpended bond proceeds, in the Series 2015 CO Bond Construction account.*
- *The final payment was made on the Series 2007 Water and Sewer Revenue Bonds.*
- *There was a net deferred outflow/inflow on pension liabilities of \$132,970 at September 30, 2015. There was also a net deferred outflow/inflow on bond refunding of \$21,726 at September 30, 2015.*

General Fund Budgetary Highlights

There were two budget amendments that affected the General Fund for fiscal year 2015. The amendment totaled \$257,334 in additional appropriations.

Amendment #1	\$223,120	To amend the budget for work on projects that were not completed in the prior fiscal year. The carry-forwards were for (1) \$78,010 for the Quiet Zone Project, (2) \$61,337 HVAC repairs at Central Fire State, (3) \$42,597 equipment purchase from Alternate Response Fire Responder Plan, and (4) \$9,676 Natatorium repairs. Also, to increase the budget \$30,000 for repairs to Solomon Johnson Park and \$1,500 for other increased costs.
Amendment #2	34,214	To amend the budget for increased revenue and costs for (1) \$67,981 additional Fire Department overtime which was offset by additional (\$67,981) revenue from standby billings to local industries, (2) \$20,000 mowing and liens for high grass and weeds, (3) \$11,814 in promotion cost and \$2,400 in other increased costs.
Total	<u>\$257,334</u>	

The amendments were funded in part by the receipt of additional revenue for \$67,981 and use of unassigned fund balance of \$257,334.

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	\$4,216,988	\$4,173,281	\$3,467,766	705,515
Capital Outlay	691,400	603,283	474,467	128,816

Maintenance and services – major variances

- The City, by Charter, can establish a 2% contingency fund during the budget process. The City also set aside 7% to cover any additional cost associated with employee medical insurance. At the end of the fiscal year the City has \$251,321 remaining in this account.
- Due to lower fuel costs during the year the City saw a \$122,055 savings in petroleum purchases.
- Several other items were under budget due to price or usage (1) other maintenance and services \$56,397, (2) machinery maintenance \$32,674, (3) electricity \$32,548, (4) legal expense \$29,131, (5) conference and training \$25,860 and (6) natural gas expense \$25,655.

Capital outlay – major variances

- Other capital outlay \$76,371 was under budget, but \$78,010 was carried forward into the next budget year for the Quiet Zone Project purchase of wayside horn.
- Street construction \$57,298 was under budget, but this amount was carried forward into the next budget year to complete the resurfacing on City streets.

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, 2015, amounts to \$72,016,836 (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 decreased by \$500,492, 1.6%, in this fiscal year. Capital assets in the business-type activities decreased by \$494,840, 1.2%.

City of Orange Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2013
Land	\$1,585,658	\$1,585,658	\$717,850	\$725,560	\$2,303,508	\$2,311,218
Buildings	18,658,070	17,134,730	332,995	342,261	18,991,065	17,476,991
Furniture, fixtures and books	494,603	593,952	--	--	494,603	593,952
Improvements other than buildings	--	--	37,971,127	38,758,364	37,971,127	38,758,364
Machinery, equipment, vehicles and improvements	6,207,110	4,159,590	864,933	985,938	7,072,043	5,145,528
Vehicles	--	--	310,785	375,119	310,785	375,119
Streets	3,107,103	3,195,474	--	--	3,107,103	3,195,474
Construction in progress	<u>412,267</u>	<u>4,295,899</u>	<u>1,354,335</u>	<u>859,623</u>	<u>1,766,602</u>	<u>5,155,522</u>
Total	<u>\$30,464,811</u>	<u>\$30,965,303</u>	<u>\$41,552,025</u>	<u>\$42,046,865</u>	<u>\$72,016,836</u>	<u>\$73,012,168</u>

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

Governmental Activities

In fiscal year 2015 the governmental activities had an increase in capital assets, before depreciation, of \$1,305,296. The major components of change in fiscal year 2015 were:

Buildings -

- Cooper's Gully Pump Station upgrade from CIP \$1,112,674
- Cooper's Gully Pump Station upgrade \$970,122
- HVAC repair and insulation Central Fire Station \$58,337
- City Hall paint & restroom upgrade \$29,144
- Lighting at Library \$23,816
- Chiller/Boiler at Library \$15,496
- AC Council Chambers \$11,246
- Upgrades to Animal Shelter \$9,700
- AC for Armory \$5,318
- Assets removals (\$42,862)

Furniture, fixtures and books -

- *Solomon Johnson Basketball Court* \$14,115
- *Books for Library* \$11,059

Machinery, equipment, vehicles and improvements -

- *Cooper's Gully upgrade drainage pumps transfer from CIP* \$2,702,387
- *Cooper's Gully upgrade other equipment transfer from CIP* \$125,563
- *Street & drainage Ford F750 dump truck* \$71,582
- *Parks Ford F150 Supercab* \$20,658
- *Fleet maintenance Ford F150 Supercab* \$19,508
- *Police voice recorder system* \$18,672
- *Coopers Gully upgrade main electrical breaker* \$12,500
- *Fleet maintenance pressure washer* \$5,722
- *Assets removals or trades* (\$164,109)

Infrastructure –

- *Street Overlay Huntsman & Bassett Sts.* \$135,463
- *Resurfacing of Sikes Road* \$22,817

Construction in Progress –

- *Road repair in progress* \$9,421
- *Splash pad Navy Park* \$47,571
- *Sewer manhole/line relocation IH 10* \$15,000
- *Water line relocation IH 10* \$11,578
- *Water line extension Hwy 62* \$11,137
- *Transfer to Water & Sewer Proprietary Fund force main and line relocations* (\$37,715)
- *Cooper's Gully upgrade completed transfer to buildings* (\$1,112,674)
- *Cooper's Gully upgrade completed transfer to equipment* (\$2,827,950)

Business Type Activities

In fiscal year 2015 business-type activities had an increase in capital assets, before depreciation, of \$861,520. The major capital expenditures included:

Land –

- *Sale of land parcel* (\$7,710)

Improvements –

- *Meters and settings* \$197,927
- *Clean and TV sewer lines* \$38,015
- *Upgrade/repairs to primary clarifier JWWTP* \$24,114
- *SCADA upgrades* \$27,755
- *SCADA upgrades transfer from CIP* \$97,136
- *Force main Roselawn Lift Station* \$20,000

- Sewer manhole/line relocation IH 10 \$15,000
- Asset removals (\$26,231)

Machinery, equipment and improvements –

- Chopper pump JWWTP \$13,602
- Discharge pumps Baptist Hospital Lift Station \$10,481
- Pump Sikes Lift Station \$10,170
- Asset removals (\$6,776)

Vehicles -

- Water operations Ford F450 flatbed with dump body \$35,257
- Sewer disposal Ford F150 \$19,163
- Meter readers Ford F150 \$16,452
- Asset removals & trades (\$117,547)

Construction in progress -

- Sewer disposal SEP order FY 2015 \$381,810
- Water improvements Series 2015 Bond Construction \$70,452
- Sewer improvements Series 2015 Bond Construction \$116,871
- Water line relocation IH 10 \$11,577
- Water line extension Hwy 62 \$11,138
- SCADA upgrades transfer to improvements (\$97,136)

Additional information on the City of Orange’s capital assets can be found in note IV.C on pages 65 to 69 of this report.

Long-term debt. *At the end of the current fiscal year, the City of Orange has total bonded debt outstanding of \$17,410,000. All of the outstanding debt is backed by the full faith and credit of the government. There is a minor Water and Sewer System revenue pledge of \$10,000 from the Series 2015 Tax and Revenue Certificates of Obligation.*

**City of Orange’s Outstanding Debt
General Obligation and Certificates of Obligation**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<i>Certificates of Obligation</i>	\$0	\$300,000	\$4,845,000	0	\$4,845,000	\$300,000
<i>General Obligation Bonds</i>	7,290,000	7,685,000	5,275,000	6,700,000	12,565,000	14,385,000
<i>Revenue Bonds</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>215,000</u>	<u>0</u>	<u>215,000</u>
<i>Total</i>	<u>\$7,290,000</u>	<u>\$7,985,000</u>	<u>\$10,120,000</u>	<u>\$6,915,000</u>	<u>\$17,410,000</u>	<u>\$14,900,000</u>

The City's total debt increased by \$2,510,000, 16.8%, during the current fiscal year.

The government activities total debt decreased by \$695,000, 8.7%, during the current fiscal year.

- The certificates of obligation amount for governmental activities decreased by \$300,000 which represents debt principal payments for the fiscal year.*
- The general obligation bonds of the governmental activities decreased by \$395,000. The City issued \$1,980,000 in Series 2015 GO Refunding Bonds to refund \$1,875,000 in Series 2005 GO Refunding Bonds. The City also made \$500,000 in debt principal payment for the fiscal year.*

The business-type activities total debt increased by \$3,205,000, 46.3%, during the current fiscal year.

- The certificates of obligation amount for business-type activities increased by \$4,845,000. The City issued \$4,845,000 in Series 2015 Tax and Revenue Certificates of Obligation.*
- The general obligation bonds for business-type activities decreased by \$1,425,000 which represents debt principal payments for the fiscal year.*
- The revenue bonds for business-type activities decreased by \$215,000 which represents debt principal payment for the fiscal year.*

General Obligation Ratings

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 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" 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.

On the Series 2010 General Obligation Refunding Bonds the City of Orange was assigned an "Aa3" rating from Moody's Investors Services.

Additional information on the City's long-term debt can be found in note IV.E on pages 70 to 76 of this report.

Economic Factors and Next Year's Budget and Rates

Economic factors fiscal year 2015-

- Sales tax collections increased 9.96%. The City had anticipated that the sales tax for the year would be on line with the previous year collections, but sales did increase for the fiscal year. Collections went from \$2,358,053 in fiscal year 2014 to \$2,592,886 in fiscal year 2015. These*

amounts have 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 collections for all of Orange County increased by 8.31%. The City has seen a 33.1% increase in sales tax collections for the first quarter of fiscal year 2016. This increase was due to a large state sales tax audit adjustment, from prior periods, that increased the payments within the first quarter of fiscal year 2015.*
- *Hotel/motel tax collections did show an increase in fiscal year 2015. The collections increased by 11.4% during the fiscal year. Collections went from \$602,700 in fiscal year 2014 to \$671,551 in fiscal year 2015. This increase was not the result on any major change in the number of hotels but overall increase in hotel/motel revenue within the area.*
- *The unemployment rate for the Beaumont-Port Arthur metropolitan area (in which Orange is grouped) remained above the state and national average. At September 2015 the unemployment rate was 6.4% while the statewide rate was 4.2% and the national rate was 5.1% (according to the US Bureau of Labor Statistics). The unemployment rate for the local metropolitan area is down from the prior year rate of 7.4%.*

Economic factors budgeted fiscal year 2016 -

- *The ad valorem tax certified taxable values for the new budget decreased by 2.0% over the prior fiscal year. The certified taxable values went from \$906,396,844 in January 2014 to \$887,910,106 in January 2015. The effective tax rate was \$0.71342 per \$100, but the City Council set the tax rate at \$0.70 per \$100.*
- *The Industrial District certified values increased by 1.3%. The values went from \$1,156,573,139 in January 2014 to \$1,172,619,634 in January 2015. In fiscal year 2015 the City completed negotiations on the last group of expiring Industrial District Contract. Now all contracts have a longer term and expire at the same time in the future.*
- *Sales tax increased 9.96% in fiscal year 2015. Part of the increase was for audit collections from a prior period that the City received. The City budgeted \$2,600,000 in fiscal year 2016, which is in line with fiscal year 2015 collections.*

Next year's budgetary information and rates -

- *Due to a decrease in certified values the ad valorem tax rate was increased to \$0.70/\$100. Even though this rate was about the prior year rate, \$0.68131/\$100, it was still below the effective rate for fiscal year 2016.*
- *In fiscal year 2015 the City completed the renegotiation of all Industrial District Contract. All contracts are now for a longer term and all expire in at the same time in the future. Most contract are 15 years and 93% of the ad valorem tax rate. This IDC rate was equivalent to \$0.651/\$100 in fiscal year 2016.*
- *The water and sewer rates were not adjusted in fiscal year 2016. The current rate structure was adequate for budgetary purposes.*
- *The sanitation rates were adjusted 1.1% in fiscal year 2016. The present contract for sanitation services allows the vendor to adjust rates annually for the prior twelve month CPI for sanitation services. This rate adjustment covers the CPI rate received.*
- *The City has negotiated three year contracts with both the Orange Municipal Police Association and the Orange Association of Firefighters Local 1432. Both groups received a 2.75% cost of living increase for fiscal year 2016.*
- *The City granted a 2.75% cost of living increase for non-union employees.*
- *The City budgeted step increases for non-union employees who have not reached their top step.*

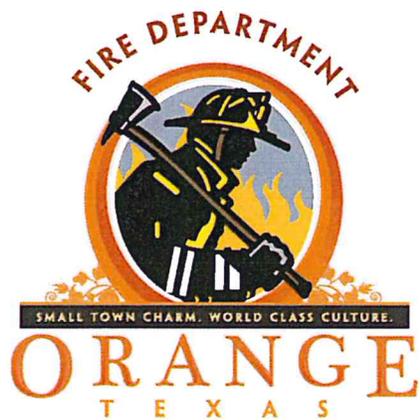
- *For fiscal year 2016 the City was able to stay with the Blue Cross Blue Shield for medical insurance. The City works with a consulting firm to assist with the bidding of our medical insurance providers. It was necessary for the City to make some plan modifications for fiscal year 2016. The budget was prepared with 5% set aside for City increases in health insurance cost. Dental and vision insurance were renewed with no 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, 2015

	Primary Government			Component Unit Economic Development Corporation
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$9,679,865	\$1,949,770	\$11,629,635	\$2,072,148
Receivables (net of allowance for uncollectibles)	3,431,730	1,203,675	4,635,405	140,128
Internal balances	323	(323)	0	0
Inventories	89,271	132,734	222,005	0
Prepays	155,330	33,899	189,229	1,482
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	114,471	6,081,954	6,196,425	400,376
Capital assets (net of accumulated depreciation)				
Land	1,585,658	717,850	2,303,508	871,059
Buildings	18,658,070	332,995	18,991,065	0
Furniture, fixtures, books	494,603	0	494,603	0
Improvements other than buildings	0	37,971,127	37,971,127	6,900,315
Machinery, equipment, vehicles & improvements	6,207,110	864,933	7,072,043	0
Vehicles	0	310,785	310,785	0
Streets	3,107,103	0	3,107,103	0
Construction in progress	412,267	1,354,335	1,766,602	0
Total assets	<u>43,935,801</u>	<u>50,953,734</u>	<u>94,889,535</u>	<u>10,385,508</u>
Deferred Outflows of Resources				
Deferred outflows on pensions	2,537,332	350,437	2,887,769	0
Deferred outflows on refunding	250,993	24,913	275,906	0
Total deferred outflows of resources	<u>2,788,325</u>	<u>375,350</u>	<u>3,163,675</u>	<u>0</u>
Liabilities				
Accounts payable and other current liabilities	936,242	966,293	1,902,535	33,452
Accrued interest payable	23,889	65,237	89,126	37,770
Noncurrent liabilities				
Due within one year payable from restricted assets	114,471	842,824	957,295	0
Due within one year	1,900,122	1,094,982	2,995,104	305,000
Due in more than one year	7,964,500	8,472,592	16,437,092	6,400,000
Net pension liabilities	12,391,718	1,402,469	13,794,187	0
Total liabilities	<u>23,330,942</u>	<u>12,844,397</u>	<u>36,175,339</u>	<u>6,776,222</u>
Deferred Inflow of Resources				
Deferred inflows on pensions	1,269,506	217,467	1,486,973	0
Deferred inflows on refunding	0	3,187	3,187	0
Total deferred inflows of resources	<u>1,269,506</u>	<u>220,654</u>	<u>1,490,160</u>	<u>0</u>
Net Position				
Net investment in capital assets	23,174,811	35,994,034	59,168,845	1,066,374
Restricted for debt service payments	91,495	777,587	869,082	362,606
Unrestricted	(1,142,628)	1,492,412	349,784	2,180,306
Total net position	<u>\$22,123,678</u>	<u>\$38,264,033</u>	<u>\$60,387,711</u>	<u>\$3,609,286</u>

The notes to the financial statements are an integral part of this statement.

City of Orange, Texas
Statement of Activities
For the Year Ended September 30, 2015

Function/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Economic Development	
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities:								
General government	1,362,420	1,307,982	97,436	0	\$42,998	--	\$42,998	--
Cultural and recreation	1,571,047	50,620	15,290	1,074	(\$1,504,063)	--	(1,504,063)	--
Public safety	10,843,357	406,569	80,673	330,162	(\$10,025,953)	--	(10,025,953)	--
Public works	3,808,559	114,950	248,688	1,034,726	(\$2,410,195)	--	(2,410,195)	--
Interest on long-term debt	199,043	0	0	0	(199,043)	--	(199,043)	--
Total governmental activities	17,784,426	1,880,121	442,087	1,365,962	(14,096,256)	--	(14,096,256)	--
Business-type activities:								
Water	2,910,512	2,634,542	0	22,715	--	(253,255)	(253,255)	--
Sewer	3,884,481	5,118,168	0	15,000	--	1,248,687	1,248,687	--
Sanitation	1,706,452	1,824,743	0	0	--	118,291	118,291	--
Total business-type activities	8,501,445	9,577,453	0	37,715	--	1,113,723	1,113,723	--
Total primary government	\$26,285,871	\$11,457,574	\$442,087	\$1,403,677	(14,096,256)	1,113,723	(12,982,533)	--
Component Unit:								
Economic Development Corporation	\$851,622	\$0	\$25,402	\$22,667	--	--	--	(\$803,553)
Total component unit	\$851,622	\$0	\$25,402	\$22,667	--	--	--	(803,553)
General revenues:								
Property taxes					5,869,937	--	5,869,937	--
Sales tax					2,592,886	--	2,592,886	1,296,443
Other taxes					694,827	--	694,827	--
Franchise taxes					307,093	--	307,093	--
Payment in-lieu of taxes					6,933,803	--	6,933,803	--
Investment earnings					21,843	7,866	29,709	5,068
Total revenues					16,420,389	7,866	16,428,255	1,301,511
Change in net position					2,324,133	1,121,589	3,445,722	497,958
Net position - beginning					30,712,189	38,495,218	69,207,407	3,111,328
Net position restatement - see note section V (B)					(10,912,644)	(1,352,774)	(12,265,418)	
Net position - ending					\$22,123,678	\$38,264,033	\$60,387,711	\$3,609,286

The notes to the financial statements are an integral part of this statement.

**City of Orange, Texas
Balance Sheet
Governmental Funds
September 30, 2015**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$6,551,962	\$114,471	\$362,517	\$2,227,349	\$9,256,299
Receivables (net of allowance for uncollectibles)					
Taxes	941,227	213,932	0	0	1,155,159
Accounts	1,185,190	0	0	359,519	1,544,709
Due from other funds	174,441	0	257,500	0	431,941
Due from others	6,569	913	0	0	7,482
Inventories, at cost	89,271	0	0	0	89,271
Prepays	147,243	0	0	8,087	155,330
Total assets	\$9,095,903	\$329,316	\$620,017	\$2,594,955	\$12,640,191
Liabilities					
Accounts payable	\$683,383	\$0	\$0	\$145,910	\$829,293
Partial payment of taxes	1,565	0	0	0	1,565
Due to other funds	257,500	0	0	174,441	431,941
Liability for municipal court	19,300	0	0	0	19,300
Total liabilities	961,748	0	0	320,351	1,282,099
Deferred inflows of resources					
Unavailable revenue-property tax	941,227	213,932	0	0	1,155,159
Total deferred inflows of resources	941,227	213,932	0	0	1,155,159
Fund balances					
Nonspendable					
Inventory	89,271	0	0	0	89,271
Prepays	147,243	0	0	8,087	155,330
Restricted for:					
Cultural and recreation	0	0	0	114,953	114,953
Debt service	0	115,384	0	0	115,384
Public safety	0	0	0	787,368	787,368
Public works	0	0	0	64,796	64,796
Tourism and promotion	0	0	0	1,297,103	1,297,103
Assigned to:					
Capital outlay	0	0	620,017	0	620,017
Economic Development	0	0	0	2,297	2,297
Unassigned	6,956,414	0	0	0	6,956,414
Total fund balance	7,192,928	115,384	620,017	2,274,604	10,202,933
Total liabilities, deferred inflows of resources and fund balances	\$9,095,903	\$329,316	\$620,017	\$2,594,955	

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 statement of net position.	30,464,811
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the statement of net position.	1,879,539
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.	(20,875,880)
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.	452,275
Net position of governmental activities	\$22,123,678

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$7,677,039	\$988,643	\$0	\$671,551	\$9,337,233
Payment in lieu of taxes	6,933,803	0	0	0	6,933,803
Franchises	1,205,744	0	0	0	1,205,744
Licenses and permits	416,556	0	0	0	416,556
Intergovernmental	98,843	0	0	0	98,843
Charges for services	2,238,147	0	0	0	2,238,147
Donations	0	0	0	30,581	30,581
Grant income	0	0	0	1,328,923	1,328,923
Investment income	15,908	851	225	4,859	21,843
Program income	0	0	0	31,833	31,833
Forfeitures	0	0	0	6,750	6,750
Miscellaneous	174,894	0	330,162	0	505,056
Total revenues	<u>18,760,934</u>	<u>989,494</u>	<u>330,387</u>	<u>2,074,497</u>	<u>22,155,312</u>
Expenditures					
Current					
General government	1,413,910	0	0	0	1,413,910
Cultural and recreation	993,699	0	0	466,147	1,459,846
Public safety	9,343,748	0	0	69,887	9,413,635
Public works	2,976,098	0	0	296,171	3,272,269
Non departmental	1,889,829	0	0	0	1,889,829
Debt Service					
Principal	0	800,000	0	0	800,000
Interest and fiscal charges	0	190,326	0	0	190,326
Capital Outlay					
Books	9,985	0	0	1,074	11,059
Buildings	179,671	0	0	0	179,671
Machinery and equipment	5,723	0	0	0	5,723
Other capital	1,639	0	0	85,286	86,925
Storm sewer construction	0	0	0	968,483	968,483
Street construction	167,702	0	0	0	167,702
Vehicles	109,747	0	0	0	109,747
Total expenditures	<u>17,091,751</u>	<u>990,326</u>	<u>0</u>	<u>1,887,048</u>	<u>19,969,125</u>
Excess (deficiency) of revenues over (under) expenditures	1,669,183	(832)	330,387	187,449	2,186,187
Other financing sources (uses)					
Refunding bonds issued	0	1,980,000	0	0	1,980,000
Payment to refunded bond escrow age	0	(1,977,910)	0	0	(1,977,910)
Sale of general capital assets	5,610	0	0	0	5,610
Transfers in	0	0	257,500	0	257,500
Transfers out	(257,500)	0	0	0	(257,500)
Total other financing sources and uses	<u>(251,890)</u>	<u>2,090</u>	<u>257,500</u>	<u>0</u>	<u>7,700</u>
Net change in fund balances	<u>1,417,293</u>	<u>1,258</u>	<u>587,887</u>	<u>187,449</u>	<u>2,193,887</u>
Fund balances - beginning	5,775,635	114,126	32,130	2,087,155	8,009,046
Fund balances - ending	<u>\$7,192,928</u>	<u>\$115,384</u>	<u>\$620,017</u>	<u>\$2,274,604</u>	<u>\$10,202,933</u>

The notes to the financial statements are an integral part of this statement.

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, 2015

Amounts reported for governmental activities in the statement of activities (page 37) are different because:

Net change in fund balances - total governmental funds (page 39)	\$2,193,887
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(500,492)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(148,948)
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 assets. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	789,193
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.	(52,852)
Internal service funds are used by management to charge the cost of workers' compensation and medical insurance to individual funds.	43,345
Change in net position of governmental activities (page 37).	<u><u>\$2,324,133</u></u>

The notes to the financial statements are an integral part of this statement.

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	\$7,471,209	\$7,471,209	\$7,677,039	\$205,830
Payment in lieu of taxes	6,974,667	6,974,667	6,933,803	(40,864)
Franchises	1,209,000	1,209,000	1,205,744	(3,256)
Licenses and permits	334,250	334,250	416,556	82,306
Intergovernmental	84,000	84,000	98,843	14,843
Charges for services	2,024,000	2,024,000	2,238,147	214,147
Investment income	10,000	10,000	15,908	5,908
Miscellaneous	80,000	162,947	174,894	11,947
Total revenues	18,187,126	18,270,073	18,760,934	490,861
Expenditures				
Current				
General government	1,465,287	1,490,091	1,413,910	(76,181)
Cultural and recreation	1,102,470	1,115,717	993,699	(122,018)
Public safety	9,118,941	9,307,644	9,343,748	36,104
Public works	3,319,778	3,356,088	2,976,098	(379,990)
Non departmental	2,264,320	2,172,154	1,889,829	(282,325)
Capital Outlay				
Books	10,000	10,000	9,985	(15)
Buildings	125,666	174,503	179,671	5,168
Machinery	6,000	6,000	5,723	(277)
Other capital	0	78,010	1,639	(76,371)
Street construction	225,000	225,000	167,702	(57,298)
Vehicles	324,734	109,770	109,747	(23)
Total expenditures	17,962,196	18,044,977	17,091,751	(953,226)
Excess (deficiency) of revenues over (under) expenditures	224,930	225,096	1,669,183	1,444,087
Other financing sources (uses)				
Sales of general capital assets	0	0	5,610	5,610
Transfer for capital projects	0	(257,500)	(257,500)	0
Total other financing sources and uses	0	(257,500)	(251,890)	5,610
Net change in fund balances	224,930	(32,404)	1,417,293	1,449,697
Fund balances - beginning	5,775,635	5,775,635	5,775,635	0
Fund balances - ending	\$6,000,565	\$5,743,231	\$7,192,928	\$1,449,697

The notes to the financial statements are an integral part of this statement.

City of Orange, Texas
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water & Sewer	Water & Sewer	Sanitation	Sanitation	Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	
Assets						
Current assets:						
Cash and cash equivalents	\$680,708	\$183,257	\$1,269,062	\$1,032,339	\$1,949,770	\$505,037
Cash with fiscal agent	0	0	0	0	0	33,000
Receivables (net of allowance for uncollectibles)	990,740	946,014	212,935	220,045	1,203,675	0
Inventories	132,734	140,351	0	0	132,734	0
Prepays	32,304	32,973	1,595	1,564	33,899	0
Cash and cash equivalents - restricted	6,081,954	1,929,066	0	0	6,081,954	0
Total current assets	<u>7,918,440</u>	<u>3,231,661</u>	<u>1,483,592</u>	<u>1,253,948</u>	<u>9,402,032</u>	<u>538,037</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation)						
Land	717,850	725,560	0	0	717,850	0
Buildings	332,995	342,261	0	0	332,995	0
Improvements other than buildings	37,971,127	38,758,364	0	0	37,971,127	0
Machinery and equipment	864,933	985,938	0	0	864,933	0
Transportation vehicles	206,514	214,028	104,271	161,091	310,785	0
Construction in progress	1,354,335	859,623	0	0	1,354,335	0
Total noncurrent assets	<u>41,447,754</u>	<u>41,885,774</u>	<u>104,271</u>	<u>161,091</u>	<u>41,552,025</u>	<u>0</u>
Total assets	<u>49,366,194</u>	<u>45,117,435</u>	<u>1,587,863</u>	<u>1,415,039</u>	<u>50,954,057</u>	<u>538,037</u>
Deferred outflows of resources						
Deferred outflows on pension liability	334,716	241,470	15,721	11,142	350,437	0
Deferred outflows on refunding	24,913	26,842	0	0	24,913	0
Total deferred outflows of resources	<u>359,629</u>	<u>268,312</u>	<u>15,721</u>	<u>11,142</u>	<u>375,350</u>	<u>0</u>
Combined assets and deferred outflows of resources	<u>49,725,823</u>	<u>45,385,747</u>	<u>1,603,584</u>	<u>1,426,181</u>	<u>51,329,407</u>	<u>538,037</u>
Liabilities						
Current liabilities:						
Accounts payable and other current liabilities	834,442	857,506	131,851	127,169	966,293	86,085
Accrued interest payable	65,237	36,558	0	0	65,237	0
Liability for employee benefits	38,571	34,975	5,266	4,385	43,837	0
Current portion of long-term debt	1,893,969	1,640,000	0	0	1,893,969	0
Total current liabilities	<u>2,832,219</u>	<u>2,569,039</u>	<u>137,117</u>	<u>131,554</u>	<u>2,969,336</u>	<u>86,085</u>
Noncurrent liabilities:						
Liability for employee benefits	63,668	69,969	5,009	3,385	68,677	0
General obligation bonds payable	8,403,915	5,275,000	0	0	8,403,915	0
Net pension liability	1,340,642	1,534,577	61,827	70,809	1,402,469	0
Total noncurrent liabilities	<u>9,808,225</u>	<u>6,879,546</u>	<u>66,836</u>	<u>74,194</u>	<u>9,875,061</u>	<u>0</u>
Total liabilities	<u>12,640,444</u>	<u>9,448,585</u>	<u>203,953</u>	<u>205,748</u>	<u>12,844,397</u>	<u>86,085</u>
Deferred inflows of resources						
Deferred inflows on pension liability	207,841	0	9,626	0	217,467	0
Deferred inflows on refunding	3,187	6,375	0	0	3,187	0
Total deferred inflows of resources	<u>211,028</u>	<u>6,375</u>	<u>9,626</u>	<u>0</u>	<u>220,654</u>	<u>0</u>
Combined liabilities and deferred inflows of resources	<u>12,851,472</u>	<u>9,454,960</u>	<u>213,579</u>	<u>205,748</u>	<u>13,065,051</u>	<u>86,085</u>
Net Position						
Net investment in capital assets	35,889,763	34,991,241	104,271	161,091	35,994,034	0
Restricted for debt service payments	777,587	1,457,546	0	0	777,587	0
Unrestricted	207,001	(518,000)	1,285,734	1,059,342	1,492,735	451,952
Total net position	<u>\$36,874,351</u>	<u>\$35,930,787</u>	<u>\$1,390,005</u>	<u>\$1,220,433</u>	<u>38,264,356</u>	<u>\$451,952</u>

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time. (323)

Net position of business-type activities \$38,264,033

The notes to the financial statements are an integral part of this statement.

City of Orange, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water & Sewer	Water & Sewer	Sanitation	Sanitation	Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	
Operating revenues						
Charges for service- water	\$2,460,020	\$2,327,027	\$0	\$0	\$2,460,020	\$0
Charges for service - sewer	4,943,646	4,654,551	0	0	4,943,646	0
Charges for service - sanitation	0	0	1,824,743	1,800,741	1,824,743	0
Other services	349,044	336,172	0	0	349,044	243,529
Total operating revenues	<u>7,752,710</u>	<u>7,317,750</u>	<u>1,824,743</u>	<u>1,800,741</u>	<u>9,577,453</u>	<u>243,529</u>
Operating expenses						
Personnel services	1,560,303	1,567,477	76,760	72,947	1,637,063	0
Employee benefits	784,021	862,500	42,087	45,692	826,108	0
Contractual services	893,980	995,453	1,255,861	1,237,514	2,149,841	0
Supplies	249,410	227,191	1,449	683	250,859	0
Utilities	514,215	531,006	0	0	514,215	0
Depreciation	1,422,863	1,364,252	56,821	55,636	1,479,684	0
Administrative expense	1,045,518	1,090,101	286,580	283,401	1,332,098	13,267
Claims	0	0	0	0	0	142,078
Premiums	0	0	0	0	0	37,423
Total operating expenses	<u>6,470,310</u>	<u>6,637,980</u>	<u>1,719,558</u>	<u>1,695,873</u>	<u>8,189,868</u>	<u>192,768</u>
Operating income (loss)	<u>1,282,400</u>	<u>679,770</u>	<u>105,185</u>	<u>104,868</u>	<u>1,387,585</u>	<u>50,761</u>
Nonoperating revenues (expenses)						
Deferred inflow of resources on refunding	(1,929)	2,544	0	0	(1,929)	0
Deferred outflow of resources on refunding	3,188	(122,515)	0	0	3,188	0
Bond issuance cost	(98,373)	0	0	0	(98,373)	0
Investment income	5,134	7,255	2,732	2,760	7,866	1,037
Interest expense	(202,832)	(228,431)	0	0	(202,832)	0
Gain (loss) on capital asset disposition	(31,739)	12,038	11,655	0	(20,084)	0
Total nonoperating revenue (expense) before contributions and transfers	<u>(326,551)</u>	<u>(329,109)</u>	<u>14,387</u>	<u>2,760</u>	<u>(312,164)</u>	<u>1,037</u>
Income (loss) before contributions and transfers	<u>955,849</u>	<u>350,661</u>	<u>119,572</u>	<u>107,628</u>	<u>1,075,421</u>	<u>51,798</u>
Capital contributions	37,715	821,986	0	0	37,715	0
Transfers in	0	0	50,000	50,000	50,000	0
Transfers out	(50,000)	(50,000)	0	0	(50,000)	0
Change in net position	<u>943,564</u>	<u>1,122,647</u>	<u>169,572</u>	<u>157,628</u>	<u>1,113,136</u>	<u>51,798</u>
Total net position - beginning	35,930,787	36,101,247	1,220,433	1,122,472		400,154
Net position restatement - see note Sec. V (B)	0	(1,293,107)	0	(59,667)		0
Total net position - ending	<u>36,874,351</u>	<u>35,930,787</u>	<u>1,390,005</u>	<u>1,220,433</u>		<u>451,952</u>

Adjustment for the net effect of the current
year activity between the internal service
fund and the enterprise funds.

8,453

Change in net position of business-type activities (page 37)

\$1,121,589

The notes to the financial statements are an integral part of this statement.

City of Orange
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Water & Sewer Current Year	Water & Sewer Prior Year	Sanitation Current Year	Sanitation Prior Year	Total Current Year	Governmental Activities- Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$7,739,812	\$7,353,102	\$1,831,854	\$1,800,625	9,571,666	\$243,529
Payments to suppliers	(2,491,776)	(2,547,466)	(1,252,405)	(1,238,476)	(3,744,181)	(157,541)
Payments to employees	(1,638,810)	(1,571,216)	(120,533)	(117,574)	(1,759,343)	0
Payments for interfund services used	(1,045,518)	(1,090,101)	(286,580)	(283,401)	(1,332,098)	0
Net cash provided (used) by operating activities	2,563,708	2,144,319	172,336	161,174	2,736,044	85,988
Cash flows from noncapital financing activities:						
Subsidy from (to) proprietary fund	(50,000)	(50,000)	50,000	50,000	0	0
Net cash provided (used) by noncapital financing activities	(50,000)	(50,000)	50,000	50,000	0	0
Cash flows from capital and related financing activities:						
Purchases of capital assets	(979,986)	(1,193,018)	0	(129,014)	(979,986)	0
Sales of capital assets	2,003	12,038	11,655	0	13,658	0
Issuance of bonds	4,926,006	0	0	0	4,926,006	0
Principal paid on capital debt	(1,640,000)	(1,585,000)	0	0	(1,640,000)	0
Interest paid on capital debt	(176,525)	(243,834)	0	0	(176,525)	0
Net cash provided (used) by capital and related financing activities	2,131,498	(3,009,814)	11,655	(129,014)	2,143,153	0
Cash flows from investing activities:						
Interest and dividends received	5,133	7,264	2,732	2,760	7,865	1,037
Net cash provided by investing activities	5,133	7,264	2,732	2,760	7,865	1,037
Net increase (decrease) in cash and cash equivalents	4,650,339	(908,231)	236,723	84,920	4,887,062	87,025
Cash and cash equivalents October 1	2,112,323	3,020,554	1,032,339	947,419	3,144,662	418,012
Cash and cash equivalents September 30	\$6,762,662	\$2,112,323	\$1,269,062	\$1,032,339	\$8,031,724	\$505,037
Reconciliation of operating income to net cash provided by operating activities:						
Operating Income (Loss)	\$1,282,400	\$679,770	\$105,185	\$104,868	\$1,387,585	\$50,761
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	1,422,863	1,364,252	56,821	55,636	1,479,684	0
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(44,732)	24,596	7,109	(116)	(37,623)	0
(Increase) decrease in cash with fiscal agent	0	0	0	0	0	3,000
(Increase) decrease in inventory	7,617	2,672	0	0	7,617	0
(Increase) decrease in prepaids	669	(2,542)	(31)	(122)	638	0
(Increase) decrease in deferred pension contributic	(79,340)	0	(3,935)	0	(83,275)	0
Increase (decrease) in accounts payable	(25,769)	75,571	7,187	908	(18,582)	32,227
Net cash provided (used) by operating activities	\$2,563,708	\$2,144,319	\$172,336	\$161,174	\$2,736,044	\$85,988
Noncash investing, capital and financing activities						
Contributions of capital assets from government	37,715	821,986	0	0	37,715	0

The notes to the financial statements are an integral part of this statement

City of Orange, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	<u>Total Fiduciary Funds</u>
Assets	
Cash	\$223,488
Accounts receivable	3,671
Total assets	<u>227,159</u>
Liabilities	
Accounts payable	10,205
Other liabilities	216,954
Total liabilities	<u>\$227,159</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2015

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 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 at 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

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2015

operational or capital requirement of a particular function or segment. Taxes and other items not 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, 2015:

*The **general fund** is the government's primary operating fund. It accounts for all financial*

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2015

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 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 or residual equity.*

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.*

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.

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2015

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 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. 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 are reported at cost which approximates fair value.

2. 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

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2015

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 3.4% of outstanding property taxes at September 30, 2015.

Property taxes are levied annually in October on the basis of the Orange County Appraisal District’s assessed values as of January 1 of that calendar year. 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.

3. 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.

4. Restricted Assets

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

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5. 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 are recorded at estimated fair market value at the date of donation.

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 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 is 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

6. Deferred Outflows/Inflows of Resources

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

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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 three types of items that are reported under this section. (1) The deferred charge on refunding are reported in the government-wide statement of net position and the proprietary funds statement of net position. A deferred inflow 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 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. (3) 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.

7. 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.

8. Long-Term Obligations

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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.

9. Fund Equity

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

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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 are 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 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 or 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 has a standard policy to maintain a minimum 20% fund balance of annual budgeted operating expenditures. This amount is reaffirmed annually during the City's budget process. The amount of minimum fund balance included within the unassigned governmental fund balance is \$3,454,159 at September 30, 2015.

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

Nonspendable

Inventory

Restricted for:

Cultural and recreation

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Debt Service
Hurricane recovery
Public safety
Public works
Tourism and promotion

Assigned to: *Capital outlay*
 Economic development

Unassigned

10. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation

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 \$30,464,811 are as follows:

<i>Capital assets</i>	<i>\$56,084,739</i>
<i>Less: Accumulated depreciation</i>	<i><u>(25,619,928)</u></i>
<i>Net adjustment to increase fund balances - total governmental funds to arrive at net position - governmental funds.</i>	<i><u><u>\$30,464,811</u></u></i>

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 \$1,879,539 are as follows:

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<i>Accrued municipal court revenue</i>	<i>\$724,380</i>
<i>Accrued property tax revenue</i>	<u><i>1,155,159</i></u>
<i>Net adjustment to increase fund balances - total governmental funds to arrive at net position - governmental funds.</i>	<u><i>\$1,879,539</i></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 (\$20,875,880) difference are as follows:

<i>Bonds payable</i>	<i>(\$7,290,000)</i>
<i>Deferred outflows on refundings</i>	<i>250,993</i>
<i>Accrued interest payable</i>	<i>(23,889)</i>
<i>Other post employment benefits</i>	<i>(591,639)</i>
<i>Compensated absences</i>	<i>(2,097,453)</i>
<i>Net pension liabilities</i>	<u><i>(11,123,892)</i></u>
<i>Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental funds</i>	<u><i>(\$20,875,880)</i></u>

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 \$452,275 are as follows:

<i>Net position of the internal service funds</i>	<i>\$451,952</i>
<i>Plus: Internal receivable representing charges less than cost to business-type activities - prior years</i>	<i>8,776</i>
<i>Less: Internal receivable representing charges more than cost to business-type activities - current year</i>	<u><i>(8,453)</i></u>
<i>Net adjustment to increase fund balances - total governmental funds to arrive at net position - governmental funds.</i>	<u><i>\$452,275</i></u>

B. Explanation of certain differences between the governmental fund statement of revenues,

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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 (\$500,492) difference are as follows:

Capital outlay	\$1,529,310
Assets deleted during year	(107,427)
Depreciation expense	<u>(1,922,375)</u>
Net adjustment to decrease net changes in fund balances - total governmental fund to arrive at changes in net position of governmental activities	<u><u>(\$500,492)</u></u>

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 (\$148,948) difference are as follows:

Municipal court revenue	\$30,635
Property tax revenue	<u>(179,583)</u>
Net adjustment to increase net changes in fund balances - total governmental fund to arrive at changes in net position of governmental activities.	<u><u>(\$148,948)</u></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 \$789,193 difference are as follows:

Bonds paid	\$800,000
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<i>Deferred outflow on refundings</i>	(24,157)
<i>Change in interest payable</i>	<u>13,350</u>
<i>Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental funds</i>	<u>\$789,193</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 (\$52,852) difference are as follows:

<i>Compensated absences</i>	\$36,612
<i>Bond issue costs</i>	(65,410)
<i>Other post employment benefits</i>	(43,455)
<i>Net pension liability costs</i>	<u>19,401</u>
<i>Net adjustment to decrease net changes in fund balances - total government funds to arrive at changes in net position of governmental funds</i>	<u>(\$52,852)</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 \$43,345 difference are as follows:

<i>Workers’ compensation internal service fund</i>	\$43,345
<i>Net adjustment to decrease net changes in fund balances- total government funds to arrive at changes in net position of governmental funds</i>	<u>\$43,345</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds which plan expenditure activity for the fiscal year. In fiscal year 2015 annual budgets were adopted for all governmental funds except the Home Program and HUD Home Consortium. The Home Program did not have any revenue or expenditures and the HUD Home

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Consortium only had one pass-through revenue/expenditures late in the fiscal year.

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 required 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 the division level.

The City Charter Section 6.08 Transfer of Appropriations states: “No funds of the City shall be expended nor shall any obligations for the expenditures of money be incurred, except in pursuance of the annual appropriations provided by this charter. The City Council, at the request of the City Manager and by resolution, may transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another. The City Manager may at any time, with the approval of the City Council, transfer any unencumbered appropriation, balance of portion, or portions, thereof between general classifications of expenditures with an office, department or agency of the City...”

Any changes to the City budget, whether between any office, department or agency or within any character or object in an office, department or agency must be approved by the City Council.

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

<i>Amendment #1</i>	<i>General Fund</i>	<i>\$223,120</i>	<i>increased costs in various line items during the fiscal year with the major components being carry forward of funding for the Quiet Zone Project from prior fiscal year, carry forward of costs for architectural and HVAC repairs at Central Fire Station from prior fiscal year, carry forward of costs for equipment purchase for Alternate Response First Responder Plan from prior fiscal year, and approved repairs to Solomon Johnson Park.</i>
	<i>General Capital Improvement Fund</i>	<i>(254,576)</i>	<i>increased revenue for inter-fund transfer of funds from the General Fund for future year capital purchases as established by the fiscal year 2015 budget. Also, increase costs for additional funds needed for the Quiet Zone Project.</i>

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<i>Water and Sewer Fund</i>	133,538	<i>increase costs in various line items during the fiscal year with the major components being carry forward of SEP and Scada JWWTP Projects that were started in the prior fiscal year, to amend for radio read meter installation contract change order #2 and to amend for additional meter costs during the year.</i>
<i>2015 Water and Sewer Bond Construction</i>	189,500	<i>increase costs for engineering on upcoming 2015 Water and Sewer bond issue.</i>
<i>Special Revenue Funds</i>	(13,607)	<i>increase revenue and costs for various special revenue funds. Including Orange Development, Community Development Block Grant, Texas GLO Grant, Police Criminal Forfeiture, and Texas Forest Service Grant.</i>
<i>Amendment #2</i>	<i>General Fund</i> \$34,214	<i>increased revenue and costs in various line items during the fiscal year with the major portions being for additional costs for Fire Department overtime which was offset by additional revenue received from local industry for standby hours, additional costs for mowing and liens for high grass and weeds, and additional costs due to promotion.</i>
<i>Water and Sewer Fund</i>	436,857	<i>increased costs in various line items during the fiscal year with the major portions being for Jackson WWTP Rehab contract for grit removal at the plant, and unforeseen maintenance issues at Jackson WWTP.</i>
<i>Special Revenue Funds</i>	263	<i>increased revenue and costs for various special revenue funds. Including Community Development Block Grant, TX Forest Service Grant, TX DOT Utility Relocation Grant, TX Water Development Board Grant.</i>

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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, 2015.

B. Excess of Expenditures Over Appropriations

The City had two Special Revenue Funds that exceeded appropriations for fiscal year 2015. The Texas Forest Service TIFMAS Fund exceeded appropriations by \$4,985, and the Texas Department of Public Safety Emergency Management Grant Fund exceeded appropriations by \$4,247. Both funds had additional grant revenue to offset the additional expenditures.

C. Deficit Fund Balance

At September 30, 2015 the City of Orange did not have any funds that had a deficit fund balance.

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:

<i>Collateralized certificates of deposit</i>	<i>1 year</i>
<i>Direct obligation of Federal Government</i>	<i>2 years</i>
<i>Direct obligations of Federal agencies or instrumentalities</i>	<i>1 year</i>
<i>Certificates of deposit at Federally insured banks or savings and loans associations</i>	<i>1 Year</i>

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

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savings accounts at the City's depository banks, or (6) Texpool. The City's policy is more restrictive than present State Law.

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. The City and the Economic Development Corporation, a discretely presented component unit, did not have custodial credit risk on deposits at September 30, 2015. 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 counterparty, 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 investment 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	\$18,049,548
Fair value of investments - U. S. Government securities	<u>0</u>
Total	<u>\$18,049,548</u>
Cash and cash equivalents	\$12,096,437
Cash and cash equivalents - temporarily restricted	5,729,623
Cash and cash equivalents - fiduciary fund	<u>223,488</u>
Total	<u>\$18,049,548</u>

At September 30, 2015 the City did not have any investments in U. S. Government securities.

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B. Receivables

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

	Governmental Activities	Business-Type Activities	Total
<i>Receivables:</i>			
Taxes	\$1,196,436	\$0	\$1,196,436
Accounts	2,269,089	1,220,187	3,489,276
Due from others	<u>7,482</u>	<u>0</u>	<u>7,482</u>
Subtotal	3,473,007	1,220,187	4,693,194
Less: allowance for uncollectible	<u>(41,277)</u>	<u>(16,512)</u>	<u>(57,789)</u>
Net total receivables	<u>\$3,431,730</u>	<u>\$1,203,675</u>	<u>\$4,635,405</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	\$33,633
Ad valorem taxes - Debt Service	7,644
Water sales	5,817
Sewer usage fees	8,692
Sanitation fees	<u>2,003</u>
Total uncollectibles of the current fiscal year	<u>\$57,789</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2015 was a follows:

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Primary Government	Balance at 9/30/14	Increases	Decreases	Balance at 9/30/15
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$1,585,658	\$0	\$0	\$1,585,658
Construction in progress	<u>4,295,899</u>	<u>94,707</u>	<u>(3,978,339)</u>	<u>412,267</u>
Total capital assets, not being depreciated	<u>5,881,557</u>	<u>94,707</u>	<u>(3,978,339)</u>	<u>1,997,925</u>
<i>Capital assets, being depreciated</i>				
Buildings	22,790,069	2,235,853	(42,862)	24,983,060
Office furniture, fixtures and books	4,165,467	25,174	0	4,190,641
Machinery, equipment, vehicles and improvements	13,818,197	2,976,592	(164,109)	16,630,680
Infrastructure	<u>8,124,153</u>	<u>158,280</u>	<u>0</u>	<u>8,282,433</u>
Governmental Activities:				
Total assets being depreciated	<u>48,897,886</u>	<u>5,395,899</u>	<u>(206,971)</u>	<u>54,086,814</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(5,655,339)	(676,581)	6,930	(6,324,990)
Office furniture, fixtures and books	(3,571,515)	(124,523)		(3,696,038)
Machinery, equipment, vehicles and improvements	(9,658,607)	(874,620)	109,657	(10,423,570)
Infrastructure	<u>(4,928,679)</u>	<u>(246,651)</u>	<u>0</u>	<u>(5,175,330)</u>
Total accumulated depreciation	<u>(23,814,140)</u>	<u>(1,922,375)</u>	<u>116,587</u>	<u>(25,619,928)</u>
Total capital assets, being depreciated, net	<u>25,083,746</u>	<u>3,473,524</u>	<u>(90,384)</u>	<u>28,466,886</u>
Governmental activities capital assets, net	<u>\$30,965,303</u>	<u>\$3,568,231</u>	<u>(\$4,068,723)</u>	<u>\$30,464,811</u>
Business-type Activities:				
<i>Capital assets, not being depreciated:</i>				

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Primary Government	Balance at 9/30/14	Increases	Decreases	Balance at 9/30/15
<i>Land</i>	\$725,560	\$0	(\$7,710)	\$717,850
<i>Construction in progress</i>	<u>859,623</u>	<u>591,848</u>	<u>(97,136)</u>	<u>1,354,335</u>
<i>Total capital assets, not being depreciated</i>	<u>1,585,183</u>	<u>591,848</u>	<u>(104,846)</u>	<u>2,072,185</u>
<i>Buildings</i>	463,260	0	0	463,260
<i>Improvements - other than buildings</i>	65,616,896	419,947	(26,231)	66,010,612
<i>Machinery & equipment</i>	2,095,548	34,253	(6,776)	2,123,025
<i>Vehicles</i>	<u>1,453,147</u>	<u>70,872</u>	<u>(117,547)</u>	<u>1,406,472</u>
<i>Total capital assets, being depreciated</i>	<u>69,628,851</u>	<u>525,072</u>	<u>(150,554)</u>	<u>70,003,369</u>
Business-type Activities:				
<i>Less: accumulated depreciation for:</i>				
<i>Buildings</i>	(120,999)	(9,266)	0	(130,265)
<i>Improvements other than buildings</i>	(26,858,532)	(1,186,371)	5,419	(28,039,484)
<i>Machinery & equipment</i>	(1,109,610)	(148,821)	339	(1,258,092)
<i>Vehicles</i>	<u>(1,078,028)</u>	<u>(135,226)</u>	<u>117,566</u>	<u>(1,095,688)</u>
<i>Total accumulated depreciation</i>	<u>(29,167,169)</u>	<u>(1,479,684)</u>	<u>123,324</u>	<u>(30,523,529)</u>
<i>Total capital assets, being depreciated, net</i>	<u>40,461,682</u>	<u>(954,612)</u>	<u>(27,230)</u>	<u>39,479,840</u>
<i>Business-type activities capital assets, net</i>	<u>\$42,046,865</u>	<u>(\$362,764)</u>	<u>(\$132,076)</u>	<u>\$41,552,025</u>

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

Government activities:

<i>General government</i>	\$49,733
<i>Cultural and recreation</i>	305,522

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<i>Public safety</i>	1,066,341
<i>Public works</i>	<u>500,779</u>
<i>Total depreciation expense - governmental activities</i>	<u>\$1,922,375</u>

Business-type activities:

<i>Water</i>	\$994,717
<i>Sewer</i>	428,146
<i>Sanitation</i>	<u>56,821</u>
<i>Total depreciation expense - business-type activities</i>	<u>\$1,479,684</u>

Construction commitments

Construction in progress capital assets consists of the following as of September 30, 2015:

Governmental Activities

<i>Allie Payne Road Repairs</i>	\$9,421
<i>Rail Road Quiet Zone Project TXDOT</i>	355,275
<i>Splash pad at Navy Park CDBG</i>	<u>47,571</u>
<i>Total Governmental Activities</i>	<u>\$412,267</u>

Business-Type Activities

<i>15 Street Utility Relocation</i>	\$3,310
<i>SEP TCEQ UV Structure Upgrade</i>	1,140,987
<i>Water and Sewer System Upgrades 2015 Bond Construction</i>	187,322
<i>Waterline Extension Hwy 62 TXDOT</i>	11,138
<i>Waterline Relocation Bob Hall Road</i>	<u>11,578</u>
<i>Total Business Type Activities</i>	<u>\$1,354,335</u>

D. Interfund Receivables, Payables and Transfers

The City had five short term interfund payables/receivables of cash at year end which resulted from the way the City pools cash for investment purposes. The City also had one outstanding budgeted

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transfer between the General Fund and the Capital Projects fund.

The composition of interfund balances as of September 30, 2015 is as follows:

Due to/from other

<u>Receivable Fund</u>	<u>Payable Fund</u>	<i>Amount</i>
<i>Governmental Funds:</i>		
General Fund	Special Revenue - Department of Justice Grant Fund	\$2,450
General Fund	Special Revenue - Texas Department of Transportation Grant	9,619
	Special Revenue - Texas Forrest Service TIFMAS Grant	6,815
General Fund	Special Revenue - Texas Department of Public Safety, Emergency Management Grant	7,574
General Fund	Special Revenue - Texas General Land Office GLO	147,983
General Fund	Capital Project Fund	<u>257,500</u>
<i>Total Governmental</i>		<u>\$431,941</u>

The City had the following capital assets transferred between the governmental funds and the business-type activity funds:

Capital Assets Transferred from Governmental Funds:

Texas Department of Transportation - IH 10 Utility Relocation	\$26,577
Texas Department of Transportation - Water Line Extension Hwy 62	<u>11,138</u>
<i>Total Capital Assets Transferred</i>	<u>\$37,715</u>

E. Long-Term Debt

General Obligation Bonds/Certificates of Obligation

The government issues general obligation bonds and certificates of obligation to provide funds for

CITY OF ORANGE, TEXAS
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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 \$23,085,000.

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:

	Interest Rates	Original Issue	Outstanding
Purpose			
Governmental Activities:			
General Obligation Refunding Bonds Series 2013	0.5% - 2.5%	5,440,000	5,340,000
General Obligation Refunding Bonds Series 2015	0.6% - 1.6%	1,980,000	1,950,000
Business-type Activities:			
General Obligation Advance Refunding Series 2010	2.0% - 3.0%	6,920,000	1,430,000
General Obligation Refunding Series 2014	2.0% - 3.0%	3,900,000	3,845,000
Tax and Revenue Certificates of Obligation, Series 2015	2.0% - 4.0%	<u>4,845,000</u>	<u>4,845,000</u>
		<u>\$23,085,000</u>	<u>\$17,410,000</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

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<i>Year Ending September 30, 2015</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015-2016	355,000	121,963	476,963
2016-2017	360,000	116,575	476,575
2017-2018	370,000	107,450	477,450
2018-2019	380,000	98,075	478,075
2019-2020	385,000	88,512	473,512
2020-2025	2,100,000	291,487	2,391,487
2025-2028	<u>1,390,000</u>	<u>51,603</u>	<u>1,441,603</u>
	<u>\$5,340,000</u>	<u>\$875,665</u>	<u>\$6,215,665</u>

General Obligation Refunding Bonds Series 2015

<i>Year Ending September 30, 2015</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015-2016	490,000	23,668	513,668
2016-2017	480,000	19,748	499,748
2017-2018	485,000	14,467	499,467
2018-2019	<u>495,000</u>	<u>7,920</u>	<u>502,920</u>
	<u>\$1,950,000</u>	<u>\$65,803</u>	<u>\$2,015,803</u>

Business-type Activities -

General Obligation Advance Refunding Series 2010

<i>Year Ending September 30, 2015</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015-2016	<u>1,430,000</u>	<u>21,450</u>	<u>1,451,450</u>
	<u>\$1,430,000</u>	<u>\$21,450</u>	<u>\$1,451,450</u>

General Obligation Advance Refunding Series 2014

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<i>Year Ending September 30, 2015</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015-2016	255,000	102,050	357,050
2016-2017	260,000	96,950	356,950
2017-2018	270,000	91,750	361,750
2018-2019	270,000	86,350	356,350
2019-2020	275,000	80,950	355,950
2020-2025	1,500,000	289,650	1,789,650
2025-2028	<u>1,015,000</u>	<u>61,650</u>	<u>1,076,650</u>
	<u>\$3,845,000</u>	<u>\$809,350</u>	<u>\$4,654,350</u>

Tax and Revenue Certificates of Obligation Series 2015

<i>Year Ending September 30, 2015</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015-2016	\$200,000	\$132,806	\$332,806
2016-2017	\$190,000	\$139,400	\$329,400
2017-2018	\$195,000	\$135,550	\$330,550
2018-2019	\$200,000	\$131,600	\$331,600
2019-2020	\$205,000	\$127,550	\$332,550
2020-2025	\$1,100,000	\$567,913	\$1,667,913
2025-2030	\$1,255,000	\$402,337	\$1,657,337
2030-2035	<u>\$1,500,000</u>	<u>\$154,800</u>	<u>\$1,654,800</u>
	<u>\$4,845,000</u>	<u>\$1,791,956</u>	<u>\$6,636,956</u>

Annual Debt Service

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

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<i>Year Ending</i> <i>September 30, 2015</i>	<u><i>Governmental Activities</i></u>			<u><i>Business-type Activities</i></u>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015-2016	845,000	145,630	990,630	1,885,000	256,306	2,141,306
2016-2017	840,000	136,323	976,323	450,000	236,350	686,350
2017-2018	855,000	121,918	976,918	465,000	227,300	692,300
2018-2019	875,000	105,995	980,995	470,000	217,950	687,950
2019-2020	385,000	88,512	473,512	480,000	208,500	688,500
2020-2025	2,100,000	291,487	2,391,487	2,600,000	857,563	3,457,563
2025-2030	1,390,000	51,602	1,441,602	2,270,000	463,988	2,733,988
2030-2035	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>	<u>154,800</u>	<u>1,654,800</u>
	<u>\$7,290,000</u>	<u>\$941,467</u>	<u>\$8,231,467</u>	<u>\$10,120,000</u>	<u>\$2,622,757</u>	<u>\$12,742,757</u>

Changes in Long-Term Liabilities

General Obligation Refunding Bonds, Series 2015

On May 1, 2015 the City issued \$1,980,000 in General Obligation Refunding Bonds, Series 2015 with an average interest rate of 1.335655 percent to refund \$1,875,000 of the outstanding General Obligation Refunding Bonds, Series 2005. The refunded bonds had an average interest rate of 4.0 percent. After paying closing cost of \$65,410 the net proceeds were \$1,914,590. The net proceeds, of 1,912,500, from the issuance of the bonds were deposited in an irrevocable trust with an escrow agent until the bonds were called on August 1, 2015. Additional proceeds in the amount of \$2,090 were returned to the city. As a result, the refunded bonds are considered defeased, and the liability for those bonds were removed from the Governmental Activities Long Term Debt in fiscal year 2015.

The City advance refunded the old bonds to reduce its total debt service payment over the next four(4) years by \$52,197, which resulted in a net present value savings of \$50,811 or 1.334.0291 percent. The reacquisition price exceeded the net carrying amount of the old debt by \$151,521 This amount is being netted against the new debt and amortized over the remaining life of the refunding debt.

Tax and Revenue Certificates of Obligation, Series 2015

On August 1, 2015 the City issues \$4,845,000 in Tax and Revenue Certificates of Obligation, Series 2015 with an average interest rate of 3.408213 percent to pay for design, construction, repair, replacement, improvement or rehabilitation and equipping the water system, water plant, wastewater

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system and wastewater treatment plant improvements. The certificates had an average interest rate of 3.408213%. The certificates were sold at a premium of \$215,124. After paying closing cost of \$105,833 and underwriter's discount of \$35,746, the net proceeds of \$4,918,545 were deposited into the Tax and Revenue Certificates of Obligation, Series 2015 Bond Construction bank account.

Long-term liability activity for the year ended September 30, 2015 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
<i>Bonds Payable:</i>					
General Obligation Bonds	\$7,985,000	\$1,980,000	(\$2,675,000)	\$7,290,000	(\$845,000)
Compensated absences	2,134,065	69,633	(106,244)	2,097,454	(1,169,593)
Net pension liabilities (GASB 68 prior period adjustment to beginning balance)	12,342,327	4,089,674	(4,040,283)	12,391,718	--
Other post employment benefits	<u>548,184</u>	<u>43,455</u>	<u>0</u>	<u>591,639</u>	<u>--</u>
	<u>\$23,009,576</u>	<u>\$6,182,762</u>	<u>(\$6,821,527)</u>	<u>\$22,370,811</u>	<u>(\$2,014,593)</u>
Business-type activities:					
<i>Bonds payable:</i>					
General obligation bonds and certificates of obligation	\$6,700,000	\$4,845,000	(\$1,425,000)	\$10,120,000	(\$1,885,000)
General obligation bonds - premium	0	179,378	(1,494)	177,884	(8,969)
Revenue bonds	<u>215,000</u>	<u>0</u>	<u>(215,000)</u>	<u>0</u>	<u>0</u>
Total bonds payable	6,915,000	5,024,378	(1,641,494)	10,297,884	(1,893,969)
Compensated absences	112,714	5,904	(6,104)	112,514	(43,837)
Net pension liability (GASB 68 prior period adjustment to beginning balance)	<u>1,605,386</u>	<u>590,960</u>	<u>(793,877)</u>	<u>1,402,469</u>	<u>--</u>
Business-type activity long-term liabilities	<u>\$8,633,100</u>	<u>\$5,621,242</u>	<u>(\$2,441,475)</u>	<u>\$11,812,867</u>	<u>(\$1,937,806)</u>

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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, depending on employment.

The City's other post employment benefits are funded through the General Fund.

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. These deferred outflows/inflows are listed below:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Deferred outflows of resources on pension liability	\$1,199,034	\$2,537,333	(\$1,199,035)	\$2,537,332	\$1,473,711
Deferred outflows of resources on refundings	235,560	151,521	(136,088)	250,993	(44,930)
Deferred inflows of resources on pension liability	<u>0</u>	<u>(1,269,506)</u>	<u>0</u>	<u>(1,269,506)</u>	<u>(359,822)</u>
Total governmental activities	<u>\$1,434,594</u>	<u>\$1,419,348</u>	<u>(\$1,335,123)</u>	<u>\$1,518,819</u>	<u>\$1,068,959</u>
Business-type activities:					
Deferred outflow of resources on pension liability	\$252,612	\$350,437	(\$252,612)	\$350,437	\$272,673
Deferred outflow of resources refundings	26,842	0	(1,929)	24,913	(1,929)
Deferred inflow of resources on pension liability	0	(217,467)	0	(217,467)	(70,809)
Deferred inflow of resources on refundings	<u>(6,375)</u>	<u>3,188</u>	<u>0</u>	<u>(3,187)</u>	<u>3,188</u>
Total business-type activities	<u>\$273,079</u>	<u>\$136,158</u>	<u>(\$254,541)</u>	<u>\$154,696</u>	<u>\$203,123</u>

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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.

F. Utility Revenue Pledged

Series 2007 Water and Sewer Revenue Bonds -

In 2007 the City issued \$5,095,000 in Series 2007 Water and Sewer Revenue Bonds. The bond proceeds were used to fund utility expansion into areas of the City that had been recently annexed. The Series 2007 bonds originally had a final maturity date of 2028. In 2014 the City issued Series 2014 GO Refunding Bonds which partially refunded the Series 2007 bonds.

At October 1, 2014 the City had \$223,600 in pledged future water customer revenues, net of specific operating expenses, remaining on the Series 2007 Water and Sewer Revenue Bonds. In fiscal year 2015 the principal and interest payments on the issue were \$223,600. This is 2.88% of the Water and Sewer annual operating revenue of \$7,752,710. The final amount has been paid on this issue and at September 30, 2015 the City did not have any pledged revenue on this issue.

Series 2015 Tax and Revenue Certificates of Obligation -

In 2015 the City issued \$4,485,000 in Series 2015 Tax and Revenue Certificated on Obligation. The certificates was 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 2015 the interest payment on this issue was \$19,389 and \$1,000, of this amount, would have come from pledged revenue. The \$1,000 is 0.0128% of the Water and Sewer annual operating revenue of \$7,752,710. At September 30, 2015 the Water and Sewer Enterprise Fund had future pledged revenues in the amount \$20,000.

G. Restricted Net Position

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

Governmental activities:

<i>Debt service payments</i>	<i>\$91,495</i>
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CITY OF ORANGE, TEXAS
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Business-type activities:

<i>Debt service payments</i>	<u>777,587</u>
<i>Total</i>	<u>\$869,082</u>

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.

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

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.

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As of September 30, 2015, the Workers' Compensation Fund has a designated balance for insurance claim liability of \$406,774 and an undesignated balance of \$45,178. 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 \$451,952. 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:

	<i>Beginning of Fiscal Year Liability</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claims Payments and Liability Expensed</i>	<i>Balance at Fiscal Year End</i>
2010-2011	\$399,562	(\$2,159)	(\$68,597)	\$328,806
2011-2012	\$328,806	\$262,741	(\$247,093)	\$344,454
2012-2013	\$344,454	\$234,358	(\$208,192)	\$370,620
2013-2014	\$370,620	\$36,813	(\$37,648)	\$369,785
2014-2015	\$369,785	\$179,067	(\$142,078)	\$406,774

	<u>2014-2015</u>	<u>2013-2014</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>2010-2011</u>
<u>Claim Liability Expensed</u>					
Unpaid claim liability beginning of year	\$38,432	\$111,859	\$95,952	\$70,045	\$143,488
Claims incurred in current year	173,889	58,519	185,330	215,723	120,339
Increase (decrease) in provision for insured events of prior year	(28,370)	32,405	97,165	58,382	(13,316)
Claim payments attributable to current year claims	(91,269)	(47,345)	(81,574)	(144,019)	(61,756)
Claim payments attributable to prior year claims	<u>(10,062)</u>	<u>(117,006)</u>	<u>(185,014)</u>	<u>(104,179)</u>	<u>(118,710)</u>
Unpaid claim liability expensed at end of year	<u>\$82,620</u>	<u>\$38,432</u>	<u>\$111,859</u>	<u>\$95,952</u>	<u>\$70,045</u>

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	<u>2014-2015</u>	<u>2013-2014</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>2010-2011</u>
<u>Designated for Catastrophic Claim</u>					
Designated for future catastrophic claims - beginning of year	\$369,785	\$370,620	\$344,454	\$328,806	\$399,562
Increase (decrease) in reserve	<u>36,989</u>	<u>(835)</u>	<u>26,166</u>	<u>15,648</u>	<u>(70,756)</u>
Designated for future catastrophic claims - end of year	<u>\$406,774</u>	<u>\$369,785</u>	<u>\$370,620</u>	<u>\$344,454</u>	<u>\$328,806</u>

B. Prior Period Adjustment

In fiscal year 2015 the City of Orange implemented GASB Standard 68 Accounting and Financial Reporting for Pensions. The implementation of this standard required a prior period adjustment to establish the net pension liability at the beginning of fiscal year 2015. The total net pension liability at September 30, 2014 was \$13,947,713. The amount adjusted to unrestricted net position was \$10,912,644 for governmental activities and \$1,354,774 for business-type activities.

The prior period adjustment consisted of:

Governmental Activities

Deferred outflow of resources for pension liability	\$965,553
Unrestricted net position	5,170,678
Net pension liability - Texas Municipal Retirement System	(6,136,231)
Deferred outflow of resources for pension liability	233,481
Unrestricted net position	5,741,966
Net pension obligation at 9/30/2013	230,649
Net pension liability - Orange Firemen's Relief and Retirement Fund	(6,206,096)

Business-type Activities

Deferred outflow of resources for pension liability	252,612
Unrestricted net position	1,352,774

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Net pension liability - Texas Municipal Retirement System

(1,605,386)

C. Subsequent Events

The City of Orange did not have any subsequent events for fiscal year 2015 as reviewed through February 17, 2016.

On January 12, 2015 the Orange Economic Development Corporation, a component unit of the City, approved the issuance of Series 2016 Sales Tax Revenue Refunding Bonds. The bonds will be issued to refund the Orange Economic Development Corporation Series 2007 Sales Tax Revenue Bonds.

The par amount of the Series 2016 Sales Tax Revenue Refunding Bonds will be \$1,640,000 and will be dated February 25, 2016.

D. 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.

E. 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 seventeen (17) retirees receiving this benefit and there are no more employees eligible. The

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present cost to the City is \$500 annually. This cost is funded out of the General Fund revenues on a pay-as-you-go annual basis.

Retiree Medical Insurance

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

The table below summarizes the membership of the plan as of September 30, 2015:

Current active plan members	186
Retirees and others currently receiving benefits	9
Terminated employees entitled to receive future benefits	<u>0</u>
Total	195

Funding Policy

The City of Orange has traditionally paid for some 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 \$64,103. The City contributed \$1,550 of these required costs and the retirees paid the balance of \$62,553. This is the amount that was contributed in fiscal year 2015. The City contributions were paid from the City General Fund. 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.

Annual OPEB Cost and Net OPEB

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the **annual required contributions of the employer (ARC)**, an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

An actuarial valuation report was conducted on the City of Orange Retiree Health Care Plan as of September 30, 2015. The fiscal year 2015 annual unfunded OPEB cost, of \$92,282, is based on current plan provisions and certain demographic and economic assumptions established within the October 1, 2012 valuation report. This amount also accounts for the interest and amortization adjustment on the OPEB.. If any net postemployment benefit obligations would be required to be paid they would be funded from the City General Fund.

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The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net other postemployment benefit (NOPEB) obligation:

<i>Annual required contribution (ARC)</i>	\$88,303
<i>Interest on prior NOPEB</i>	24,668
<i>Amortization adjustment on prior NOPEB</i>	<u>(22,857)</u>
<i>Annual OPEB cost</i>	90,114
<i>Contributions made</i>	<u>(46,659)</u>
<i>Increase in NOPEB obligation</i>	43,455
<i>NOPEB obligation - beginning of year</i>	<u>548,184</u>
<i>NOPEB obligation - end of year</i>	\$591,639

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 are as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
9/30/2011	\$113,622	10.3%	\$357,754
09/30/2012	\$113,647	5.8%	\$464,774
09/30/2013	\$95,895	58.4%	\$504,719
09/30/2014	\$92,282	52.9%	\$548,184
9/30/2015	\$90,114	51.8%	\$591,639

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

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<i>Amortization period</i>	30 years - open
<i>Cost method</i>	Projected Unit Credit Cost Method, Level Percent of Payroll
<i>Inflation rate</i>	3.0%
<i>Investment rate of return</i>	4.5%
<i>ARC annual increase</i>	3%
<i>Projected salary increases</i>	3%
<i>Post-retirement benefit increases</i>	4%
<i>Healthcare cost trend rate</i>	8% in excess of general inflation (“intermediate” assumption)

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The health care cost trend rate was reduced to 8% grading down to an ultimate rate of 4%.

Funding Status and Funding Progress

The funded status of the plan as of the September 30, 2015 actuarial valuation was as follows:

<i>A. Present value (PV) of future benefits</i>	
<i>i) Retirees and beneficiaries</i>	\$332,942
<i>ii) Vested terminated members</i>	0
<i>iii) Active members</i>	1,268,518
<i>Total PV of Future Benefits</i>	\$1,601,460
<i>B. Present value (PV) of future normal costs</i>	\$472,698
<i>C. Actuarial accrued liabilities (A-B)</i>	\$1,128,762
<i>D. Actuarial value of assets</i>	\$0
<i>E. Unfunded actuarial accrued liability (C-D)</i>	\$1,128,762
<i>F. Funded ratio (D/C)</i>	0.00%
<i>G. Annual covered payroll</i>	\$10,409,271

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H. Ratio of unfunded actuarial accrued liability to the annual covered payroll (G/E) 10.84%

F. Employee Retirement Systems and Pension Plans

Texas Municipal Retirement System Defined Benefit Pension Plan

Plan Description

The City of Orange participates as one of 860 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 Firefighters Pension 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:

	Plan Year 2015	Plan Year 2014
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

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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, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

<i>Inactive employees or beneficiaries currently receiving benefits</i>	<i>122</i>
<i>Inactive employees entitled to but not yet receiving benefits</i>	<i>57</i>
<i>Active employees</i>	<u><i>157</i></u>
<i>Total</i>	<u><i>336</i></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.

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 19.81% and 19.29% in calendar years 2014 and 2015 respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$1,586,949, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014, actuarial valuation was determined using the following actuarial assumptions:

<i>Inflation</i>	<i>3% per year</i>
<i>Overall Payroll Growth</i>	<i>3% per year</i>
<i>Investment Rate of Return</i>	<i>7% net of pension plan investment expense, including inflation</i>

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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, 2014 valuation, were based on the results of actual experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 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 2014 valuation.

The long-term expected rate of return on pension plan investments is 7%. The pension plan's 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	5.0%	8.50%

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Total 100.0%

Discount Rate

The discount rate used to measure the Total Pension Liability was 7%. 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.

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u> <u>Liability</u> <u>(a)</u>	<u>Plan</u> <u>Fiduciary</u> <u>Net Position</u> <u>(b)</u>	<u>Net Pension</u> <u>Liability</u> <u>(A) - (b)</u>
Balance at 12/31/2013	\$62,696,697	\$54,955,080	\$7,741,617
Changes for the current year:			
Service cost	1,390,815	--	1,390,815
Interest	4,331,921	--	4,331,921
Changes in benefit terms	--	--	--
Difference between expected and actual experience	(1,354,539)	--	(1,354,539)
Changes in assumptions	0	--	--
Benefit payments, including refunds of employee contributions	(3,015,050)	(3,015,050)	--
Contributions - employer	--	1,657,797	1,657,797
Contributions - employee	--	585,795	585,795
Net investment income	--	3,143,530	3,143,530
Administrative Fees	--	(32,822)	(32,822)
Other changes	--	<u>(2,699)</u>	<u>(2,699)</u>

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Net changes	<u>1,353,147</u>	<u>2,336,551</u>	<u>1,393,514</u>
Balance at 12/31/2014	<u>\$64,049,844</u>	<u>\$57,291,631</u>	<u>\$6,758,213</u>

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 7%, 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 (6%) or 1 percentage point higher (8%) than the current rate:

	<u>1% Decrease in Discount rate (6%)</u>	<u>Discount rate 7%</u>	<u>1% Increase in Discount Rate (8%)</u>
City's net pension liability	\$15,435,882	\$6,758,213	(\$402,806)

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, 2015, the City recognized pension expense of \$1,165,650.

At September 30, 2015, 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		(\$1,053,918)
Change in actuarial assumptions	0	
Difference between projected and actual investment earnings	562,661	
Contributions subsequent to the measurement date	<u>1,147,318</u>	
Total	<u>\$1,709,979</u>	<u>(\$1,053,918)</u>

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\$1,147,318 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, 2016. 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:

2015	(\$159,956)
2016	(159,956)
2017	(159,956)
2018	(11,389)
Thereafter	0
Total	<u>(\$491,257)</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.

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

Benefits Provided

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

Plan provisions for the City were as follows:

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	<i>Plan Year 2015</i>	<i>Plan Year 2014</i>
<i>Employee Deposit Rate</i>	11%	11%
<i>Employer Deposit Rate</i>	14%	14%
<i>Years Required for Vesting</i>	20	20
<i>Service Retirement Eligibility</i> <i>(expressed as age/years of service)</i>	50/20	50/20
<i>DROP Retirement Eligibility</i> <i>(expressed as age/years of service)</i>	53/23	53/23
<i>Annuity Increase (to retirees)</i>	<i>requires amendment to plan</i>	<i>requires amendment to plan</i>

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 his benefits under one of 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 are set so as to produce a approximately level total benefit when Social Security is taken into account.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

<i>Inactive employees or beneficiaries currently receiving benefits</i>	36
<i>Inactive employees entitled to but not yet receiving benefits</i>	1
<i>Active employees</i>	<u>37</u>
<i>Total</i>	74

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).

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Effective November 15, 2007, members began contributing to the fund at a rate of 11% of pay. 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, 2014, 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	3% per year
Overall Payroll Growth	4% per year
Cost of Living	None
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 was lowered from 8% per annum to 7.75% per annum. The actuarial value of assets is smoothed market value. The actuarial value is subject to a minimum value of 80% of the market value assets as the valuation date and a maximum value of 120% of the market value of assets as of the valuation date.

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, project to 2015 using Scale AA, with separate rates for males and females, to 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. Disability rates were changed from SOA Disability Study Table, Class 1 rates, to the tabular rates listed in Appendix B. Termination rates were not changed.

The individual entry age normal actuarial cost method was used for both the 2014 valuation and the previous valuation.

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<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%	0.62%
Fixed income	35.0%	3.00%
Equities -		
Large-cap growth	13.0%	5.95%
Large-cap value	13.0%	7.47%
Mid-cap	9.0%	8.40%
International equity	20.0%	5.80%
Emerging markets	10.0%	9.0%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in contract. 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.

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(A) - (b)</u>
Balance at 12/31/2012	\$15,800,915	\$9,594,819	\$6,206,096
Changes for the current year:			
Service cost	256,176	--	256,176
Interest	1,240,296	--	1,240,296

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<i>Changes in benefit terms</i>	--	--	--
<i>Difference between expected and actual experience</i>	(455,247)	--	(455,247)
<i>Changes in assumptions</i>	587,758	--	587,758
<i>Benefit payments, including refunds of employee contributions</i>	(1,084,609)	(1,084,609)	(2,169,218)
<i>Contributions - employer</i>	--	319,060	319,060
<i>Contributions - employee</i>	--	250,694	250,694
<i>Net investment income</i>	--	746,106	746,106
<i>Difference between expected and actual earnings</i>	--	(494,593)	(494,593)
<i>Administrative Fees</i>	--	(22,162)	(22,162)
<i>Other changes</i>	--	<u>0</u>	<u>0</u>
<i>Net changes</i>	<u>544,374</u>	<u>(285,504)</u>	<u>258,870</u>
<i>Balance at 12/31/2014</i>	<u>\$16,345,289</u>	<u>\$9,309,315</u>	<u>\$7,035,974</u>

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 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	<u>1% Decrease in Discount rate (6.75%)</u>	<u>Discount rate 7.75%</u>	<u>1% Increase in Discount Rate (8.75%)</u>
City's net pension liability	\$8,716,572	\$7,035,974	\$5,615,954

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued Comprehensive Annual Financial Report. The report for the period ended December 31, 2014 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

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For the year ended September 30, 2015, the City recognized pension expense of \$627,213. At September 30, 2015, 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 experience		(\$433,054)
Change in actuarial assumptions	559,105	
Difference between projected and actual investment earnings	395,674	
Contributions subsequent to the measurement date	<u>223,012</u>	
Total	<u>\$1,177,791</u>	<u>(\$433,054)</u>

The \$223,012 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, 2016. 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:

2015	\$105,379
2016	105,379
2017	105,379
2018	105,379
Thereafter	<u>100,209</u>
Total	<u>\$521,725</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

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with the associated governmental entity. There are also other requirements once the FSRP is in place. The Orange Firemen's Relief and Retirement Fund will have to comply with the FSRP requirement by November 1, 2016.

The City is reviewing the FSRP requirements with our City Attorney. The Orange Firemen's Relief and Retirement Fund Board is also reviewing the steps necessary to establish a FSRP.

The members of the Orange Firemen's Relief and Retirement Fund have already voted to increase their employee contributions by 1%. City contributions to the fund are controlled by a contract between the International Association of Firefighters, Local 1432 and the City of Orange. The present contract will expire September 30, 2017.

Required Supplementary Information

**City of Orange
Schedule of Funding Progress
City of Orange Retiree Health Care Plan
Other Post Employment Benefits (OPEB)**

Actuarial valuation date		09/30/2015	09/30/2013 (1)	12/31/2010
Actuarial value of assets	(A)	\$0	\$0	\$0
Actuarial accrued liability	(B)	\$1,128,762	\$1,262,089	\$1,117,250
Percentage funded	(C) = (A)/(B)	0.0%	0.0%	0.0%
Unfunded actuarial accrued liability (UAAL)	(D) = (B)-(A)	\$1,128,762	\$1,262,089	\$1,117,250
Annual Covered Payroll	(E)	\$10,409,271	\$10,126,889	\$9,672,807
Ratio of the unfunded actuarial liability to the annual covered payroll	(F) = (D) / (E)	10.84%	12.46%	11.55%

(1) The actuarial date was changed from 12/31 to 9/30.

Required Supplementary Information

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

	<u>2005-2013 (1)</u>	<u>2014</u>
Total Pension Liability		
Service Cost	--	\$1,390,815
Interest (on the Total Pension Liability)	--	4,331,921
Changes of benefit terms	--	0
Difference between expected and actual experience	--	(1,354,539)
Change of assumptions	--	0
Benefit payments, including refunds of employee contributions	--	(3,015,050)
Net Change in Total Pension Liability	--	1,353,147
Total Pension Liability - Beginning	--	62,696,697
Total Pension Liability - Ending (a)	--	<u>\$64,049,844</u>
 Plan Fiduciary Net Position		
Contributions - Employer	--	\$1,657,797
Contributions - Employee	--	585,795
Net investment income	--	3,143,530
Benefit payments, including refunds of employee contributions	--	(3,015,050)
Administrative expense	--	(32,822)
Other	--	(2,699)
Net Change in PPlan Fiduciary Net Position	--	2,336,551
Plan Fiduciary Net Position - Beginning	--	54,955,080
Plan Fiduciary Net Position - Ending (b)	--	<u>\$57,291,631</u>
 Net Pension Liability - Ending (a) - (b)	--	\$6,758,213
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	--	89.45%
 Covered Employee Payroll	--	\$8,368,497
 Net Pension Liability as a Percentage of Covered Employee Payroll	--	80.76%

Notes to Schedule:

N/A

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

Required Supplementary Information

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

	<u>FY 2006- 2014 (1)</u>	<u>FY 2015</u>
Actuarially Determined Contributions	--	\$1,586,949
Contributions in relation to the actuarially determined contributions	--	1,586,949
Contribution deficiency (excess)	--	\$0.00
Covered employee payroll	--	\$8,166,972
Contributions as a percentage of covered payroll	--	19.43%

Notes to Schedule of Contributions

Valuation Date: December 31, 2014

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	24 Years
Asset Valuation Method	10 Year Smoothed Market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information: There were no benefit changes during the year.

Notes to Schedule: N/A

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

Required Supplementary Information

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

	<u>2005-2013 (1)</u>	<u>2014</u>
Total Pension Liability		
Service Cost	--	\$256,176
Interest (on the Total Pension Liability)	--	1,240,296
Changes of benefit terms	--	0
Difference between expected and actual experience	--	(455,247)
Change of assumptions	--	587,758
Benefit payments, including refunds of employee contributions	--	(1,084,609)
Net Change in Total Pension Liability	--	544,374
Total Pension Liability - Beginning	--	15,800,915
Total Pension Liability - Ending (a)	--	<u>\$16,345,289</u>
 Plan Fiduciary Net Position		
Contributions - Employer	--	\$319,060
Contributions - Employee	--	250,694
Net investment income	--	746,106
Difference between projected and actual earnings		(494,593)
Benefit payments, including refunds of employee contributions	--	(1,084,609)
Administrative expense	--	(22,162)
Other	--	0
Net Change in PPlan Fiduciary Net Position	--	(285,504)
Plan Fiduciary Net Position - Beginning	--	9,594,819
Plan Fiduciary Net Position - Ending (b)	--	<u>\$9,309,315</u>
 Net Pension Liability - Ending (a) - (b)	--	\$7,035,974
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	--	56.95%
 Covered Employee Payroll	--	\$2,279,000
 Net Pension Liability as a Percentage of Covered Employee Payroll	--	308.73%

Notes to Schedule:

N/A

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

Required Supplementary Information

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

	<u>FY 2006- 2014 (1)</u>	<u>FY 2015</u>
Actuarially Determined Contributions	--	\$308,591
Contributions in relation to the actuarially determined contributions	--	308,591
Contribution deficiency (excess)	--	\$0.00
Covered employee payroll	--	\$2,204,221
Contributions as a percentage of covered payroll	--	14.00%

Notes to Schedule of Contributions

Valuation Date: January 1, 2015
Notes: Actuarial determined contribution rates for 2014 were based on the contracted contributor rates

**Methods and Assumptions
Used to Determine
Contribution Rates:**

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of pay, open
Remaining Amortization Period	58.2 years
Asset Valuation Method	5 year smoother market value with a 20% market value corridor
Inflation	3.0%
Salary Increases	2% to 9%, including inflation based on service at attained age 50
Investment Rate of Return	7.75%
Retirement Age	Experienced-based table of rates that are specific to the fund
Mortality	Employee and Health Annuitant Combined Rates from RP-2000 Mortality table , projected to 2024 using Scale AA, with separate rates for males and females.

Other Information: There have been no benefit changes since the January 1, 2015 valuation date.

Notes to Schedule: N/A

(1) Prior to implementation of GASB 68 information 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 being paid by levies of ad valorem taxes on property. This fund accounts for principal and interest payments on the Series 2005 General Obligation Refunding Bonds, Series 2008 Tax and Revenue Certificates of Obligation, and Series 2013 General Obligation Refunding 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, transfer of funds or residual equity. This fund accounts for major capital acquisition and construction of governmental funds.

City of Orange
Schedule of Expenditures Division Level - Budget and Actual
General Fund
For the Year Ending September 30, 2015

	Budget	Actual	Variance Over (Under)
<u>Council</u>			
Personal services	\$10,366	\$10,638	\$272
Supplies	350	265	(85)
Other services and charges	63,500	59,901	(3,599)
Total Council	74,216	70,804	(3,412)
<u>City Manager</u>			
Personal services	230,663	234,238	3,575
Supplies	3,000	2,026	(974)
Other services and charges	44,614	33,994	(10,620)
Total City Manager	278,277	270,258	(8,019)
<u>City Secretary</u>			
Personal services	164,946	164,233	(713)
Supplies	16,700	10,676	(6,024)
Other services and charges	15,650	11,071	(4,579)
Total City Secretary	197,296	185,980	(11,316)
<u>Municipal Court</u>			
Personal services	122,840	121,758	(1,082)
Supplies	9,500	3,255	(6,245)
Other services and charges	98,442	93,158	(5,284)
Total Municipal Court	230,782	218,171	(12,611)
<u>Human Resources</u>			
Personal services	79,333	78,863	(470)
Supplies	18,900	13,551	(5,349)
Other services and charges	33,800	18,001	(15,799)
Total Human Resources	132,033	110,415	(21,618)
<u>Finance</u>			
Personal services	366,799	367,931	1,132
Supplies	42,000	44,185	2,185
Other services and charges	49,500	39,277	(10,223)
Total Finance	458,299	451,393	(6,906)
<u>Tax</u>			
Other services and charges	100,000	90,647	(9,353)
Total Tax	100,000	90,647	(9,353)
<u>MIS</u>			
Supplies	8,000	6,798	(1,202)
Other services and charges	11,188	9,444	(1,744)
Total MIS	19,188	16,242	(2,946)
Total General Government	1,490,091	1,413,910	(76,181)

(Continued)

City of Orange
Schedule of Expenditures Division Level - Budget and Actual
General Fund
For the Year Ending September 30, 2015

	Budget	Actual	Variance Over (Under)
<u>Library</u>			
Personal services	364,881	336,607	(28,274)
Supplies	12,700	12,237	(463)
Other services and charges	32,900	30,102	(2,798)
Total Library	410,481	378,946	(31,535)
<u>Natatorium</u>			
Supplies	10,051	2,801	(7,250)
Other services and charges	72,170	21,779	(50,391)
Total Natatorium	82,221	24,580	(57,641)
<u>Recreation</u>			
Supplies	3,600	2,723	(877)
Total Recreation	3,600	2,723	(877)
<u>Park Maintenance</u>			
Personal services	563,765	540,896	(22,869)
Supplies	11,452	11,194	(258)
Other services and charges	44,198	35,360	(8,838)
Total Park Maintenance	619,415	587,450	(31,965)
Total Cultural and Recreation	1,115,717	993,699	(122,018)
<u>Police</u>			
Personal services	5,226,663	5,276,938	50,275
Supplies	95,300	77,242	(18,058)
Other services and charges	170,100	122,630	(47,470)
Total Police	5,492,063	5,476,810	(15,253)
<u>Emergency Management</u>			
Supplies	9,500	8,489	(1,011)
Other services and charges	5,450	4,956	(494)
Total Emergency Management	14,950	13,445	(1,505)
<u>Fire</u>			
Personal services	3,422,099	3,503,906	81,807
Supplies	139,597	135,806	(3,791)
Other services and charges	87,400	76,719	(10,681)
Total Fire	3,649,096	3,716,431	67,335
<u>Animal Control</u>			
Personal services	130,185	127,575	(2,610)
Supplies	15,050	8,300	(6,750)
Other services and charges	6,300	1,187	(5,113)
Total Animal Control	151,535	137,062	(14,473)
Total Public Safety	9,307,644	9,343,748	36,104

(Continued)

City of Orange
Schedule of Expenditures Division Level - Budget and Actual
General Fund
For the Year Ending September 30, 2015

	Budget	Actual	Variance Over (Under)
<u>Planning</u>			
Personal services	120,998	98,381	(22,617)
Supplies	3,500	1,854	(1,646)
Other services and charges	29,168	19,534	(9,634)
Total Planning	153,666	119,769	(33,897)
<u>Code Enforcement</u>			
Personal services	232,442	220,378	(12,064)
Supplies	4,200	2,439	(1,761)
Other services and charges	29,600	12,608	(16,992)
Total Code Enforcement	266,242	235,425	(30,817)
<u>Building Services</u>			
Personal services	256,875	226,752	(30,123)
Supplies	15,100	11,983	(3,117)
Other services and charges	177,275	133,790	(43,485)
Total Building Services	449,250	372,525	(76,725)
<u>Street & Drainage</u>			
Personal services	948,777	899,127	(49,650)
Supplies	16,064	14,046	(2,018)
Other services and charges	249,050	218,971	(30,079)
Total Street & Drainage	1,213,891	1,132,144	(81,747)
<u>Public Works Administration</u>			
Personal services	211,912	212,823	911
Supplies	4,600	4,484	(116)
Other services and charges	5,650	3,318	(2,332)
Total Public Works Administration	222,162	220,625	(1,537)
<u>Fleet Maintenance</u>			
Personal services	273,629	258,965	(14,664)
Supplies	15,828	12,437	(3,391)
Other services and charges	668,572	536,527	(132,045)
Total Fleet Maintenance	958,029	807,929	(150,100)
<u>Engineering</u>			
Personal services	82,148	79,388	(2,760)
Supplies	6,100	5,329	(771)
Other services and charges	4,600	2,964	(1,636)
Total Engineering	92,848	87,681	(5,167)
Total Public Works	3,356,088	2,976,098	(379,990)
<u>Non Departmental</u>			
Other services and charges	2,172,154	1,889,829	(282,325)
Total Non Departmental	2,172,154	1,889,829	(282,325)

(Continued)

City of Orange
Schedule of Expenditures Division Level - Budget and Actual
General Fund
For the Year Ending September 30, 2015

	Budget	Actual	Variance Over (Under)
<u>Capital Outlay</u>			
Capital Outlay	603,283	474,867	(128,416)
Total Capital Outlay	603,283	474,467	(128,816)
Total General Fund	\$18,044,977	\$17,091,751	(\$953,226)

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Taxes	\$904,525	\$904,525	\$988,643	\$84,118
Investment income	1,050	1,050	851	(199)
Total revenues	<u>905,575</u>	<u>905,575</u>	<u>989,494</u>	<u>83,919</u>
Expenditures:				
Principal retirement	770,000	770,000	800,000	30,000
Interest and fiscal charges	224,525	224,525	190,326	(34,199)
Total expenditures	<u>994,525</u>	<u>994,525</u>	<u>990,326</u>	<u>(4,199)</u>
Other financing sources (uses) :				
Refunding bonds issued	0	0	1,980,000	1,980,000
Payment to refunded bond escrow agent	0	0	(1,977,910)	(1,977,910)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>2,090</u>	<u>2,090</u>
Net change in fund balance	(88,950)	(88,950)	1,258	90,208
Fund balances beginning	114,126	114,126	114,126	0
Fund balances ending	<u>\$25,176</u>	<u>\$25,176</u>	<u>\$115,384</u>	<u>\$90,208</u>

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Investment income	\$150	\$150	\$225	\$75
Miscellaneous	0	0	330,162	330,162
Total revenues	150	150	330,387	330,237
Expenditures:				
Capital outlay				
Other capital	0	2,924	0	(2,924)
Total expenditures	0	2,924	0	(2,924)
Excess (deficiency) of revenues over (under) expenditures	150	(2,774)	330,387	333,161
Other financing sources (uses)				
Transfers in	0	257,500	257,500	0
Total other financing sources and uses	0	257,500	257,500	0
Net change in fund balance	150	254,726	587,887	333,161
Fund balances beginning	32,130	32,130	32,130	0
Fund balances ending	\$32,280	\$286,856	\$620,017	\$333,161

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.

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.

Department of Justice Local Law Enforcement Block Grant Fund - This fund is used to account for federal funds received from the U. S. Department of Justice for the purpose of reducing crime and improving public safety.

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.

Housing and Urban Development 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 not 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.

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 Department of Transportation (TX DOT) 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 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.

Texas Water Development Board Grant Fund - This fund is used to account for grant funds received from the Texas Water Development Board for related grant expenditures. Grant funding to provide flood mitigation services for real property within the City.

**City of Orange
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015**

	Special Revenue				
	Animal Shelter Donation Fund	Community Development Block Grant Fund	Confined Space Rescue Fund	Department of Justice Grant Fund	Economic Development Fund
Assets					
Cash and cash equivalents	\$52,010	\$36,413	\$69,088	\$0	\$2,297
Grant or other receivable	0	25,865	0	2,450	0
Prepaid	0	1,325	0	0	0
Total assets	<u>\$52,010</u>	<u>\$63,603</u>	<u>\$69,088</u>	<u>\$2,450</u>	<u>\$2,297</u>
Liabilities					
Accounts payable	\$0	\$11,703	\$1,055	\$0	\$0
Due to other funds	0	0	0	2,450	0
Total liabilities	<u>0</u>	<u>11,703</u>	<u>1,055</u>	<u>2,450</u>	<u>0</u>
Fund balances					
Nonspendable					
Prepays	0	1,325	0	0	0
Restricted for:					
Cultural and recreation	0	0	0	0	0
Public safety	52,010	0	68,033	0	0
Public works	0	50,575	0	0	0
Tourism and promotion	0	0	0	0	0
Assigned to:					
Economic development	0	0	0	0	2,297
Total fund balances	<u>52,010</u>	<u>51,900</u>	<u>68,033</u>	<u>0</u>	<u>2,297</u>
Total liabilities and fund balances	<u>\$52,010</u>	<u>\$63,603</u>	<u>\$69,088</u>	<u>\$2,450</u>	<u>\$2,297</u>

(Continued)

**City of Orange
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015**

	Special Revenue				
	Fire Department Donation Fund	Home Program Fund	HUD Home Consortium Fund	Law Enforcement Seizure Fund	Library Donation Fund
Assets					
Cash and cash equivalents	\$18,652	\$9,903	\$0	\$536,241	\$102,167
Grant or other receivable	0	0	0	0	0
Prepaid	0	0	0	5,850	0
Total assets	\$18,652	\$9,903	\$0	\$542,091	\$102,167
Liabilities					
Accounts payable	\$0	\$0	\$0	\$0	\$1,039
Due to other funds	0	0	0	0	0
Total liabilities	0	0	0	0	1,039
Fund balances					
Nonspendable					
Prepays	0	0	0	5,850	0
Restricted for:					
Cultural and recreation	0	0	0	0	101,128
Public safety	18,652	0	0	536,241	0
Public works	0	9,903	0	0	0
Tourism and promotion	0	0	0	0	0
Assigned to:					
Economic development	0	0	0	0	0
Total fund balances	18,652	9,903	0	542,091	101,128
Total liabilities and fund balances	\$18,652	\$9,903	\$0	\$542,091	\$102,167

(Continued)

**City of Orange
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015**

	Special Revenue				
	Municipal Court Technology Fund	Nelda C & HJ Lutcher Stark Foundation Grant Fund	Orange Development Fund	Parks Donation Fund	Police Donation Fund
Assets					
Cash and cash equivalents	\$72,226	\$18,027	\$1,270,232	\$9,941	\$30,152
Grant or other receivable	0	0	53,442	0	0
Prepaid	0	0	912	0	0
Total assets	<u>\$72,226</u>	<u>\$18,027</u>	<u>\$1,324,586</u>	<u>\$9,941</u>	<u>\$30,152</u>
Liabilities					
Accounts payable	\$0	\$0	\$26,571	\$0	\$0
Due to other funds	0	0	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>26,571</u>	<u>0</u>	<u>0</u>
Fund balances					
Nonspendable					
Prepays	0	0	0	0	0
Restricted for:					
Cultural and recreation	0	3,884	0	9,941	0
Public safety	72,226	10,054	0	0	30,152
Public works	0	4,089	0	0	0
Tourism and promotion	0	0	1,298,015	0	0
Assigned to:					
Economic development	0	0	0	0	0
Total fund balances	<u>72,226</u>	<u>18,027</u>	<u>1,298,015</u>	<u>9,941</u>	<u>30,152</u>
Total liabilities and fund balances	<u>\$72,226</u>	<u>\$18,027</u>	<u>\$1,324,586</u>	<u>\$9,941</u>	<u>\$30,152</u>

(Continued)

**City of Orange
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015**

	Special Revenue			
	Texas Dept. Forest Service TIFMAS Grant Fund	Texas Dept. Public Safety Emerg. Mgmt. Grant Fund	Texas Dept. Transportation (TX DOT) Grant Fund	Texas General Land Office (GLO) Fund
Assets				
Cash and cash equivalents	\$0	\$0	\$0	\$0
Grant or other receivable	6,815	8,082	22,715	240,150
Prepaid	0	0	0	0
Total assets	\$6,815	\$8,082	\$22,715	\$240,150
Liabilities				
Accounts payable	\$0	\$508	\$12,867	\$92,167
Due to other funds	6,815	7,574	9,619	147,983
Total liabilities	6,815	8,082	22,486	240,150
Fund balances				
Nonspendable				
Prepays	0	0	0	0
Restricted for:				
Cultural and recreation	0	0	0	0
Public safety	0	0	0	0
Public works	0	0	229	0
Tourism and promotion	0	0	0	0
Assigned to:				
Economic development	0	0	0	0
Total fund balances	0	0	229	0
Total liabilities and fund balances	\$6,815	\$8,082	\$22,715	\$240,150

(Continued)

**City of Orange
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015**

	Special Revenue	
	Texas Water Development Board Fund Fund	Total Nonmajor Governmental Funds
Assets		
Cash and cash equivalents	\$0	\$2,227,349
Grant or other receivable	0	359,519
Prepaid	0	8,087
Total assets	\$0	\$2,594,955
Liabilities		
Accounts payable	\$0	\$145,910
Due to other funds	0	174,441
Total liabilities	0	320,351
Fund balances		
Nonspendable		
Prepays	0	7,175
Restricted for:		
Cultural and recreation	0	114,953
Public safety	0	787,368
Public works	0	64,796
Tourism and promotion	0	1,298,015
Assigned to:		
Economic development	0	2,297
Total fund balances	0	2,274,604
Total liabilities and fund balances	\$0	\$2,594,955

City of Orange
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue				
	Animal Shelter Donation Fund	Community Development Block Grant Fund	Confined Space Rescue Fund	Department of Justice Grant Fund	Economic Development Fund
Revenues					
Taxes	\$0	\$0	\$0	\$0	\$0
Donations	370	0	20,130	0	0
Grant income	0	267,447	0	2,450	0
Investment income	119	0	180	0	5
Program income	0	14,054	0	0	0
Forfeitures	0	0	0	0	0
Total revenues	489	281,501	20,310	2,450	5
Expenditures					
Current:					
Cultural & recreation	0	0	0	0	0
Public safety	0	0	18,523	2,450	0
Public works	0	238,272	0	0	0
Capital outlay:					
Books	0	0	0	0	0
Other capital	0	47,571	0	0	0
Storm sewer construction	0	0	0	0	0
Total expenditures	0	285,843	18,523	2,450	0
Excess (deficiency) of revenues over (under) expenditures	489	(4,342)	1,787	0	5
Net change in fund balances	489	(4,342)	1,787	0	5
Fund balances beginning	51,521	56,242	66,246	0	2,292
Fund balances ending	\$52,010	\$51,900	\$68,033	\$0	\$2,297

(Continued)

City of Orange
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue				
	Fire Department Donation Fund	Home Program Fund	HUD Home Consortium Fund	Law Enforcement Seizure Fund	Library Donation Fund
Revenues					
Taxes	\$0	\$0	\$0	\$0	\$0
Donations	2,340	0	0	0	4,081
Grant income	0	0	0	0	0
Investment income	39	0	0	1,259	232
Program income	0	0	5,300	0	1,238
Forfeitures	0	0	0	6,750	0
Total revenues	2,379	0	5,300	8,009	5,551
Expenditures					
Current:					
Cultural & recreation	0	0	0	0	4,128
Public safety	1,027	0	0	40,732	0
Public works	0	0	5,300	0	0
Capital outlay:					
Books	0	0	0	0	1,074
Other capital	0	0	0	0	0
Storm sewer construction	0	0	0	0	0
Total expenditures	1,027	0	5,300	40,732	5,202
Excess (deficiency) of revenues over (under) expenditures	1,352	0	0	(32,723)	349
Net change in fund balances	1,352	0	0	(32,723)	349
Fund balances beginning	17,300	9,903	0	574,814	100,779
Fund balances ending	\$18,652	\$9,903	\$0	\$542,091	\$101,128

(Continued)

City of Orange
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	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	\$0	\$0	\$671,551	\$0	\$0
Donations	0	0	3,660	0	0
Grant income	0	0	0	0	0
Investment income	155	41	2,738	22	69
Program income	11,241	0	0	0	0
Forfeitures	0	0	0	0	0
Total revenues	11,396	41	677,949	22	69
Expenditures					
Current:					
Cultural & recreation	0	0	462,019	0	0
Public safety	7,155	0	0	0	0
Public works	0	0	0	0	0
Capital outlay:					
Books	0	0	0	0	0
Other capital	0	0	0	0	0
Storm sewer construction	0	0	0	0	0
Total expenditures	7,155	0	462,019	0	0
Excess (deficiency) of revenues over (under) expenditures	4,241	41	215,930	22	69
Net change in fund balances	4,241	41	215,930	22	69
Fund balances beginning	67,985	17,986	1,082,085	9,919	30,083
Fund balances ending	\$72,226	\$18,027	\$1,298,015	\$9,941	\$30,152

(Continued)

City of Orange
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue			
	Texas Dept. Forest Service TIFMAS Grant Fund	Texas Dept. Public Safety Emerg. Mgmt. Grant Fund	Texas Dept. Transportation (TX DOT) Grant Fund	Texas General Land Office (GLO) Grant Fund
Revenues				
Taxes	\$0	\$0	\$0	\$0
Donations	0	0	0	0
Grant income	11,045	32,325	37,944	975,487
Investment income	0	0	0	0
Program income	0	0	0	0
Forfeitures	0	0	0	0
Total revenues	11,045	32,325	37,944	975,487
Expenditures				
Current:				
Cultural & recreation	0	0	0	0
Public safety	0	0	0	0
Public works	11,045	32,325	0	7,004
Capital outlay:				
Books	0	0	0	0
Other capital	0	0	37,715	0
Storm sewer construction	0	0	0	968,483
Total expenditures	11,045	32,325	37,715	975,487
Excess (deficiency) of revenues over (under) expenditures	0	0	229	0
Net change in fund balances	0	0	229	0
Fund balances beginning	0	0	0	0
Fund balances ending	\$0	\$0	\$229	\$0

(Continued)

City of Orange
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue	
	Texas Water Development Board Grant Fund	Total Nonmajor Governmental Funds
Revenues		
Taxes	\$0	\$671,551
Donations	0	30,581
Grant income	2,225	1,328,923
Investment income	0	4,859
Program income	0	31,833
Forfeitures	0	6,750
Total revenues	2,225	\$2,074,497
Expenditures		
Current:		
Cultural & recreation	0	466,147
Public safety	0	69,887
Public works	2,225	296,171
Capital outlay:		
Books	0	1,074
Other capital	0	85,286
Storm sewer construction	0	968,483
Total expenditures	2,225	1,887,048
Excess (deficiency) of revenues over (under) expenditures	0	187,449
Net change in fund balances	0	187,449
Fund balances beginning	0	2,087,155
Fund balances ending	\$0	\$2,274,604

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Animal Shelter Donation Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Donations	\$0	\$0	\$370	\$370
Investment income	0	0	119	119
Total revenues	0	0	489	489
Expenditures:				
Capital Outlay				
Vehicles	10,000	10,000	0	(10,000)
Total expenditures	10,000	10,000	0	(10,000)
Net change in fund balance	(10,000)	(10,000)	489	10,489
Fund balances beginning	51,521	51,521	51,521	0
Fund balances ending	\$41,521	\$41,521	\$52,010	\$10,489

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Block Grant Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Grant income	\$570,715	\$570,715	\$267,447	(\$303,268)
Program income	10,000	10,000	14,054	4,054
Total revenues	<u>580,715</u>	<u>580,715</u>	<u>281,501</u>	<u>(299,214)</u>
Expenditures:				
Public works	407,006	354,952	238,272	(116,680)
Capital outlay				
Other capital	164,935	235,252	47,571	(187,681)
Total expenditures	<u>571,941</u>	<u>590,204</u>	<u>285,843</u>	<u>(304,361)</u>
Net change in fund balance	8,774	(9,489)	(4,342)	5,147
Fund balances beginning	56,242	56,242	56,242	0
Fund balances ending	<u>\$65,016</u>	<u>\$46,753</u>	<u>\$51,900</u>	<u>\$5,147</u>

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Confined Space Rescue Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Donations	\$18,000	\$18,000	\$20,130	\$2,130
Investment income	100	100	180	80
Total revenues	18,100	18,100	20,310	2,210
Expenditures:				
Public safety	45,000	45,000	18,523	(26,477)
Total expenditures	45,000	45,000	18,523	(26,477)
Net change in fund balance	(26,900)	(26,900)	1,787	28,687
Fund balances beginning	66,246	66,246	66,246	0
Fund balances ending	\$39,346	\$39,346	\$68,033	\$28,687

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Department of Justice Grant Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Grant income	\$5,525	\$5,525	\$2,450	(\$3,075)
Total revenues	5,525	5,525	2,450	(3,075)
Expenditures:				
Public safety	5,525	5,525	2,450	(3,075)
Total expenditures	5,525	5,525	2,450	(3,075)
Net change in fund balance	0	0	0	0
Fund balances beginning	0	0	0	0
Fund balances ending	\$0	\$0	\$0	\$0

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Economic Development Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Investment Income	\$5	\$5	\$5	\$0
Total revenues	5	5	5	0
Net change in fund balance	5	5	5	0
Fund balances beginning	2,292	2,292	2,292	0
Fund balances ending	<u>\$2,297</u>	<u>\$2,297</u>	<u>\$2,297</u>	<u>\$0</u>

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fire Department Donation Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Donations	\$500	\$500	\$2,340	\$1,840
Investment income	20	20	39	19
Total revenues	520	520	2,379	1,859
Expenditures:				
Public safety	15,500	15,500	1,027	(14,473)
Total expenditures	15,500	15,500	1,027	(14,473)
Net change in fund balance	(14,980)	(14,980)	1,352	16,332
Fund balances beginning	17,300	17,300	17,300	0
Fund balances ending	\$2,320	\$2,320	\$18,652	\$16,332

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Law Enforcement Seizure Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Investment income	\$1,200	\$1,200	\$1,259	\$59
Forfeiture	10,000	10,000	6,750	(3,250)
Total revenues	<u>11,200</u>	<u>11,200</u>	<u>8,009</u>	<u>(3,191)</u>
Expenditures:				
Public safety	122,000	122,015	40,732	(81,283)
Capital outlay				
Buildings	10,000	10,000	0	(10,000)
Machinery	0	0	0	0
Vehicles	0	0	0	0
Total expenditures	<u>132,000</u>	<u>132,015</u>	<u>40,732</u>	<u>(91,283)</u>
Net change in fund balance	(120,800)	(120,815)	(32,723)	88,092
Fund balances beginning	874,814	574,814	574,814	0
Fund balances ending	<u>\$754,014</u>	<u>\$453,999</u>	<u>\$542,091</u>	<u>\$88,092</u>

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Donation Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Donations	\$4,000	\$4,000	\$4,081	\$81
Investment income	240	240	232	(8)
Program income	5,250	5,250	1,238	(4,012)
Total revenues	9,490	9,490	5,551	(3,939)
Expenditures:				
Cultural and recreation	10,000	10,000	4,128	(5,872)
Capital outlay				
Books	10,000	10,000	1,074	(8,926)
Total expenditures	20,000	20,000	5,202	(14,798)
Net change in fund balance	(10,510)	(10,510)	349	10,859
Fund balances beginning	100,779	100,779	100,779	0
Fund balances ending	\$90,269	\$90,269	\$101,128	\$10,859

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Municipal Court Technology Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Investment income	\$150	\$150	\$155	\$5
Program income	10,000	10,000	11,241	1,241
Total revenues	10,150	10,150	11,396	1,246
Expenditures:				
Public safety	23,000	23,000	7,155	(15,845)
Total expenditures	23,000	23,000	7,155	(15,845)
Net change in fund balance	(12,850)	(12,850)	4,241	17,091
Fund balances beginning	67,985	67,985	67,985	0
Fund balances ending	\$55,135	\$55,135	\$72,226	\$17,091

City of Orange
Schedule 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, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Investment income	\$0	\$0	\$41	\$41
Total revenues	0	0	41	41
Expenditures:				
Public safety	1,881	1,881	0	(1,881)
Total expenditures	1,881	1,881	0	(1,881)
Net change in fund balance	(1,881)	(1,881)	41	1,922
Fund balances beginning	17,986	17,986	17,986	0
Fund balances ending	\$16,105	\$16,105	\$18,027	\$1,922

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Orange Development Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Taxes	\$560,000	\$560,000	\$671,551	\$111,551
Donations	2,500	2,500	3,660	1,160
Investment income	2,500	2,500	2,738	238
Total revenues	<u>565,000</u>	<u>565,000</u>	<u>677,949</u>	<u>112,949</u>
Expenditures:				
Cultural and recreation	565,513	570,000	462,019	(107,981)
Total expenditures	<u>565,513</u>	<u>570,000</u>	<u>462,019</u>	<u>(107,981)</u>
Net change in fund balance	(513)	(5,000)	215,930	220,930
Fund balances beginning	1,082,085	1,082,085	1,082,085	0
Fund balances ending	<u>\$1,081,572</u>	<u>\$1,077,085</u>	<u>\$1,298,015</u>	<u>\$220,930</u>

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Parks Donation Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Donations	\$0	\$0	\$0	\$0
Investment income	30	30	22	-8
Total revenues	30	30	22	(8)
Net change in fund balance	30	30	22	(8)
Fund balances beginning	9,919	9,919	9,919	0
Fund balances ending	\$9,949	\$9,949	\$9,941	(\$8)

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Donation Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Investment income	\$50	\$50	\$69	\$19
Total revenues	50	50	69	19
Expenditures:				
Public safety	5,000	5,000	0	(5,000)
Total expenditures	5,000	5,000	0	(5,000)
Net change in fund balance	(4,950)	(4,950)	69	5,019
Fund balances beginning	30,083	30,083	30,083	0
Fund balances ending	<u>\$25,133</u>	<u>\$25,133</u>	<u>\$30,152</u>	<u>\$5,019</u>

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Texas Department of Forest Service TIFMAS Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Grant income	\$0	\$6,060	\$11,045	\$4,985
Total revenues	0	6,060	11,045	4,985
Expenditures:				
Public safety	0	6,060	11,045	4,985
Total expenditures	0	6,060	11,045	4,985
Net change in fund balance	0	0	0	0
Fund balances beginning	0	0	0	0
Fund balances ending	\$0	\$0	\$0	\$0

City of Orange
Schedule 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, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Grant income	\$0	\$0	\$32,325	\$32,325
Total revenues	0	0	32,325	32,325
Expenditures:				
Public safety	28,078	28,078	32,325	4,247
Total expenditures	28,078	28,078	32,325	4,247
Net change in fund balance	(28,078)	(28,078)	0	28,078
Fund balances beginning	0	0	0	0
Fund balances ending	(\$28,078)	(\$28,078)	\$0	\$28,078

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Texas Department of Transportation (TX DOT) Grant Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Grant income	\$0	\$118,000	\$37,944	(\$80,056)
Total revenues	0	118,000	37,944	(80,056)
Expenditures:				
Capital outlay				
Other capital	0	118,000	37,715	(80,285)
Total expenditures	0	118,000	37,715	(80,285)
Net change in fund balance	0	0	229	229
Fund balances beginning	0	0	0	0
Fund balances ending	\$0	\$0	\$229	\$229

City of Orange
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Texas General Land Office (GLO) Grant Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Grant income	\$0	\$4,054,695	\$975,487	(\$3,079,208)
Total revenues	0	4,054,695	975,487	(3,079,208)
Expenditures:				
Public works	0	91,562	7,004	(84,558)
Capital outlay				
Storm sewer construction	0	3,963,133	968,483	(2,994,650)
Total expenditures	0	4,054,695	975,487	(3,079,208)
Net change in fund balance	0	0	0	0
Fund balances beginning	0	0	0	0
Fund balances ending	\$0	\$0	\$0	\$0

City of Orange
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Texas Water Development Board Grant Fund
For the Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance Over (under)
Revenues:				
Grant income	\$0	\$220,867	\$2,225	(\$218,642)
Total revenues	0	220,867	2,225	(218,642)
Expenditures:				
Public Works	0	220,867	2,225	(218,642)
Total expenditures	0	220,867	2,225	(218,642)
Net change in fund balance	0	0	0	0
Fund balances beginning	0	0	0	0
Fund balances ending	\$0	\$0	\$0	\$0

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.*

City of Orange, Texas
Statement of Net Position
Internal Service Fund
September 30, 2015

	Workers' Compensation Insurance Fund
Assets	
Cash and cash equivalents	\$505,037
Cash with fiscal agent	33,000
Total assets	538,037
 Liabilities	
Accounts payable	3,465
Claims payable	82,620
Total liabilities	86,085
 Net Position	
Unrestricted	451,952
Total net position	\$451,952

City of Orange, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Fund
For the Year Ended September 30, 2015

	Workers' Compensation Insurance Fund
Operating revenues:	
Charges for services	\$243,529
Total operating revenues	243,529
Operating expenses:	
Administrative	13,267
Claims	142,078
Premiums	37,423
Total operating expenses	192,768
Operating income	50,761
Nonoperating revenues (expenses):	
Investment income	1,037
Change in net position	51,798
Total net position - beginning	400,154
Total net position - ending	\$451,952

**City of Orange, Texas
Statement of Cash Flows
Internal Service Fund
For the Year Ended September 30, 2015**

	<u>Workers' Compensation Insurance Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$243,529
Cash paid to suppliers	(157,541)
Net cash provided (used) by operating activities	<u>85,988</u>
 Cash flows from investing activities:	
Interest received	1,037
Net cash provided by investing activities	<u>1,037</u>
Net increase (decrease) in cash and cash equivalents	87,025
Cash and cash equivalents beginning of year	<u>418,012</u>
Cash and cash equivalents end of year	<u><u>\$505,037</u></u>
 Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	<u>50,761</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease cash with fiscal agent	3,000
Increase (decrease) in accounts payable	32,227
Total adjustments	<u>35,227</u>
Net cash provided (used) by operating activities	<u><u>\$85,988</u></u>

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.*

City of Orange, Texas
Combining Statement of Fiduciary Net Position
September 30, 2015

	Municipal Court Escrow Agency Fund	Employee Flex Plan Agency Fund	Orange Employee Benefit Trust Fund	Total Fiduciary Funds
Assets				
Cash	\$3,617	\$86	\$219,785	\$223,488
Accounts receivable	0	2,894	777	3,671
Total assets	<u>3,617</u>	<u>2,980</u>	<u>220,562</u>	<u>227,159</u>
Liabilities				
Accounts payable	0	0	10,205	10,205
Other liabilities	3,617	2,980	210,357	216,954
Total liabilities	<u>\$3,617</u>	<u>\$2,980</u>	<u>\$220,562</u>	<u>\$227,159</u>

City of Orange, Texas
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended September 30, 2015

	Municipal Court Escrow Agency Fund 10/01/2014	Additions	Deletions	Municipal Court Escrow Agency Fund 09/30/2015
Cash and cash equivalents	\$5,493	\$59,042	\$60,918	\$3,617
Total assets	<u>5,493</u>	<u>59,042</u>	<u>60,918</u>	<u>3,617</u>
Other liabilities - held in trust for municipal court bonds	5,493	59,042	60,918	3,617
Total liabilities	<u>\$5,493</u>	<u>\$59,042</u>	<u>\$60,918</u>	<u>\$3,617</u>
	Employee Flex Plan Agency Fund 10/01/2014	Additions	Deletions	Employee Flex Plan Agency Fund 09/30/2015
Cash and cash equivalents	\$3,851	\$14,425	\$18,190	\$86
Accounts receivable	0	2,894	0	2,894
Total assets	<u>3,851</u>	<u>17,319</u>	<u>18,190</u>	<u>2,980</u>
Other liabilities - held in trust for flexible spending accounts	3,851	17,319	18,190	2,980
Total liabilities	<u>\$3,851</u>	<u>\$17,319</u>	<u>\$18,190</u>	<u>\$2,980</u>
	Orange Employee Benefit Trust Fund 10/01/2014	Additions	Deletions	Orange Employee Benefit Trust Fund 09/30/2015
Cash and cash equivalents	\$8,505	\$2,529,737	\$2,318,457	\$219,785
Accounts receivable	25	777	25	777
Prepays	198,119	0	198,119	0
Total assets	<u>206,649</u>	<u>2,530,514</u>	<u>2,516,601</u>	<u>220,562</u>
Accounts payable	8,990	2,320,157	2,318,942	10,205
Other liabilities - held in trust for employee insurance costs	197,659	210,357	197,659	210,357
Total liabilities	<u>\$206,649</u>	<u>\$2,530,514</u>	<u>\$2,516,601</u>	<u>\$220,562</u>
	Total Fiduciary Funds 10/01/2014	Additions	Deletions	Total Fiduciary Funds 09/30/2015
Cash and cash equivalents	\$17,849	\$2,603,204	\$2,397,565	\$223,488
Accounts receivable	25	3,671	25	3,671
Prepays	198,119	0	198,119	0
Total assets	<u>215,993</u>	<u>2,606,875</u>	<u>2,595,709</u>	<u>227,159</u>
Accounts payable	8,990	2,320,157	2,318,942	10,205
Other liabilities - held in trust for municipal court bonds	5,493	59,042	60,918	3,617
Other liabilities - held in trust for flexible spending accounts	3,851	17,319	18,190	2,980
Other liabilities - held in trust for employee insurance costs	197,659	210,357	197,659	210,357
Total liabilities	<u>\$215,993</u>	<u>\$2,606,875</u>	<u>\$2,595,709</u>	<u>\$227,159</u>

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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Table 1

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

	2006	2007	2008	2009	2010 (a)	2011	2012	2013 (b)	2014 (c)	2015 (c)
Government activities										
Net investment in capital assets	\$11,349,801	\$12,430,810	\$12,887,162	\$8,524,217	\$8,955,990	\$11,874,957	\$18,716,218	\$19,963,533	\$23,215,863	\$23,174,811
Restricted	1,567,244	914,538	0	57,354	71,058	65,900	14,862	155,728	76,887	91,495
Unrestricted	6,531,168	6,870,023	7,808,150	8,673,931	7,296,187	6,761,991	6,266,247	6,880,845	(3,493,205)	(1,142,628)
Total government activities net position	19,448,213	20,215,371	20,695,312	17,255,502	16,323,235	18,702,848	24,997,327	27,000,106	19,799,545	22,123,678
Business-type activities										
Net investment in capital assets	17,832,837	18,144,331	20,888,515	29,423,794	30,776,406	31,493,491	32,196,379	32,963,175	35,152,332	35,994,034
Restricted	1,526,676	1,624,697	1,493,068	1,749,284	1,443,873	1,428,684	1,434,849	1,488,660	1,457,546	777,587
Unrestricted	1,761,416	1,615,060	1,324,520	1,708,919	1,973,799	2,120,773	2,357,075	2,736,025	532,566	1,492,412
Total business-type activities net position	21,120,929	21,384,088	23,706,103	32,881,997	34,194,078	35,042,948	35,988,303	37,187,860	37,142,444	38,264,033
Primary government										
Net investment in capital assets	29,182,638	30,575,141	33,775,677	37,948,011	39,732,396	43,368,448	50,912,597	52,926,708	58,368,195	59,168,845
Restricted	3,093,920	2,539,235	1,493,068	1,806,638	1,514,931	1,494,584	1,449,711	1,644,388	1,534,433	869,082
Unrestricted	8,292,584	8,485,083	9,132,670	10,382,850	9,269,986	8,882,764	8,623,322	9,616,870	(2,960,639)	349,784
Total primary government net position	\$40,569,142	\$41,599,459	\$44,401,415	\$50,137,499	\$50,517,313	\$53,745,796	\$60,985,630	\$64,187,966	\$56,941,989	\$60,387,711

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

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

	2006	2007	2008	2009	2010 (b),(c)	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General government	\$1,166,696	\$1,235,297	\$1,262,411	\$1,444,316	\$1,338,566	\$1,382,505	\$1,449,759	\$1,686,907	\$1,155,305	\$1,362,420
Cultural and recreation	1,312,439	1,385,314	1,446,538	1,486,749	1,702,697	1,597,544	1,506,522	1,721,378	1,636,053	1,571,047
Public safety	7,812,215	8,280,559	8,931,939	9,399,380	9,870,932	9,807,217	10,124,888	10,244,710	10,666,744	10,843,357
Public works	4,214,823	4,142,241	4,194,268	4,435,852	4,694,527	4,195,605	4,294,614	3,593,133	4,323,317	3,808,559
Interest on long-term debt	317,323	288,522	328,931	556,581	493,648	460,991	426,512	299,216	281,198	199,043
Total governmental activities	14,823,496	15,331,933	16,164,087	17,322,878	18,100,370	17,443,862	17,802,295	17,545,344	18,062,617	17,784,426
Business-type activities										
Water	2,115,515	2,025,692	2,221,629	2,355,024	2,551,573	2,664,708	2,416,132	2,800,457	2,965,856	2,910,512
Sewer	3,591,242	3,694,760	3,920,433	4,008,183	4,171,001	4,399,089	4,217,375	4,367,032	3,985,926	3,884,481
Sanitation	1,051,813	1,179,005	1,546,541	1,566,280	1,582,983	1,659,430	1,629,934	1,661,963	1,691,352	1,706,452
Total business-type activities	6,758,570	6,899,457	7,688,603	7,929,487	8,305,557	8,723,227	8,263,441	8,829,452	8,643,134	8,501,445
Total primary government	21,582,066	22,231,390	23,852,690	25,252,365	26,405,927	26,167,089	26,065,736	26,374,796	26,705,751	26,285,871
Program Revenues										
Governmental activities										
Charges for services										
General government	798,225	799,177	848,857	830,125	1,134,214	1,112,058	1,139,522	1,086,293	1,141,978	1,307,982
Cultural and recreation	32,111	51,212	37,715	36,527	27,011	36,020	22,777	23,817	22,961	50,620
Public safety	260,488	227,100	194,897	259,217	270,964	199,371	319,280	341,031	183,055	406,569
Public works	72,905	138,584	108,543	225,303	98,552	102,228	54,690	49,164	125,919	114,950
Operating grants and contributions										
General government	73,918	82,384	210,540	164,470	83,547	88,459	112,093	106,590	137,756	97,436
Cultural and recreation	80,833	45,483	13,075	16,991	16,752	18,763	3,019	6,160	46,708	1,529
Public safety	579,559	439,073	671,362	753,682	395,027	247,351	262,965	254,898	84,408	80,673
Public works	1,265,790	1,052,904	1,295,456	1,416,415	1,412,616	1,007,070	1,032,602	353,633	288,082	248,688
Capital grants and contributions										
General government	39,851	27,775	12,418	89,964	0	0	34,959	473	0	0
Cultural and recreation	746,533	0	28,516	213,396	8,185	126,979	3,187	1,704	1,637	1,074
Public safety	313,354	332,579	410,248	1,339,349	663,321	2,316,708	6,155,476	138,848	32,386	330,162
Public works	979,749	412,792	854,619	813,231	222,996	1,289,006	611,356	1,775,080	4,190,783	1,034,726
Total governmental activities program revenues	5,243,316	3,609,063	4,686,246	6,158,670	4,333,185	6,544,013	9,751,926	4,137,691	6,235,673	3,674,409

(Continued)

Table 2 (Continued)

	2006	2007	2008	2009	2010 (b),(c)	2011	2012	2013	2014	2015
Business-type activities										
Charges for services										
Water	1,755,655	1,881,226	1,996,487	2,140,507	2,409,073	2,596,037	2,600,208	2,648,991	2,495,113	2,634,542
Sewer	3,624,877	3,742,025	3,697,384	3,839,209	4,290,074	4,548,118	3,648,695	5,064,641	4,822,636	5,118,168
Sanitation	1,157,739	1,284,458	1,664,792	1,579,773	1,678,957	1,724,816	1,625,639	1,768,833	1,800,741	1,824,743
Operating grants and contributions										
Water	150,718	11,263	35,678	30,574	10,960	0	0	0	0	0
Sewer	150,719	11,262	35,678	201,440	10,960	0	0	0	0	0
Sanitation	0	0	0	164,116	150,089	0	0	0	0	0
Capital grants and contributions										
Water	136,019	3,275	689,420	942,491	264,074	10,110	20,570	429,623	607,885	22,715
Sewer	142,964	101,310	710,511	1,336,866	74,940	74,136	52,041	343,277	214,102	15,000
Sanitation	0	0	0	0	39,505	0	0	0	0	0
Total governmental activities program revenues	7,118,691	7,034,819	8,829,950	10,234,976	8,928,632	8,953,217	7,947,153	10,255,365	9,940,477	9,615,168
Total primary government program revenues	12,362,007	10,643,882	13,516,196	16,393,646	13,261,817	15,497,230	17,699,079	14,393,056	16,176,150	13,289,577
Net (expense)/revenue	(9,580,180)	(11,722,870)	(11,477,841)	(11,164,208)	(13,767,185)	(10,899,849)	(8,050,369)	(13,407,653)	(11,826,944)	(14,096,256)
Governmental activities										
Business-type activities	360,121	51,769	1,141,347	2,305,489	623,075	229,990	900,653	1,425,913	1,297,343	1,113,723
Total primary government net expense	(9,220,059)	(11,671,101)	(10,336,494)	(8,858,719)	(13,144,110)	(10,669,859)	(7,149,716)	(11,981,740)	(10,529,601)	(12,982,533)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property taxes	4,159,139	4,078,832	4,377,602	5,345,422	5,666,502	5,874,034	6,096,780	5,866,244	6,044,783	5,869,937
Sales taxes	2,442,369	2,152,471	2,241,325	3,035,472	2,469,558	2,308,088	2,229,480	2,309,982	2,358,053	2,592,886
Other taxes	452,242	599,959	684,480	598,063	497,900	474,895	553,828	603,799	622,747	694,827
Franchise taxes	266,850	312,356	336,533	334,756	329,673	342,136	306,524	282,092	298,172	307,093
Payment in-lieu of taxes	4,858,529	4,965,279	5,042,646	5,087,347	4,503,987	4,871,157	5,162,155	6,457,311	6,201,387	6,933,803
Licenses and permits	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Unrestricted investment earnings	341,737	464,724	287,263	143,409	26,853	20,396	22,267	20,490	13,885	21,843
Transfers	0	(83,593)	(1,012,067)	(6,820,071)	(682,404)	(611,194)	(26,186)	0	0	0
Total governmental activities	12,520,866	12,490,028	11,957,782	7,724,398	12,812,069	13,279,512	14,344,848	15,541,918	15,539,027	16,420,389
Business-type activities										
Unrestricted investment earnings	103,282	127,797	168,601	50,334	6,602	7,686	18,516	9,141	10,015	7,866
Transfers	0	83,593	1,012,067	6,820,071	682,404	611,194	26,186	0	0	0
Total business-type activities	103,282	211,390	1,180,668	6,870,405	689,006	618,880	44,702	9,141	10,015	7,866
Total primary government	12,624,148	12,701,418	13,138,450	14,594,803	13,501,075	13,898,392	14,389,550	15,551,059	15,549,042	16,428,255
Change in Net Position										
Governmental activities	2,940,686	767,158	479,941	(3,439,810)	(955,116)	2,379,663	6,294,479	2,134,265	3,712,083	2,324,133
Business-type activities	463,403	263,159	2,322,015	9,175,894	1,312,081	848,870	945,355	1,435,054	1,307,358	1,121,589
Total primary government	\$3,404,089	\$1,030,317	\$2,801,956	\$5,736,084	\$356,965	\$3,228,533	\$7,239,834	\$3,569,319	\$5,019,441	\$3,445,722

(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 Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Other Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2006	\$4,159,139	\$2,442,369	\$452,242	\$266,850	\$7,320,600
2007	\$4,078,832	\$2,152,471	\$599,959	\$312,356	\$7,143,618
2008	\$4,377,602	\$2,241,325	\$684,480	\$336,533	\$7,639,940
2009	\$5,345,422	\$3,035,472	\$598,063	\$334,756	\$9,313,713
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

Table 4

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

	<u>2006-2010 (a)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund						
Nonspendable:						
Inventory	\$0	\$66,951	\$124,361	\$101,349	\$103,939	\$89,271
Prepays	0	0	120,742	131,434	140,293 (b)	147,243
Assigned to:						
Capital outlay	0	369,593	0	0	0	0
Hurricane recovery	0	249,752	0	0	0	0
Unassigned	0	4,340,641	4,049,277	4,977,270	5,531,403 (b)	6,956,414
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>
Debt service						
Restricted for:						
Debt service	\$0	\$114,024	\$76,094	\$155,728	\$114,126	\$115,384
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>
Capital projects						
Assigned to:						
Capital projects	\$0	\$98,789	\$93,908	\$62,599	\$32,130	\$620,017
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>
Other governmental funds						
Special revenue funds						
Nonspendable:						
Prepays	\$0	\$0	\$0	\$4,014	\$609 (b)	\$8,087
Restricted for:						
Cultural and recreation	0	114,391	115,275	115,583	104,655 (b)	114,953
Hurricane recovery	0	246,134	0	0	0	0
Public safety	0	877,088	867,861	903,373	827,899 (b)	787,368
Public works	0	53,137	46,509	53,120	69,615 (b)	64,796
Tourism and promotion	0	835,280	1,036,102	976,036	1,082,085 (b)	1,297,103
Assigned to:						
Economic development	0	2,268	2,280	2,285	2,292	2,297
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>

(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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$7,019,320	\$6,827,323	\$7,251,694	\$8,962,140	\$8,625,889	\$8,567,376	\$8,616,255	\$8,662,858	\$8,902,775	\$9,337,233
Payments in lieu of taxes	4,858,529	4,965,279	5,042,646	5,087,347	4,503,987	4,871,157	5,162,155	6,457,311	6,201,387	6,933,803
Franchises	899,597	989,629	1,044,480	985,522	1,302,854	1,289,831	1,243,862	1,190,589	1,199,098	1,205,744
Licenses and permits	310,512	399,478	407,416	531,419	417,235	387,541	375,209	321,067	372,001	416,556
Intergovernmental	1,518,494	909,526	1,215,187	1,908,101	1,448,148	883,590	1,226,800	498,561	340,410	98,843
Charges for services	1,605,160	1,609,823	1,747,388	1,690,276	1,711,616	1,950,949	1,864,230	1,946,848	2,173,072	2,238,147
Donations	192,071	78,447	170,720	183,515	61,207	45,375	67,498	31,042	33,043	30,581
Grant income	624,347	886,200	782,590	400,000	822,476	3,387,878	6,776,309	2,086,515	4,289,863	1,328,923
Investment income	341,737	464,724	287,263	143,408	26,855	20,396	22,267	20,490	13,885	21,843
Program income	45,225	87,708	66,527	39,061	50,087	79,576	23,449	17,766	27,783	31,833
Forfeitures	53,541	354,764	563,239	429,966	275,257	57,701	56,774	67,229	32,386	6,750
Restitution	40	96	0	0	0	0	0	0	0	0
Miscellaneous	53,625	42,074	83,294	41,124	21,571	53,350	77,191	206,859	112,644	505,056
Total revenues	17,522,198	17,615,071	18,662,444	20,401,879	19,267,182	21,544,720	25,511,999	21,507,135	23,698,347	22,155,312
Expenditures										
General government	1,114,903	1,159,666	1,189,026	1,317,887	1,318,867	1,431,652	1,380,066	1,382,697	1,358,661	1,413,910
Cultural and recreation	1,072,498	1,171,112	1,247,902	1,363,852	1,510,032	1,480,747	1,352,473	1,615,702	1,543,962	1,459,846
Public safety	7,028,542	7,203,623	7,678,323	8,102,070	8,601,402	8,730,355	8,676,928	8,759,130	8,991,222	9,413,635
Public works	3,658,157	3,670,623	3,554,757	3,660,947	4,249,819	3,911,497	4,176,623	3,274,625	3,342,105	3,272,269
Non departmental Hurricane	475,699	68,947	667,723	785,822	54,093	173,125	312,925	0	0	0
Non departmental	1,759,799	1,716,235	1,801,242	1,567,423	1,664,657	1,796,074	1,780,323	1,804,513	1,921,167	1,889,829
Debt Service										
Principal	480,000	515,000	545,000	555,000	830,000	865,000	895,000	670,000	755,000	800,000
Interest and fiscal charges	290,035	256,668	235,593	534,562	458,003	425,565	391,278	289,028	253,638	190,326
Capital Outlay	1,957,120	2,122,744	3,332,853	8,674,015	1,418,833	3,979,351	7,472,353	2,711,531	5,281,322	1,529,310
Total expenditures	17,836,753	17,884,618	20,252,419	26,561,578	20,105,706	22,793,366	26,437,969	20,507,226	23,447,077	19,969,125
Excess of revenues over (under) expenditures	(314,555)	(269,547)	(1,589,975)	(6,159,699)	(838,524)	(1,248,646)	(925,970)	999,909	251,270	2,186,187
Other financing sources (uses)										
Transfers in	0	0	0	0	0	0	0	0	0	257,500
Transfers out	0	0	0	(579,846)	(379,846)	0	0	0	0	(257,500)
Bond proceeds	0	0	6,907,605	0	0	0	0	0	0	0
Bond issuance costs	0	0	(159,670)	0	0	0	0	0	0	0
Insurance proceeds	1,414,588	365,929	697,971	2,007,303	76,214	690,216	29,868	0	0	0
Sales of fixed asset	0	165,100	17,280	5,700	1,750	0	60,463	473	274,985	5,610
Refunding bonds issued	0	0	0	0	0	0	0	5,440,000	0	1,980,000
Discount on refunding bonds	0	0	0	0	0	0	0	0	0	0
Premium on refunding bonds	0	0	0	0	0	0	0	0	0	0
Premium on tax notes issued	0	0	0	0	0	0	0	0	0	0
Payment to refunded bond escrow account	0	0	0	0	0	0	0	204,641	0	0
Total other financing sources and uses	1,414,588	531,029	7,363,186	1,433,157	(301,882)	690,216	90,331	(49,527)	274,985	7,700
Net changes in fund balances	1,100,033	261,482	5,773,211	(4,726,542)	(1,140,406)	(558,430)	(635,639)	950,382	526,255	2,193,887
Debt service as a percentage of noncapital expenditures	4.92%	4.67%	4.61%	6.09%	6.78%	6.64%	6.86%	5.43%	5.55%	5.37%
Capital # from Notes	2,188,403	1,358,173	3,332,853	8,674,013	1,116,474	3,368,157	7,691,828	2,850,131	5,281,322	1,529,310

Table 6

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

Fiscal Year	Real Property		Personal Property		Taxable Assessed		Total Direct Tax Rate	Est. True Value	Percentage of Total Assessed Value to True Value
	Assessed Value	Percent	Assessed Value	Percent	Value (a)	Value (b)			
2006	\$383,377,767	77.61%	\$110,633,874	22.39%	\$494,011,641	\$494,011,641	\$0.81000	\$494,011,641	100.00%
2007	\$388,520,228	77.86%	\$110,484,248	22.14%	\$499,004,476	\$499,004,476	\$0.81655	\$499,004,476	100.00%
2008	\$434,219,778	75.43%	\$141,459,950	24.57%	\$575,679,728	\$575,679,728	\$0.74500	\$575,679,728	100.00%
2009	\$563,980,966	79.95%	\$141,457,516	20.05%	\$705,438,482	\$705,438,482	\$0.74500	\$705,438,482	100.00%
2010	\$572,672,308	76.97%	\$171,366,286	23.03%	\$744,038,594	\$744,038,594	\$0.74500	\$744,038,594	100.00%
2011	\$620,990,969	78.37%	\$171,359,393	21.63%	\$792,350,362	\$792,350,362	\$0.74500	\$792,350,362	100.00%
2012	\$631,241,805	78.06%	\$177,369,499	21.94%	\$808,611,304	\$808,611,304	\$0.74500	\$808,611,304	100.00%
2013	\$618,576,246	76.25%	\$192,627,347	23.75%	\$811,203,593	\$811,203,593	\$0.70000	\$811,203,593	100.00%
2014	\$670,869,190	76.18%	\$209,713,720	23.82%	\$880,582,910	\$880,582,910	\$0.69000	\$880,582,910	100.00%
2015	\$675,778,484	75.36%	\$221,007,368	24.64%	\$896,785,852	\$896,785,852	\$0.68131	\$896,785,852	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	General Fund	Debt Service	Total City Tax Rate	Little Cypress		Orangefield		West Orange		Orange County + Lateral Road	Orange County Drainage District	Port and Navigation District	Total (a)	Total (b)	Total (c)	Total (d)
				School District	Mauriceville School District	School District	School District	West Orange Cove School District	West Orange Cove School District							
2006	\$0.65654	\$0.15346	\$0.81000	\$1.66870	\$1.60000	\$1.65000	\$1.58265	\$0.55946	\$0.11529	\$0.01067	\$3.16412	\$3.09542	\$3.14542	\$3.07807		
2007	\$0.66342	\$0.15313	\$0.81655	\$1.56750	\$1.50525	\$1.50000	\$1.46040	\$0.56227	\$0.11814	\$0.01067	\$3.07513	\$3.01288	\$3.00763	\$2.96803		
2008	\$0.59275	\$0.15225	\$0.74500	\$1.22000	\$1.15059	\$1.17000	\$1.13175	\$0.54261	\$0.10856	\$0.00980	\$2.62597	\$2.55656	\$2.57597	\$2.53772		
2009	\$0.58245	\$0.16255	\$0.74500	\$1.21000	\$1.14823	\$1.17000	\$1.24858	\$0.51700	\$0.10080	\$0.00909	\$2.58189	\$2.52012	\$2.54189	\$2.62047		
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		

(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, 2015

Name	FY 2015 (a)		FY 2005 (b)	
	Assessed Value	Percent of Total Assessed Value	Assessed Value	Percent of Total Assessed Value
Signal International Texas, LP	\$51,907,100	1	\$7,924,830	5
Exxonmobil Chemical Co.	\$37,510,760	2		1.4886%
Conrad Orange Shipbuilding	\$30,633,290	3		
Entergy Texas, Inc.	\$13,117,740	4		
Honeywell (Allied)	\$12,613,920	5		
Webco Industries, Inc.	\$8,441,480	6		
Sterco USA, Inc.	\$6,988,950	7		
TX Majestic, LTD	\$5,640,710	8		
Cloeren Company	\$5,550,930	9	\$5,540,110	7
Crowley Marine Services, Inc.	\$5,249,780	10		1.0407%
Bayer			\$15,981,320	1
Gulf States Utilities			\$11,404,540	2
Del Sasso, Anton			\$9,757,670	3
Wickersham, Charles T.			\$8,192,500	4
SBC Communications Inc.			\$6,725,050	6
Allied Corporation			\$4,005,900	8
Stark Foundation			\$5,383,860	9
CFJ Properties			\$3,557,110	10
	\$177,654,660	15.8161%	\$78,472,890	14.7404%

(a) Tax roll for Fiscal Year 2015, tax year 2014.

(b) Tax roll for Fiscal Year 2005, tax year 2004.

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	Amount	Percentage of Levy
2006	\$4,087,061	\$3,934,316	96.26%	\$116,959		\$4,051,275	99.12%
2007	\$4,016,618	\$3,819,191	95.08%	\$154,507		\$3,973,699	98.93%
2008	\$4,278,720	\$4,075,986	95.26%	\$158,568		\$4,234,555	98.97%
2009	\$5,270,876	\$5,062,658	96.05%	\$157,617		\$5,220,275	99.04%
2010	\$5,549,618	\$5,365,446	96.68%	\$123,042		\$5,488,488	98.90%
2011	\$5,876,809	\$5,657,735	96.27%	\$121,113		\$5,778,848	98.33%
2012	\$5,987,468	\$5,622,255	93.90%	\$150,602		\$5,772,857	96.42%
2013	\$5,843,313	\$5,544,045	94.88%	\$161,502		\$5,705,547	97.64%
2014	\$5,891,531	\$5,669,884	96.24%	\$68,099		\$5,737,983	97.39%
2015	\$5,943,854	\$5,739,169	96.56%	\$0		\$5,739,169	96.56%

(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	Capital Leases	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Capital Leases					
2006	\$6,570,000	\$0	\$12,470,000	\$0	\$0	\$62,898		\$19,102,898	n/a	\$1,024.67	
2007	\$6,055,000	\$0	\$11,440,000	\$0	\$0	\$89,819		\$17,584,819	n/a	\$943.24	
2008	\$12,270,000	\$0	\$10,370,000	\$0	\$5,095,000	\$44,514		\$22,684,514	n/a	\$1,216.78	
2009	\$11,715,000	\$0	\$9,255,000	\$0	\$4,925,000	\$6,516		\$20,976,516	n/a	\$1,125.17	
2010	\$10,885,000	\$0	\$8,095,000	\$0	\$4,745,000	\$129,765		\$19,109,765	n/a	\$1,027.68	
2011	\$10,020,000	\$0	\$6,790,000	\$0	\$4,560,000	\$80,449		\$16,890,449	n/a	\$908.33	
2012	\$9,125,000	\$0	\$5,500,000	\$0	\$4,370,000	\$29,981		\$14,654,981	n/a	\$788.11	
2013	\$8,740,000	\$0	\$4,180,000	\$0	\$4,170,000	\$0		\$12,920,000	n/a	\$694.81	
2014	\$7,985,000	\$0	\$6,700,000	\$0	\$215,000	\$0		\$14,685,000	n/a	\$789.73	
2015	\$7,290,000	\$0	\$5,275,000	\$4,845,000	\$0	\$0		\$17,410,000	n/a	\$936.27	

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 in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (a)	Per Capita (b)
	Governmental Activities	Business-Type Activities				
2006	\$6,570,000	\$12,470,000	\$1,543,293	\$17,496,707	3.54%	\$938.51
2007	\$6,055,000	\$11,440,000	\$1,625,334	\$15,869,666	3.18%	\$851.24
2008	\$12,270,000	\$10,370,000	\$1,585,562	\$21,054,438	3.66%	\$1,129.35
2009	\$11,715,000	\$9,255,000	\$1,584,049	\$19,385,951	2.75%	\$1,039.85
2010	\$10,885,000	\$8,095,000	\$1,514,931	\$17,465,069	2.35%	\$939.23
2011	\$10,020,000	\$6,790,000	\$1,607,640	\$15,202,360	1.92%	\$817.55
2012	\$9,125,000	\$5,500,000	\$1,533,692	\$13,091,308	1.62%	\$704.02
2013	\$8,740,000	\$4,180,000	\$1,614,369	\$11,305,631	1.39%	\$607.99
2014	\$7,985,000	\$6,700,000	\$1,531,619	\$13,153,381	1.49%	\$707.36
2015	\$7,290,000	\$10,120,000	\$892,971	\$16,517,029	1.84%	\$888.25

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	\$7,290,000 (a)	100.00%	\$7,290,000
Bridge City ISD	\$20,833,010 (b)	2.28% (c)	\$474,993
Little Cypress Mauriceville ISD	\$59,895,000 (b)	28.39% (c)	\$17,004,191
Orange County	\$0 (b)	16.54% (c)	\$0
Orangefield ISD	\$10,235,000 (b)	6.30% (c)	\$644,805
West Orange Cove CISD	\$58,399,702 (b)	29.93% (c)	\$17,479,031
Subtotal Overlapping Debt	<u>\$149,362,712</u>		<u>\$35,603,019</u>
Total Direct and Overlapping Debt	<u>\$156,652,712</u>		<u>\$42,893,019</u>

Source: Debt outstanding data provided by overlapping entities and compiled by Municipal Advisory 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 of Texas (Texas MAC) used for overlapping % information in 2015.

Table 13

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$63,587,723	\$64,713,191	\$73,955,148	\$90,912,109	\$94,533,047	\$100,307,453	\$102,608,008	\$102,470,872	\$110,459,971	\$112,325,508
Total net debt applicable to limit	\$6,570,000	\$6,055,000	\$12,177,506	\$11,576,792	\$10,742,612	\$9,905,976	\$9,050,421	\$8,584,272	\$7,908,113	\$7,290,000
Legal debt margin	\$57,017,723	\$58,658,191	\$61,785,148	\$79,335,317	\$83,790,435	\$90,401,477	\$93,557,587	\$93,886,600	\$102,551,858	\$105,035,508
Total net debt applicable to the limit as a percentage of debt limit	11.52%	10.32%	19.71%	14.59%	12.82%	10.96%	9.67%	9.14%	7.71%	6.94%

Legal Debt Margin Calculation
For Fiscal Year 2015

Total assessed value (a)	\$1,123,255,080
Debt limit 10% of assessed value (b)	\$112,325,508
Amount of debt applicable to debt margin:	
Total bonded debt	\$17,410,000
Less:	
Assets available in governmental debt service fund balance	\$0
Self supported bonds and certificates (c)	\$10,120,000
Total amount of debt applicable to	\$7,290,000
Legal debt limit	\$105,035,508

(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 2010 General Obligation Refunding Bonds of \$1,430,000, the 2014 General Obligation Refunding Bonds \$3,845,000, and the 2015 Tax and Revenue Certificates of Obligation \$4,845,000.
 (d) This includes the 2013 General Obligation Refunding Bonds of \$5,340,000, and the 2015 General Obligation Refunding Bonds of \$1,950,000.

Table 14

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

Fiscal Year	Water and Sewer Charges and Other (a)	Less: Operating Expenses (b)	Net Available Revenue	Series 2007 WS System Revenue Bonds			2001 GO Refunding Bonds (c)			2010 GO Refunding Bonds (d),(e)			2013 GO Refunding Bonds (f),(g)			2015 Certificates of Obligation (h)		
				Principal	Interest	Coverage	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	5,478,213	3,978,035	1,500,178	--	--	--	960,000	553,506	--	--	--	--	--	--	--	--	--	--
2007	5,742,709	4,059,422	1,683,287	--	--	--	1,030,000	515,389	--	--	--	--	--	--	--	--	--	--
2008	5,852,386	4,317,360	1,535,026	0	173,282	8.86	1,070,000	472,128	--	--	--	--	--	--	--	--	--	--
2009	5,962,767	4,523,215	1,439,552	170,000	208,846	3.80	1,115,000	435,406	--	--	--	--	--	--	--	--	--	--
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	--	--	--	--

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.

Table 15

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

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (a) (b)</u>	<u>Median Age (a)</u>	<u>% Completing High School or Higher (a)</u>	<u>School Enrollment (a)</u>	<u>Unemployment Rate (c)</u>
2006	18,643	n/a	n/a	36.1	78.10%	4,945	6.0%
2007	18,643	n/a	n/a	36.1	78.10%	4,945	5.6%
2008	18,643	n/a	n/a	36.1	78.10%	4,945	7.1%
2009	18,643	n/a	n/a	36.1	78.10%	4,945	11.1%
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%

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

	2015 (a)			2006 (c)		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment (b)</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
<u>Employer</u>						
El Dupont de Nemours & Co.	920	1	2.42%	n/a	n/a	n/a
Invista	732	2	1.93%	n/a	n/a	n/a
Little Cypress-Mauriceville ISD	584	3	1.54%	n/a	n/a	n/a
Orange County	500	4	1.32%	n/a	n/a	n/a
West Orange Cove Consolidated ISD	450	5	1.18%	n/a	n/a	n/a
International Paper	412	6	1.08%	n/a	n/a	n/a
Kellogg - Brown & Root	420	7	1.11%	n/a	n/a	n/a
Lanxess, Inc.	390	8	1.03%	n/a	n/a	n/a
Lamar State College - Orange	274	9	0.72%	n/a	n/a	n/a
Cloeren Company, Inc.	250	10	0.66%	n/a	n/a	n/a
Orangefield ISD	249	11	0.66%	n/a	n/a	n/a
Firestone Polymers	200	12	0.53%	n/a	n/a	n/a
Memorial Hermann Baptist Orange	194	13	0.51%	n/a	n/a	n/a
City of Orange	193	14	0.51%	n/a	n/a	n/a
Signal International	180	15	0.47%	n/a	n/a	n/a
Chevron Phillips Chemical Co.	180	16	0.47%	n/a	n/a	n/a
Printpack, Inc.	141	17	0.37%	n/a	n/a	n/a
Texas Polymer Services, Inc.	130	18	0.34%	n/a	n/a	n/a
Orange Shipbuilding & Dry Dock, Inc.	120	19	0.32%	n/a	n/a	n/a
Beacon Maritime, Inc.	100	20	0.26%	n/a	n/a	n/a
	<u>6,619</u>		<u>17.42%</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) Year 2006 is not available at this time.

Table 17

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

<u>Employer</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</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	4
Animal Control	2	2	2	2	2	2	2	2	2	2
Library	6	6	6	6	6	6	6	5	5	5
Police	53	53	53	53.5	55	56	55	57	57.75	57.75
Fire	38	38	38	38.5	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
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	8	8	8	8	9	9
Orange Development	1	1	1	1	1	1	1	1	1	1
Community Development	2	2	2	2	2	2	2	2	2	2
Police Special Revenue	2	2	2	2	0	1	1	1	0.25	0.25
Fire Special Revenue	0	0	0	0	1	0	0	0	0	0
Sewer Operations	9	9	9	9	9	9	9	9	9	9
Water Operations	8	8	8	8.5	8	8	8	8	8	8
Wastewater Treatment Plant	7	7	7	7	8	8	8	8	8	8
Water Productions	4	4	4	4	4	4	4	4	4	4
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	1	1	1
Street Sweeping	1	1	1	1	1	1	1	1	1	1
Total	190	190	190	191.5	192.0	193.0	192.0	193.0	194.0	194.0

Source: City Annual Budget

Table 18

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

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police										
Physical arrests	1,342	1,426	1,236	1,430	1,764	1,521	1,583	1,577	1,239	1,252
Parking violations	20	54	180	25	30	32	83	14	12	14
Traffic violations	1,848	2,360	2,699	2,645	2,019	2,068	2,724	2,320	2,083	2,539
Fire										
Number of calls answered	2,809	3,253	3,976	2,753	2,725	2,803	2,822	2,819	3,168	3,196
Inspections	642	1,122	834	608	581	64	249	323	305	474
Street & Drainage										
Street resurfacing (miles)	0	0.6	0.6	3.0	0.0	1.2	2.0	8.0	1.5	2.1
Potholes repaired	3,675	3,675	3,675	4,400	5,060	5,550	6,000	5,800	6,000	11,900
Sanitation										
Refuse collected (tons/day)	n/a									
Culture and recreation										
Recreation center (use fees)	2,898	3,009	1,441	362	390	360	685	385	250	40
Natorium patrons (use fees)	13,978	11,328	6,650	14,181	7,651	4,291	7,158	8,779	8,833	0
Library patrons (use fees)	15,236	18,906	18,145	21,984	18,970	17,674	14,934	14,653	13,878	14,480
Water										
New connections	37	65	28	43	585	38	14	18	30	34
Water main breaks	1,265	899	940	1,039	970	863	743	530	766	632
Average daily consumption (thousands of gallons)	1,722	1,624	1,658	1,634	1,646	1,719	1,625	1,614	1,500	1,493
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,626	3,240	2,422	2,847	2,770	1,940	2,308	2,427	2,423	2,522

Source: Various city departments

Table 19

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

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</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	55	55	55	55	57	57	57	57	57.75	57.75
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	1	2	2	2	2	2	2	2	2	2
Street and Drainage										
Streets (miles)	148	161	161	162	162	162	162	162	162	162
Streetlights	1,553	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	284	284	284	284	(a)	284
Parks	20	20	20	20	20	20	20	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	6	6	6	6
Recreation centers	1	1	1	1	0	0	0	0	0	0
Water										
Water mains (miles)	140	140	140	156	156	156	156	156	156	156
Fire hydrants	556	556	556	726	726	726	726	726	726	726
Maximum daily capacity (thousand of gallons)	7,500	7,500	7,500	10,613	10,613	10,613	10,613	10,613	10,613	10,613
Service connections	6,347	6,361	6,360	6,921	6,999	7,041	7,046	6,934	6,991	6,991
Wastewater										
Sanitary sewers (miles)	135	135	135	149	149	149	149	149	149	149
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	6,160	6,173	6,166	6,632	6,763	6,808	6,789	6,690	6,750	6,750

(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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water Consumption										
October	60,689	57,929	50,672	46,343	48,724	50,873	56,313	57,752	51,796	44,039
November	49,475	48,585	55,468	49,117	42,087	45,481	50,243	49,813	48,167	43,736
December	50,002	46,004	44,196	44,395	49,571	45,275	46,626	47,117	50,242	41,742
January	49,067	45,730	49,334	45,973	44,805	44,798	45,120	47,380	50,752	43,629
February	46,808	45,789	48,734	44,704	43,222	45,690	41,875	39,852	48,802	38,829
March	42,626	42,725	45,855	45,037	42,894	41,356	39,046	41,891	41,573	38,754
April	50,719	49,053	44,012	45,620	46,106	50,695	46,233	46,081	38,077	43,414
May	50,066	44,765	50,929	44,214	58,221	51,130	50,367	45,561	40,841	42,131
June	59,742	54,004	53,749	53,127	61,731	68,903	56,486	53,492	44,663	47,219
July	54,366	51,581	55,276	68,324	55,648	59,881	55,313	55,236	40,176	49,333
August	56,172	53,605	55,306	53,127	53,234	58,388	53,936	52,150	43,828	61,251
September	58,937	53,054	51,806	56,539	54,534	64,823	51,489	52,920	48,716	50,802
Total	628,669	592,824	605,337	596,520	600,777	627,293	593,047	589,245	547,633	544,879
Water Rates										
Minimum 3/4"	7.56	7.82	7.82	8.37	9.21	9.58	10.06	10.56	10.56	10.92
Minimum 1"	9.23	9.55	9.55	10.22	11.24	11.69	12.27	12.88	12.88	13.32
Minimum 1 1/2"	13.33	13.80	13.80	14.77	16.25	16.90	17.70	18.64	18.64	19.28
Minimum 2"	18.29	18.93	18.93	20.26	22.29	23.18	24.34	25.56	25.56	26.43
Minimum 3"	29.82	30.86	30.86	33.02	36.32	37.77	39.66	41.64	41.64	43.06
Minimum 4"	46.30	47.92	47.92	51.27	56.40	58.66	61.59	64.67	64.67	66.87
Minimum 6"	87.51	90.57	90.57	96.91	106.60	110.86	116.40	122.22	122.22	126.38
Minimum 8"	136.96	141.75	141.75	151.67	166.84	173.51	182.19	191.30	191.30	197.81
Minimum 10"	194.63	201.44	201.44	215.54	237.09	246.57	258.90	271.85	271.85	281.10
Minimum 12"	260.57	269.69	269.69	288.57	317.43	330.13	346.64	363.97	363.97	376.35
Over 1,000 gallon minimum	1.80	1.86	1.86	1.99	2.19	2.28	2.39	2.51	2.51	2.60
Sewer Rates										
Minimum	9.50	9.83	9.83	10.52	11.57	12.03	12.63	13.26	13.26	13.71
Over 1,000 gallon minimum	6.20	6.42	6.42	6.87	7.56	7.86	8.25	8.66	8.66	8.96

Source: Various city departments

CITY OF ORANGE, TEXAS
FEDERAL SINGLE AUDIT REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CITY OF ORANGE, TEXAS
FEDERAL SINGLE AUDIT REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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Companies Practice Section

INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with the 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, the aggregate 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Orange, Texas's basic financial statements, and have issued our report thereon dated February 17, 2016.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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.

Sincerely,

Charles E. Reed + Associates, P.C.

Charles E. Reed and Associates, P.C.
Certified Public Accountants and Consultants
February 17, 2016



Charles E. Reed & Associates, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Orange, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Orange, Texas's major federal programs for the year ended September 30, 2015. City of Orange, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Orange, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Orange, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Orange, Texas's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Orange, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City of Orange, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Orange, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Orange, Texas's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Sincerely,

Charles E. Reed & Associates, P.C.

Charles E. Reed and Associates, P.C.
Certified Public Accountants and Consultants
February 17, 2016

CITY OF ORANGE, TEXAS
Schedule of Findings and Questioned Costs
For the year ended September 30, 2015

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:
 Material weakness identified? Yes No

Significant deficiency that is not considered
 to be a material weakness? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Material weakness identified? Yes No

Significant deficiency identified that is
 not considered to be a material weakness? Yes No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
 accordance with section 510(a) of Circular A-133 Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	U.S. Department of Housing and Urban Development 2008 Supplemental Disaster Recovery Fund – General Land Office – State Administered

The threshold used to distinguish the type of federal program: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

Section II-Financial Statements Findings

None

Material Weaknesses

None

Significant Deficiencies

None

Section III - Federal Award Findings and Questioned Costs

None

CITY OF ORANGE, TEXAS
Schedule of Prior Year Audit Findings
For the year ended September 30, 2015

There were no audit findings for the year ended September 30, 2014.

CITY OF ORANGE, TEXAS
Schedule of Expenditures of Federal Awards and State Awards
For the year ended September 30, 2015

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Federal Highway Administration</u>			
Passed through the State:			
Texas Department of Transportation - Highway-Railroad Grade Crossing Consolidation and Closure Agreement	20.205	CSJ 4704-01-434	11,138
Texas Department of Transportation - Highway-Railroad Texas Department of Transportation - IH 10 Utility Relocatio	20.205	CSJ 0028-14-111	26,578
			<u>\$ 37,716</u>
<u>Department of Housing and Urban Development</u>			
Community Development Block Grant Entitlements	14.218		267,447
Passed through the State:			
Texas Department of Rural Affairs	14.228	DRS210131-12-206-000-5506	973,977
Texas Department of Rural Affairs	14.228	DRS210131-12-524-000-6755	1,510
			<u>\$ 1,242,934</u>
<u>Department of Justice</u>			
Bullet Proof Vest Partnership Program	16.607	14074677	\$ 2,450
Equitable Sharing Agreement - Justice Funds	16.922	TX1810200	40,717
			<u>\$ 43,167</u>
<u>Federal Emergency Management</u>			
Passed through the State:			
Texas Water Development Board - Flood Mitigation Assistance Grant	97.029	FMA-PJ-06-TX-2013-010	\$ 2,225
			<u>\$ 2,225</u>
<u>Department of Homeland Security</u>			
Passed through the State:			
Texas Department of Public Safety Division of Emergency Management - Emergency Management Performance Grant	97.042	15TX-EMPG-0412	\$ 32,325
			<u>\$ 32,325</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,358,367</u></u>
<u>State Grants</u>			
Texas Forest Service - TIFMAS Grant Assistance Program Training Tuition	N/A	2846	\$ 11,045
TOTAL STATE GRANTS			<u><u>\$ 11,045</u></u>

CITY OF ORANGE, TEXAS
Notes to the Schedule of Expenditures of Federal and State Awards
For the year ended September 30, 2015

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal and State Financial Awards presents the activity of all Federal and State financial assistance programs of the City of Orange, Texas. All federal awards received directly from Federal agencies and State and Federal awards passed through State agencies are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING AND PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Financial Awards includes the federal grant activities of the City of Orange, Texas is presented using the accrual basis of accounting for all awards except the Department of Justice awards. The Department of Justice awards (CFDA numbers 16.607 and 16.922) are presented on the cash basis of accounting.

The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.