

**ORANGE COUNTY WATER
CONTROL AND IMPROVEMENT
DISTRICT NO. 2**

**ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
APRIL 30, 2020 AND 2019**

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INTRODUCTORY SECTION

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }
COUNTY OF ORANGE }

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ORANGE Co WCID 2

I, Tom Woolley, President of the ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2 hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the _____ day of _____ its annual audit report for the fiscal year or period ended April 30, 2020, and that copies of the annual audit have been filed in the district office, located at

2526 WESTERN AVENUE, ORANGE, TEXAS

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: 10-2-20

By:

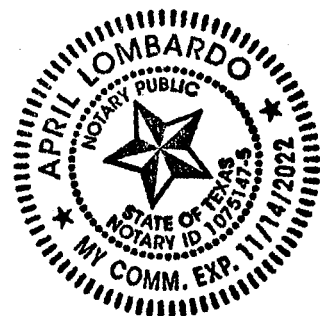
Tom Woolley
Tom Woolley, President

Sworn to and subscribed to before me this 2 day of October, 2020

April Lombardo
(Signature of Notary)

(SEAL)

My Commission Expires on: 11-14-22, Notary Public in and for the State of Texas.



FINANCIAL SECTION

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2020 AND 2019

Our discussion and analysis of Orange County Water Control and Improvement District No. 2's (District) financial performance provides an overview of the District's financial activities for the year ended April 30, 2020. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

As a result of the year's operations, assets exceeded liabilities by \$8,599,921 (net position) for the fiscal year 2020. This compares to the previous year when assets exceeded liabilities by \$8,371,274. The net position increased by \$228,647 or 2.66%.

Total net position is comprised of the following:

- 1) Capital assets, net of related debt, of \$6,713,300 included in property and equipment, net of accumulated depreciation, net of long-term debt.
- 2) Net position of \$433,699 are restricted by debt covenants and future water security.

Net Position Unrestricted:

- a) Unassigned net position of \$1,452,922 which represents the portion available to maintain current and on-going obligations other than debt and construction.

Total spending for all District activities was \$1,114,629 for the year, which is \$82,959 less than the charges for services, goods and interest for the previous year. Operating revenues for the year decreased by \$27,860 and operating expenses decreased by \$82,959 compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis (MD&A): The Financial Section (basic financial statements); and Texas Required Supplemental Information. The financial section includes notes that disclose in more detail the financial operations and position of the District than is presented in the financial statements. The Comparative Statement of Net Position and the Comparative Statements of Revenues, Expenses and Change in Net Position (Activity) provide both long range and short-term information about the District's overall financial status. The Comparative Statements of Net Position include all assets and liabilities and provide information about the District's overall financial status. The Comparative Statements of Net Position include all assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). This financial section reports net position and how they have changed.

FINANCIAL ANALYSIS AS A WHOLE

As stated previously, net position increased by \$228,647 as a result of this year's operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation and regulation, or contractual obligations increased \$104,573. The restricted fund balance represents funds held to service debt and customer security deposits. The balance in net position represents the accumulated results of all past years' operations. It means that if the District paid off all of its bills today, including all of the non-capital assets, there would be \$1,452,922 left for the year ended April 30, 2020.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2020 AND 2019

Condensed Statement of Net Position

Table 1

<u>ASSETS</u>	2020	2019	Change
Current Assets	\$ 1,419,954	\$ 1,392,690	\$ 27,264
Capital Assets	6,863,300	6,822,743	40,557
Other Assets	688,169	651,265	36,904
Total Assets	<u>8,971,423</u>	<u>8,866,698</u>	<u>104,725</u>
 <u>LIABILITIES</u>			
Other Liabilities	271,502	345,424	(73,922)
Long-Term Debt	100,000	150,000	(50,000)
Total Liabilities	<u>371,502</u>	<u>495,424</u>	<u>(123,922)</u>
 <u>NET POSITION</u>			
Net Investment in Capital Assets	6,713,300	6,622,743	90,557
Restricted	433,699	400,182	33,517
Unrestricted (Deficit)	1,452,922	1,348,349	104,573
Total Net Position	<u>\$ 8,599,921</u>	<u>\$ 8,371,274</u>	<u>\$ 228,647</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Table 2

	2020	2019	Change
Operating Income	\$ 1,645,777	\$ 1,673,637	\$ (27,860)
Non-Operating Income	15,616	53,570	(37,954)
TOTAL REVENUES	<u>1,661,393</u>	<u>1,727,207</u>	<u>(65,814)</u>
Depreciation	313,938	282,209	31,729
Operating Expenses	1,114,629	1,197,588	(82,959)
Non-Operating Expenses	4,179	4,480	(301)
TOTAL EXPENSES	<u>1,432,746</u>	<u>1,484,277</u>	<u>(51,531)</u>
Increase (Decrease) in Net Position	228,647	242,930	(14,283)
Net Position, Beginning of Year	8,371,274	8,128,344	242,930
Net Position, End of Year	<u>\$ 8,599,921</u>	<u>\$ 8,371,274</u>	<u>\$ 228,647</u>

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2020 AND 2019

BUDGETARY HIGHLIGHTS

As required by state statute the District adopts an annual budget to include operating, debt and capital expenditures.

	Budgetary Highlights		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Income	\$ 1,631,350	\$ 1,645,777	\$ 14,427
Non-Operating Income	8,000	15,616	7,616
Total Revenues	<u>1,639,350</u>	<u>1,661,393</u>	<u>22,043</u>
Depreciation	-	313,938	(313,938)
Operating Expenses	1,143,436	1,114,629	28,807
Non-Operating Expenses	-	4,179	(4,179)
Total Expenses	<u>1,143,436</u>	<u>1,432,746</u>	<u>(289,310)</u>
Increase (Decrease) in Net Position	495,914	228,647	267,267
Net Position, Beginning of Year	<u>8,371,274</u>	<u>8,371,274</u>	<u>-</u>
Net Position, End of Year	<u>\$ 8,867,188</u>	<u>\$ 8,599,921</u>	<u>\$ 267,267</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The cost of property, plant and equipment, net of accumulated depreciation as of April 30, 2020 and 2019 was \$6,863,300 and \$6,822,743 respectively. The acquisitions for the year consisted of new trucks, system improvements and other construction.

LONG-TERM DEBT

The District applied for a loan from the Texas Water Commission for \$500,000 to finance the construction of an outfall pipeline to carry effluent from the Sewer Plant to the Sabine River for discharge. This loan was issued in June 2013. An amortization schedule of this debt is provided in the notes to the financial statements.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2020 AND 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors, when setting the Budget for FY 2021, concerned themselves with the narrowing margin of revenues over expenses, doing a renovation to the sewer plant and increasing wages if the anticipated revenues are realized. A modest wage increase was included in the proposed budget for Fiscal Year 2021.

CONTACTING MANAGEMENT

This Annual Financial Report is designed to provide our citizens, customers and others with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Orange County Water Control and Improvement District's Superintendent, Russell Love, 2526 Western Avenue, Orange, Texas 77630. Phone number (409) 883-4003.

FINANCIAL SECTION

MITCHELL T. FONTENOTE

CERTIFIED PUBLIC ACCOUNTANT, INC.

October 1, 2020

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Water Control and Improvement District No. 2

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Orange County Water Control and Improvement District No. 2 as of and for the year ended April 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District'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. 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, and the aggregate remaining fund information Orange County Water Control and Improvement District No.2, as of April 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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PHONE (409) 722-6300 • FAX (409) 722-6301
MITCHELL@MITCHELLTFONTENOTECPA.COM

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2–5 and 31 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 Orange County Water Control and Improvement District No.2's basic financial statements. The Texas Supplementary Information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Texas Supplementary Information 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 Texas Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mitchell T. Fontenote CPA, Inc.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**STATEMENT NET POSITION****APRIL 30, 2020 AND 2019**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>Current Assets:</u>		
Cash	\$ 1,176,811	\$ 1,189,317
Accounts Receivable, net	212,110	181,277
Inventory	21,962	13,468
Prepaid Insurance	9,071	8,628
Total Current Assets	<u>1,419,954</u>	<u>1,392,690</u>
<u>Capital Assets:</u>		
Land	321,042	321,042
Other Capital Assets	14,599,258	14,205,118
Accumulated Depreciation	(8,508,250)	(8,193,880)
Construction in Progress	451,250	490,463
Total Capital Assets	<u>6,863,300</u>	<u>6,822,743</u>
<u>Other Assets:</u>		
Loan Proceeds Receivable	254,470	251,083
Cash and Certificates of Deposits, Restricted	433,699	400,182
Total Other Assets	<u>688,169</u>	<u>651,265</u>
 TOTAL ASSETS	 <u><u>8,971,423</u></u>	 <u><u>8,866,698</u></u>
 <u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	367	79,257
Payroll Liabilities Payable	26,626	26,266
Future Water Security and Other Held Deposits	194,509	189,901
Current Portion of Bonds Payable	50,000	50,000
Total Current Liabilities	<u>271,502</u>	<u>345,424</u>
<u>Long-Term Liabilities</u>		
Bonds Payable	100,000	150,000
Total Long-Term Liabilities	<u>100,000</u>	<u>150,000</u>
 TOTAL LIABILITIES	 <u><u>371,502</u></u>	 <u><u>495,424</u></u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	6,713,300	6,622,743
Restricted	433,699	400,182
Unrestricted	1,452,922	1,348,349
 TOTAL NET POSITION	 <u><u>\$ 8,599,921</u></u>	 <u><u>\$ 8,371,274</u></u>

The accompanying notes are integral to the financial statements.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED APRIL 30, 2020 AND 2019

	2020	2019
<u>Revenue from Operations</u>		
Water	\$ 798,625	\$ 818,805
Sewer	772,855	764,115
Reconnection and Other Fees	13,169	22,355
Tapping Fees	4,891	1,500
Late Charges	35,525	31,500
Services Charges & Misc	20,712	35,362
Total Revenue from Operations	1,645,777	1,673,637
 <u>Operating Expenses</u>		
Water	204,070	193,750
Sewer	351,633	391,089
General and Administration	558,926	612,749
Total Operating Expenses	1,114,629	1,197,588
 Excess of Revenues before Depreciation	531,148	476,049
 <u>Depreciation</u>	313,938	282,209
Net Income (Loss) from Operations	217,210	193,840
 <u>Non-Operating Revenues (Expenses)</u>		
Interest Income	13,064	13,014
Other Misc Income	584	13,519
FEMA Grant	1,968	27,037
Interest Expense	(4,179)	(4,480)
Total Non-Operating Revenues (Expense)	11,437	49,090
 Change in Net Position	228,647	242,930
Net Position, Beginning of Year	8,371,274	8,128,344
Net Position, End of Year	\$ 8,599,921	\$ 8,371,274

The accompanying notes are integral to the financial statements.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**STATEMENT OF CASH FLOWS****FOR THE FISCAL YEARS ENDED APRIL 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 1,614,944	\$ 1,747,337
Cash paid to suppliers for goods and services	(816,651)	(770,199)
Cash paid to employees	(385,445)	(355,470)
Net Cash Provided by Operating Activities	<u>412,848</u>	<u>621,668</u>
<u>CASH FLOWS FROM NON-CAPITAL AND RELATED ACTIVITIES</u>		
(Increase) Decrease in restricted assets	(33,517)	(32,610)
Other income	2,552	40,556
Increase (Decrease) in Future Water Security	4,608	10,090
TCEQ Fine	-	-
Net Cash Provided by Non-Capital and Related Activities	<u>(26,357)</u>	<u>18,036</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</u>		
Principal paid on bond	(50,000)	(50,000)
Interest paid on bonded debt	(4,179)	(4,480)
Acquisition of fixed assets	(354,495)	(338,280)
Net Cash Provided by Capital and Related Activities	<u>(408,674)</u>	<u>(392,760)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest earned on investments	<u>9,677</u>	<u>9,232</u>
Net Cash Provided by Investing Activities	9,677	9,232
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,506)	256,176
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,189,317</u>	<u>933,141</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,176,811</u>	<u>\$ 1,189,317</u>

The accompanying notes are integral to the financial statements.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED APRIL 30, 2020 AND 2019

RECONCILIATION OF CHANGE IN NET POSITION TO CASH FLOWS FROM OPERATING ACTIVITIES

Net Operating Income (Loss)	217,210	193,840
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	313,938	282,209
Loss on sale of equipment	-	35,262
Changes in assets and liabilities		
(Increase) Decrease in accounts receivable	(30,833)	38,438
(Increase) Decrease in inventory	(8,494)	9,493
(Increase) Decrease in prepaid insurance	(443)	(601)
Increase (Decrease) in accounts payable	(78,890)	61,974
Increase (Decrease) in payroll liabilities	360	3,674
Increase (Decrease) in accrued expenditures	-	(2,621)
	<u>\$ 412,848</u>	<u>\$ 621,668</u>

Disclosures of Accounting Policy:

For purposes of the statement of cash flows, the district considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The accompanying notes are integral to the financial statements.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020 AND 2019

GENERAL DESCRIPTION OF DISTRICT

The District is a self-governing body with an elected board of five members. The District was created October 12, 1952 after a petition was made to the State Board of Engineers, who then approved a public election to create the District. The District was created under Title 29, Article 7880, and Sections 1 through 148z of Vernon’s Annotated Statutes. The District is required to operate under Chapters 49 and 51 of the Texas Water Code. The Board of Directors held their first meeting on June 22, 1953 and the first bond issue was dated April 1, 1954. Additionally, the District is responsible to the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission, Texas Water Commission and previously its forerunners) for the sale of potable water and the collection, treatment and safe discharge of waste water within the District’s boundaries as prescribed in accordance with the Texas Water Code. The District is a primary reporting entity as set forth in the Governmental Accounting Standards Board (GASB) Statement Number 14. The District has an elected governing board, is a legally separate entity under the laws of the State of Texas, has complete and discrete financial accountability for its own affairs, is not dependent upon any other body and has sole authority to hire and fire its employees. Additionally, the District has no component units as defined by GASB 14 referred to above. The District’s geographic boundaries coincide with the City of West Orange, Texas but also include small areas that are outside of the City, but contiguous to the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Retroactive to May 1, 2002 the District adopted the provisions of Statement No. 34 of Governmental Accounting Standards Board – “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.*” Statement 34 established standards for external financial reporting for all state and local governmental entities that includes a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. For Orange County Water Control and Improvement District No. 2, the adoption of Statement 34 had no effect on the basic financial statements except for the classification of net position in accordance with the statement and the reflection of capital contributions as a change (increase) in net position.

The District’s accounting records are maintained and its statements are prepared, using the Business Type of accounting as established by the General Accounting Standards Board (GASB). The District keeps its accounts and presents its financial statements as would a privately owned, for profit water and sewer Company. As a result, the following accounting practices are observed:

- A. The accrual method of recording income and expenditures is used. Income is recognized when earned and expenditures are recognized when the obligation to pay is incurred.
- B. Fixed assets are stated at their cost, or if contributed, at their fair market value. Depreciation is charged over the useful life of an asset using the straight-line method of value allocation. Interest is capitalized as appropriate on short term borrowing for construction.

The estimated useful lives are as follows:

Buildings	25 – 50 years
Improvements other than buildings	40 – 50 years
Equipment	3 – 10 years

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020 AND 2019

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES CONT'D

- C. Accounts receivable are written off (when applicable) using the direct write off method. There is no provision for doubtful accounts. Accounts are classified as bad debt after sixty days of non-payment.
- D. The District only invests in certificates of deposit and does not have or intend to have any other form of investment.
- E. Although Business Type Activities are not required to present a budgetary comparison per generally accepted governmental accounting principles, the District does adopt a budget each year and public notices of a hearing and public consideration of the budget are done prior to the adoption of the budget each year. The budget can be amended by a simple majority vote of the Board of Directors without any restriction. The budget is required by state statute and the District must comply with state law regarding performance in accordance with that budget.
- F. Inventory is valued at cost. Acquisition of individual items is recorded in an inventory account and expended when consumed.
- G. The District does not accumulate sick pay. Vacation days are earned each year based on the years of service of each employee. District policy allows an employee to sell their unused vacation with the Superintendent's approval and the Superintendent can sell his unused vacation with the approval of the Board of Directors. Vacation time is budgeted as regular wages and is recorded as such when taken during the year. Normally, vacation in excess of the annual amount is insignificant and the amount is not recorded as an accrued liability.
- H. The District does not use encumbrance accounting and reporting.
- I. Cash presented in the statement of cash flows consists of unrestricted cash.
- J. The District uses estimates in the preparation of its financial statements and the reader should be advised that the estimates may vary from actual.
- K. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2 – CASH AND CERTIFICATES OF DEPOSIT

- A. Cash deposits and certificates of deposit deposited by the District with its fiscal depository can be categorized according to three levels of risk. Based upon these three levels of risk, all the District's cash deposits are classified as Category 1. Currently, the District does not have any investments

The District's policy is to have all cash and certificates of deposits fully collateralized by direct instruments of the US Treasury. The pledged collateral is held by an independent third party and the third party agrees to obtain written authorization from the District before releasing any of the underlying securities pledged as collateral. Each hand receipt names the District as a pledgee.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020 AND 2019

NOTE 2 – CASH AND CERTIFICATES OF DEPOSIT CONT'D

Cash was fully collateralized as of April 30, 2020 and 2019. The pledged securities at April 30, 2020 and 2019 had market values of \$2,793,734 and \$2,057,873 respectively. The actual balances to be collateralized were \$1,633,364 and \$1,622,546. These pledged securities were held by US Federal Reserve Bank, Dallas, Texas. For both years these collateral securities were in addition to the FDIC coverage standard to all governmental depositors of \$250,000 in deposits. As a result, the District met its statutory requirement to have 105% of cash deposits collateralized.

- B. The District uses general ledger segregation of restricted cash and pooled cash bank accounts and certificates of deposit unless legally required to maintain a separate bank account.

The restricted cash accounts at April 30, 2020 and 2019 were:

	2020		2019	
	Cash	Total	Cash	Total
Initial Water	239,428	239,428	211,411	211,411
Debt Service	194,271	194,271	188,771	188,771
Total	<u>433,699</u>	<u>433,699</u>	<u>400,182</u>	<u>400,182</u>

NOTE 3 – FIXED ASSETS

The changes in fixed assets as of April 30, 2020 and 2019 were as follows:

	Balance 5/1/2019	Additions	Deletions	Balance 4/30/2020
Capital Assets				
Land	321,042	-	-	321,042
Construction in Progress				
Sewer upgrade	84,263	-	63,888	20,375
Local Match for CDBG	42,222	24,675	-	66,897
PAD	363,978	-	-	363,978
Total Capital Assets Not Depreciated	811,505	24,675	63,888	772,292
Buildings	403,143	-	-	403,143
Systems	13,373,876	302,206	-	13,676,082
Equipment and Furniture	428,099	91,934	-	520,033
Total Capital Assets Being Depreciated	14,205,118	394,140	-	14,599,258
Accumulated Depreciation	(8,193,880)	(314,370)	-	(8,508,250)
Capital Assets, Net	<u>\$ 6,822,743</u>	<u>\$ 104,445</u>	<u>\$ 63,888</u>	<u>\$ 6,863,300</u>

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020 AND 2019

NOTE 3 – FIXED ASSETS CONTINUED

	Balance 5/1/2018	Additions	Deletions	Balance 4/30/2019
Capital Assets				
Land	321,042	-	-	321,042
Construction in Progress				
Sewer upgrade	20,375	63,888	-	84,263
Local Match for CDBG	26,146	16,076	-	42,222
PAD	363,978	-	-	363,978
Total Capital Assets Not Depreciated	731,541	79,964	-	811,505
Buildings	359,277	43,866	-	403,143
Systems	13,186,126	187,750	-	13,373,876
Equipment and Furniture	465,776	26,700	(64,377)	428,099
Total Capital Assets Being Depreciated	14,011,179	258,316	(64,377)	14,205,118
Accumulated Depreciation	(7,940,786)	(282,209)	29,115	(8,193,880)
Capital Assets, Net	<u>\$ 6,801,934</u>	<u>\$ 56,071</u>	<u>\$ (35,262)</u>	<u>\$ 6,822,743</u>

NOTE 4 – LONG TERM DEBT

The District has sufficient revenue from operations to meet its present and future debt service requirements. A summary of change in long-term debt follows. The District has pledged its revenues as security for the payment of its current bonded debt. The District has no authorized unissued bonds.

TWDB 2013 Bond Issuance

The District borrowed \$500,000 dollars on June 20, 2013 to finance the first phase of an outfall line of sewer effluent to the Sabine River. Below are the remaining years of obligation and the total balance to be paid. The average net interest cost is 1.57% and is paid semi-annually on March 1st and September 1st each year. Bond activity for the years ended April 30, 2020 and 2019 was as follows:

	May 1, 2019	Increases	Decreases	April 30, 2020
Revenue Bond Payable	\$ 200,000	\$ -	\$ 50,000	\$ 150,000
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 150,000</u>

	May 1, 2018	Increases	Decreases	April 30, 2019
Revenue Bond Payable	\$ 250,000	\$ -	\$ 50,000	\$ 200,000
	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 200,000</u>

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020 AND 2019

NOTE 4 – LONG TERM DEBT CONTINUED

Future debt service requirements are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	50,000	3,015	53,015
2022	50,000	2,105	52,105
2023	50,000	1,100	51,100
Total	<u>\$ 150,000</u>	<u>\$ 6,220</u>	<u>\$ 156,220</u>

NOTE 5 – RETIREMENT

The District has purchased a money purchase annuity for each employee. The District contributes six (6) percent of each individual's gross earnings to each employees' annuity. The District has no further obligation to safeguard the previous contributions or to make further contributions. Each year the District's Board makes an annual decision to budget for the next year. The expenses for retirement for the year ended April 30, 2020 and 2019 respectively \$21,406 and \$22,069. The District's employees are covered by federal social security and the District has made payment directly to the Internal Revenue Service since 1987. The District has no agreements or obligations to the Texas Municipal Employees Retirement System or any other state sponsored system. The District is not obligated for any post- employment benefits to its employees.

NOTE 6 – ECONOMIC DEPENDENCE

The District derives all of its operating revenue from the water and sewer users (customers) that reside within its geographic boundaries. These boundaries significantly correspond but are not identical with the boundaries of the City of West Orange, Texas. Accordingly, it should be concluded that any events affecting the City of West Orange's residents would impact the District's operations directly.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020 AND 2019

NOTE 7 – WATER AND SEWER FEES

The District had in effect at April 30, 2020 the following rates:

Gallons	Water		Sewer	
	Residential	Commercial	Residential	Commercial
1,000	20.03	24.8	22.82	22.82
2,000	24.54	31.33	27.49	27.49
3,000	29.05	37.86	32.16	32.16
4,000	33.56	44.39	36.83	36.83
5,000	38.07	50.92	41.5	41.5
6,000	42.58	57.45	46.17	46.17
7,000	47.09	63.98	50.84	50.84
8,000	51.6	70.51	55.51	55.51
9,000	56.11	77.04	60.18	60.18
10,000	60.62	83.57	64.85	64.85
15,000	83.17	117.87	90.85	90.85
20,000	105.72	154.11	120.1	120.1

THIS IS NOT A COMPLETE PRESENTATION OF ALL THE RATES

The District collects a surcharge of \$3.18 per thousand for certain commercial customers with more solids than an average residential customer. There is no surcharge, other than shown above, or winter averaging for wastewater.

NOTE 8 – PROPERTY TAXES

The District does not collect or receive property taxes.

NOTE 9 – RISK MANAGEMENT

The Districts' Risk Management Policy is to carry adequate insurance to cover casualties, property, plant, equipment and liability.

NOTE 10 – RESTRICTED AND UNRESTRICTED NET POSITION

	2020	2019
Restricted		
Initial Water Security Deposit	239,428	211,411
Debt Service	194,271	188,771
Total	<u>\$ 433,699</u>	<u>\$ 400,182</u>
Unrestricted		
Unassigned	1,452,922	1,348,349
Total	<u>\$ 1,452,922</u>	<u>\$ 1,348,349</u>

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020 AND 2019

NOTE 11 – PLEDGE OF REVENUES

Water and Sewer revenues are pledged for payment of outstanding bonds. There are no bond redemption provisions.

NOTE 12– SUBSEQUENT EVENTS

The District's Management and Board of Directors have reviewed events and conditions from April 30, 2020 to the release of these financial statements, which is October 1, 2020. There are no other conditions, developments or any other matter that should be disclosed to make these statements free of any material misstatement.

NOTE 13 – LITIGATION

None.

TEXAS REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

SCHEDULE OF SERVICES AND RATES

APRIL 30, 2020

1. Services provided by the District:

<input checked="checked" type="checkbox"/>	Retail Water	<input type="checkbox"/>	Wholesale Water	<input type="checkbox"/>	Drainage
<input checked="checked" type="checkbox"/>	Retail Sewer	<input type="checkbox"/>	Wholesale Sewer	<input type="checkbox"/>	Irrigation
<input type="checkbox"/>	Parks & Recreation	<input type="checkbox"/>	Fire Protection	<input type="checkbox"/>	Security
<input type="checkbox"/>	Solid Waste/Garbage	<input type="checkbox"/>	Flood Control	<input type="checkbox"/>	Roads
<input type="checkbox"/>	Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<input type="checkbox"/>	Other (specify): _____				

2. Retail Service Providers

a. Retail rates for a 5/8" meter (or equivalent):
See Note 6 to the Financial Statements

3. There are no standby fees

4. Total water consumption (rounded to the nearest 1,000 gallons)

Gallons pumped	131,867,000
Gallons sold	93,667,000

5. Number of retail water and waste water connections within the District

<u>Connections</u>	<u>Active</u>	<u>Inactive</u>
Single Family	1432	415
Multi-Family	18	2
Commercial	134	85
Total	1584	502

6. Anticipated sources of funds to pay bond debt held by TWDB

Revenues from water and sewer fees	\$ 1,645,777
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7. The District is located entirely in Orange County, Texas. The District is nearly congruent with the City of West Orange, Texas, except for a small number of customers that are not served by another public water system that reside out of the City's boundaries and have been legally annexed into the District as permitted by law. All five directors are elected by the residents of the District.

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**SCHEDULE OF OPERATING EXPENSES**

APRIL 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Water Service Expenses</u>		
Salaries and Wages	99,956	91,613
Chemicals	16,853	17,356
Small Tools	2,501	3,665
Utilities	17,742	19,736
Repairs and Maintenance Materials	67,018	61,380
Total Water Service Expenses	<u>204,070</u>	<u>193,750</u>
<u>Sewer Service Expenses</u>		
Salaries and Wages	150,002	141,062
Chemicals	12,715	25,632
Sludge Removal	58,581	39,799
Small Tools	2,085	2,316
Repairs and Maintenance	71,992	100,212
Testing Lines	11,782	19,200
Compliance Costs	-	5,023
Equipment Rental	1,783	10,203
Utilities	42,693	47,642
Total Sewer Service Expenses	<u>351,633</u>	<u>391,089</u>

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

SCHEDULE OF OPERATING EXPENSES

APRIL 30, 2020 AND 2019

<u>General and Administrative</u>	<u>2020</u>	<u>2019</u>
Director's Fees	5,900	5,800
TCEQ Fee	5,023	9,126
Annual Employee Recognition Day	2,553	3,232
Office Salaries and Wages	135,847	126,469
Group Insurance	136,759	168,421
Payroll Taxes	30,928	28,009
Professional Fees	2,160	2,575
Legal Counsel	22,055	19,726
Accounting and Auditing	22,571	16,884
Engineering	41,522	36,319
Office Expense and Other	51,805	38,300
Software Support	11,103	6,657
Postage	7,535	8,211
Telephone	12,093	12,004
Utilities	6,468	7,340
Insurance	21,446	21,228
Uniforms	4,567	4,904
Gasoline	13,258	14,683
Retirement	21,406	22,069
Training and Certification	3,627	8,096
Fiscal Agent Fee	300	679
FEMA Repairs	-	16,755
Loss on Sale of Equipment	-	35,262
Total Sewer Service Expenses	<u>558,926</u>	<u>612,749</u>
TOTAL OPERATING EXPENSES	<u>1,114,629</u>	<u>1,197,588</u>

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

SCHEDULE OF TEMPORARY INVESTMENTS

APRIL 30, 2020 AND 2019

<u>Number</u>	<u>Amount</u>	<u>April 30, 2020 Date Purchased</u>	<u>Interest Rate</u>	<u>Accrued Interest</u>
N/A	<u>0</u>	N/A	N/A	N/A
Total	<u>0</u>			

<u>Number</u>	<u>Amount</u>	<u>April 30, 2019 Date Purchased</u>	<u>Interest Rate</u>	<u>Accrued Interest</u>
N/A	<u>0</u>	N/A	N/A	N/A
Total	<u>0</u>			

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**ANALYSIS OF CHANGES IN FIXED ASSETS
FOR THE YEAR ENDED APRIL 30, 2020 AND 2019**

	Balance 5/1/2019	Additions	Deletions	Balance 4/30/2020
Capital Assets				
Land	321,042	-	-	321,042
Construction in Progress				
Sewer upgrade	84,263	-	63,888	20,375
Local Match for CDBG	42,222	24,675	-	66,897
PAD	363,978	-	-	363,978
Total Capital Assets Not Depreciated	811,505	24,675	63,888	772,292
Buildings	403,143	-	-	403,143
Systems	13,373,876	302,206	-	13,676,082
Equipment and Furniture	428,099	91,934	-	520,033
Total Capital Assets Being Depreciated	14,205,118	394,140	-	14,599,258
Accumulated Depreciation	(8,193,880)	(314,370)	-	(8,508,250)
Capital Assets, Net	<u>\$ 6,822,743</u>	<u>\$ 104,445</u>	<u>\$ 63,888</u>	<u>\$ 6,863,300</u>

	Balance 5/1/2018	Additions	Deletions	Balance 4/30/2019
Capital Assets				
Land	321,042	-	-	321,042
Construction in Progress				
Sewer upgrade	20,375	63,888	-	84,263
Local Match for CDBG	26,146	16,076	-	42,222
PAD	363,978	-	-	363,978
Total Capital Assets Not Depreciated	731,541	79,964	-	811,505
Buildings	359,277	43,866	-	403,143
Systems	13,186,126	187,750	-	13,373,876
Equipment and Furniture	465,776	26,700	(64,377)	428,099
Total Capital Assets Being Depreciated	14,011,179	258,316	(64,377)	14,205,118
Accumulated Depreciation	(7,940,786)	(282,209)	29,115	(8,193,880)
Capital Assets, Net	<u>\$ 6,801,934</u>	<u>\$ 56,071</u>	<u>\$ (35,262)</u>	<u>\$ 6,822,743</u>

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

GENERAL LONG-TERM DEBT

APRIL 30, 2020

Series 2013 TWDB Revenue Bond

<u>Due During Fiscal Year Ending</u>	<u>Principal Due 3/1</u>	<u>Interest Due 3/1 & 9/1</u>	<u>Total</u>
2021	50,000	3,015	53,015
2022	50,000	2,105	52,105
2023	50,000	1,100	51,100
	<u>\$ 150,000</u>	<u>\$ 6,220</u>	<u>\$ 156,220</u>

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED APRIL 30, 2020

REVENUE BONDS	<u>Series 2013</u>
Interest Rate	1.57%
Dates Interest Payable	3/1 & 9/1
Maturity Dates	3/1/2023
Beginning Bonds Outstanding	200,000
Bonds sold during the fiscal year	-
Bonds retired during the fiscal year	<u>50,000</u>
Ending Bonds Outstanding	<u>\$ 150,000</u>
Interest paid during the fiscal year	<u>\$ 4,179</u>

Paying agents name and city:

Series 2013 Bank of Texas Financial, Austin Texas

	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized	\$500,000	-
Amount Issued	\$500,000	-
Remaining to be Issued	-	-

Average annual debt service payment (principal and interest) for remaining term of all debts:

2021 through 2023	<u>\$52,073</u>
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ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES
FOR THE FIVE YEARS ENDED APRIL 30, 2020**

	CHANGES IN REVENUES AND EXPENDITURES				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Operating Revenues</u>					
Service Revenues	1,571,480	1,582,920	1,639,496	1,610,976	1,534,028
Tap Connection Revenues	18,060	23,855	1,500	-	1,000
Penalty and Interest Revenues	56,237	66,862	35,560	41,762	73,145
Total Operating Revenues	<u>1,645,777</u>	<u>1,673,637</u>	<u>1,676,556</u>	<u>1,652,738</u>	<u>1,608,173</u>
<u>Operating Expenses</u>					
Payroll Expense	580,798	583,443	393,984	353,716	345,422
Professional Fees	88,308	75,504	64,904	64,612	58,062
Purchased and Contracted Services	197,591	201,391	210,847	164,250	234,059
Consumable Supplies and Materials	34,154	48,969	49,392	42,349	58,196
Recurring Operating Expenses	213,778	288,281	446,046	391,993	401,342
Depreciation	313,938	282,209	287,072	280,940	298,709
Total Operating Expenses	<u>1,428,567</u>	<u>1,479,797</u>	<u>1,452,245</u>	<u>1,297,860</u>	<u>1,395,790</u>
Income from Operations	217,210	193,840	224,311	354,878	212,383
<u>Non-Operating Revenues</u>					
Interest Income	13,064	13,014	10,873	6,419	877
Contributions and Misc	2,552	40,556	48,847	16,548	14,203
Total Non-Operating Revenues	<u>15,616</u>	<u>53,570</u>	<u>59,720</u>	<u>22,967</u>	<u>15,080</u>
Income before Non-Operating Expenses	232,826	247,410	284,031	377,845	227,463
<u>Non-Operating Expenses</u>					
Debt Service and Related	4,179	4,480	5,320	5,450	13,695
Total Non-Operating Expenses	<u>4,179</u>	<u>4,480</u>	<u>5,320</u>	<u>5,450</u>	<u>13,695</u>
Net Income (Loss)	228,647	242,930	278,711	372,395	213,768
Active Number of Retail Water Customers	1,584	1,577	1,565	1,620	1,593

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES
FOR THE FIVE YEARS ENDED APRIL 30, 2020

	PERCENTAGE OF TOTAL REVENUE				
	2020	2019	2018	2017	2016
<u>Operating Revenues</u>					
Service Revenues	95.49%	94.58%	97.79%	97.47%	95.39%
Tap Connection Revenues	1.10%	1.43%	0.09%	0.00%	0.06%
Penalty and Interest Revenues	3.42%	4.00%	2.12%	2.53%	4.55%
Total Operating Revenues	100.00%	100.00%	100.00%	100.00%	100.00%
<u>Operating Expenses</u>					
Payroll Expense	35.29%	34.86%	23.50%	21.40%	21.48%
Professional Fees	5.37%	4.51%	3.87%	3.91%	3.61%
Purchased and Contracted Services	12.01%	12.03%	12.58%	9.94%	14.55%
Consumable Supplies and Materials	2.08%	2.93%	2.95%	2.56%	3.62%
Recurring Operating Expenses	12.99%	17.22%	26.60%	23.72%	24.96%
Depreciation	19.08%	16.86%	17.12%	17.00%	18.57%
Total Operating Expenses	86.80%	88.42%	86.62%	78.53%	86.79%
Income from Operations	13.20%	11.58%	13.38%	21.47%	13.21%
<u>Non-Operating Revenues</u>					
Interest Income	0.79%	0.78%	0.65%	0.39%	0.05%
Contributions and Misc	0.16%	2.42%	2.91%	1.00%	0.88%
Total Non-Operating Revenues	0.95%	3.20%	3.56%	1.39%	0.94%
Income before Non-Operating Expenses	14.15%	14.78%	16.94%	22.86%	14.14%
<u>Non-Operating Expenses</u>					
Debt Service and Related	0.25%	0.27%	0.32%	0.33%	0.85%
Total Non-Operating Expenses	0.25%	0.27%	0.32%	0.33%	0.85%
Net Income (Loss)	13.89%	14.52%	16.62%	22.53%	13.29%

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

INSURANCE COVERAGE

FOR THE YEAR ENDED APRIL 30, 2020

<u>Type of Coverage</u>	<u>Policy Period</u>		<u>Amount of Coverage</u>	<u>Insurer</u>	<u>Type of Corporate</u>	<u>Policy Clause Co-Insurance</u>
	<u>From</u>	<u>To</u>				
Property and Casualty	10/1/2019	10/1/2020	\$ 3,542,427	TML	N/A	No
Liability	10/1/2019	10/1/2020	\$ 500,000	TML	N/A	No
Automobile	10/1/2019	10/1/2020	\$ 500,000	TML	N/A	No
Cyber Liability	10/1/2019	10/1/2020	\$ 1,000,000	TML	N/A	No

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

APRIL 30, 2020

Mailing Address: 2526 Western Ave., PO Box 278, Orange, TX 77631-0278

Direct Phone Number: (409) 883-4003

<u>Name and Address</u>	<u>Term of Office</u>	<u>Fees</u>	<u>Title</u>	<u>Resident of District</u>
Thomas Woolley 707 Sherrill Orange, Texas	5/20-5/24	\$1,200	President	Yes
Linda Premeaux 700 Westbury Orange, Texas	5/18-5/22	\$1,100	Secretary/Treasurer	Yes
Glenn Curran 702 Westbury Orange, Texas	5/20-5/24	\$1,200	Vice President	Yes
Lisa Bukowsky 3923 B Kathleen Orange, Texas	5/20-5/24	\$1,200	Director	Yes
Jerry Foreman Foreman Rd Orange, Texas	5/18-5/22	\$1,200	Director	No

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

APRIL 30, 2020

<u>Key Administrative Personnel</u>	<u>Hire Date</u>	<u>Fees</u>	<u>Title</u>	<u>Resident of District</u>
Russell Love 7477 Cirde 6 Orange, Texas	July 2019	\$66,213	Superintendent	No
April Lombardo 2630 E. Norman Cirde Orange, Texas	Nov 2014	\$51,588	Office Manager	No
<u>Consultants</u>				
Jeff Beaver, PE Schaumburg & Polk 8865 College St. S-100 Beaumont, Texas 77707	Nov 1987	\$68,380	Engineer	No
Mitchell Fontenote Mitchell T Fontenote CPA, Inc 2428 Nall Street Port Neches, Texas 77651	June 2017	\$12,900	Auditor	No
Kate Leverett Germer PLLC Beaumont, Texas 77701	April 2017	\$23,645	Attorney	No
Jeremy Triska Wathen, DeShong & Juncker, LLP 4140 Gladys Ave Ste 101 Beaumont, Texas 77706	March 2017	\$9,671	CPA	No
<u>Investment Officer</u>				
April Lombardo 2630 Norman Cir Orange, Texas 77630				

ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenue from Operations</u>			
Water	\$ 800,000	\$ 798,625	\$ (1,375)
Sewer	775,000	772,855	(2,145)
Reconnection and Other Fees	18,000	13,169	(4,831)
Tapping Fees	1,350	4,891	3,541
Late Charges	35,000	35,525	525
Misc Service Charges	2,000	20,712	18,712
Total Revenue from Operations	<u>1,631,350</u>	<u>1,645,777</u>	<u>14,427</u>
<u>Operating Expenses</u>			
Water	210,582	204,070	6,512
Sewer	404,491	351,633	52,858
General and Administration	528,363	558,926	(30,563)
Total Operating Expenses	<u>1,143,436</u>	<u>1,114,629</u>	<u>28,807</u>
Excess of Revenues before Depreciation	<u>487,914</u>	<u>531,148</u>	<u>43,234</u>
<u>Depreciation</u>	<u>-</u>	<u>313,938</u>	<u>(313,938)</u>
Net Income (Loss) from Operations	487,914	217,210	(270,704)
<u>Non-Operating Revenues (Expenses)</u>			
Interest Income	8,000	13,064	5,064
Other Misc Income	-	584	584
FEMA Grant	-	1,968	1,968
Interest Expense	-	(4,179)	4,179
Total Non-Operating Revenues (Expense)	<u>8,000</u>	<u>11,437</u>	<u>11,795</u>
Change in Net Position	495,914	228,647	(267,267)
<u>Net Position, Beginning of Year</u>	<u>8,371,274</u>	<u>8,371,274</u>	<u>-</u>
Net Position, End of Year	<u>\$ 8,867,188</u>	<u>\$ 8,599,921</u>	<u>\$ (267,267)</u>