

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

**ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
APRIL 30, 2025**

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## **INTRODUCTORY SECTION**

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS}
COUNTY OF ORANGE}

6240000
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 8th day of September its annual audit report for the fiscal year or period ended April 30, 2025, 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: 9-8-25

By:

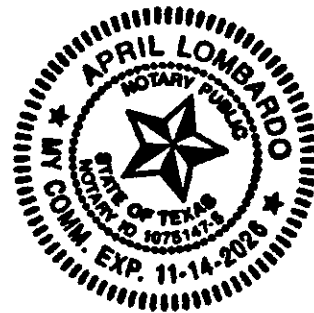
Tom Woolley
Tom Woolley, President

Sworn to and subscribed to before me this 8th day of September 2025.

April Lombardo
(Signature of Notary)

(SEAL)

My Commission Expires on: 11-14-26, 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, 2025 AND 2024**

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, 2025. 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 \$9,974,890 (net position) for the fiscal year 2025. This compares to the previous year when assets exceeded liabilities by \$9,603,938. The net position increased by \$370,952 or 3.86%.

Total net position is comprised of the following:

- 1) Capital assets, net of related debt, of \$5,909,458 included in property and equipment, net of accumulated depreciation, net of long-term debt.
- 2) Net position of \$3,013,054 are restricted by debt covenants and future water security.

Net Position Unrestricted:

- a) Unrestricted net position of \$1,052,378 which represents the portion available to maintain current and on-going obligations other than debt and construction.

Total spending for all District operating activities was \$1,737,637 for the year, which is \$214,191 less than the revenue from operations. Operating revenues for the year increased by \$69,523 and operating expenses increased by \$74,868 compared to the prior year. The majority of the increase in operating expenses is attributed to significant increase in group insurance.

#### **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 \$370,952 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 decreased by (\$1,343,357). The restricted net position of \$3,013,054 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 \$9,974,890 left for the year ended April 30, 2025.

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025 AND 2024**

**Condensed Statement of Net Position**

**Table 1**

<b>ASSETS</b>	<b>2025</b>	<b>2024</b>	<b>Change</b>
Current Assets	\$ 1,210,184	\$ 2,695,947	\$ (1,485,763)
Capital Assets	11,344,458	8,096,062	3,248,396
Other Assets	3,533,455	5,272,901	(1,739,446)
<b>Total Assets</b>	<b>16,088,097</b>	<b>16,064,910</b>	<b>23,187</b>
<b>LIABILITIES</b>			
Other Liabilities	903,207	1,025,972	(122,765)
Long-Term Debt	5,210,000	5,435,000	(225,000)
<b>Total Liabilities</b>	<b>6,113,207</b>	<b>6,460,972</b>	<b>(347,765)</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,909,458	2,436,062	3,473,396
Restricted	3,013,054	4,772,141	(1,759,087)
Unrestricted (Deficit)	1,052,378	2,395,735	(1,343,357)
<b>Total Net Position</b>	<b>\$ 9,974,890</b>	<b>\$ 9,603,938</b>	<b>\$ 370,952</b>

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

**Table 2**

	<b>2025</b>	<b>2024</b>	<b>Change</b>
Operating Income	\$ 1,951,828	\$ 1,882,305	\$ 69,523
Non-Operating Income	806,759	873,087	(66,328)
<b>TOTAL REVENUES</b>	<b>2,758,587</b>	<b>2,755,392</b>	<b>3,195</b>
Depreciation	553,645	551,946	1,699
Operating Expenses	1,737,637	1,662,769	74,868
Non-Operating Expenses	96,353	98,773	(2,420)
<b>TOTAL EXPENSES</b>	<b>2,387,635</b>	<b>2,313,488</b>	<b>74,147</b>
Increase (Decrease) in Net Position	370,952	441,904	(70,952)
Net Position, Beginning of Year	9,603,938	9,162,034	441,904
<b>Net Position, End of Year</b>	<b>\$ 9,974,890</b>	<b>\$ 9,603,938</b>	<b>\$ 370,952</b>

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025 AND 2024**

**BUDGETARY HIGHLIGHTS**

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

	<b>Budgetary Highlights</b>		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Income	\$ 2,092,368	\$ 1,951,828	\$ (140,540)
Non-Operating Income	339,681	806,759	467,078
Total Revenues	<u>2,432,049</u>	<u>2,758,587</u>	326,538
Depreciation	-	553,645	(553,645)
Operating Expenses	2,478,512	1,737,637	740,875
Non-Operating Expenses	96,352	96,353	(1)
Total Expenses	<u>2,574,864</u>	<u>2,387,635</u>	<u>187,229</u>
Increase (Decrease) in Net Position	(142,815)	370,952	(513,767)
Net Position, Beginning of Year	9,603,938	9,603,938	-
Net Position, End of Year	<u>\$ 9,461,123</u>	<u>\$ 9,974,890</u>	<u>\$ (513,767)</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

As of April 30, 2025 AND 2024, THE cost of property, plant, and equipment, net of accumulated depreciation, was \$11,344,458 and \$8,096,062, respectively. Current-year acquisitions included \$263,660 in sewage system improvements and \$619,103 for prior sewage system improvement projects completed during the year. Additionally, \$3,538,381 was invested in construction projects that remain in progress at year-end.

**LONG-TERM DEBT**

The District has two bonds through the Texas Water Development Board for \$2,000,000 and \$3,980,000 to finance water and sewer projects. Details about these bonds can be found in Note 4.

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**APRIL 30, 2025 AND 2024**

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

The Board of Directors, when setting budgets for fiscal year 2025-2026, concerned themselves with narrowing the margin of revenues over expenses, and rates for next year will be influenced by several economic factors, including persistent inflation, high capital costs for aging infrastructure. The district will need to balance necessary infrastructure needs which will potentially leading to rate increases.

**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 Office Manager, April Lombardo, 2526 Western Avenue, Orange, Texas 77630. Phone number (409) 883-4003.

**FINANCIAL SECTION**



MITCHELL T FONTENOTE CPA, INC.

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Management  
Orange County Water Control and Improvement District No. 2  
Orange, Texas

### **Opinions**

We have audited the accompanying financial statements of the business-type activities, and the aggregate remaining fund information of Orange County Water Control and Improvement District No. 2 (the "District") as of and for the years ended April 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate remaining fund information of the District, as of April 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Mitchell T. Fontenot CPA, Inc.*

Port Neches, Texas  
September 2, 2025

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2****STATEMENT NET POSITION  
APRIL 30, 2025 AND 2024**

<b><u>ASSETS</u></b>	<b>2025</b>	<b>2024</b>
<b><u>Current Assets:</u></b>		
Cash	\$ 844,011	\$ 2,290,473
Accounts Receivable, net	199,443	208,667
Due from Other Governments	87,057	97,092
Inventory	65,964	87,519
Prepaid Insurance	13,709	12,196
Total Current Assets	<u>1,210,184</u>	<u>2,695,947</u>
<b><u>Capital Assets:</u></b>		
Land	321,042	321,042
Other Capital Assets	17,290,723	16,407,960
Accumulated Depreciation	(10,881,183)	(10,327,538)
Construction in Progress	4,613,876	1,694,598
Total Capital Assets	<u>11,344,458</u>	<u>8,096,062</u>
<b><u>Other Assets:</u></b>		
Loan Proceeds Receivable	284,439	272,479
Cash and Certificates of Deposits, Restricted	3,249,016	5,000,422
Total Other Assets	<u>3,533,455</u>	<u>5,272,901</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 16,088,097</u></b>	<b><u>\$ 16,064,910</u></b>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts Payable	\$ 391,280	\$ 531,593
Payroll Liabilities Payable	50,965	41,098
Future Water Security and Other Held Deposits	235,962	228,281
Current Portion of Bonds Payable	225,000	225,000
Total Current Liabilities	<u>903,207</u>	<u>1,025,972</u>
<b><u>Long-Term Liabilities</u></b>		
Bonds Payable	5,210,000	5,435,000
Total Long-Term Liabilities	<u>5,210,000</u>	<u>5,435,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>6,113,207</u></b>	<b><u>6,460,972</u></b>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	5,909,458	2,436,062
Restricted	3,013,054	4,772,141
Unrestricted	1,052,378	2,395,735
<b>TOTAL NET POSITION</b>	<b><u>\$ 9,974,890</u></b>	<b><u>\$ 9,603,938</u></b>

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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<u>Revenue from Operations</u>		
Water	\$ 1,071,443	\$ 1,014,326
Sewer	808,231	782,569
Reconnection and Other Fees	24,085	23,480
Tapping Fees	5,344	23,515
Late Charges	36,315	37,170
Services Charges & Misc	6,410	1,245
Total Revenue from Operations	<u>1,951,828</u>	<u>1,882,305</u>
<u>Operating Expenses</u>		
Water	355,570	346,352
Sewer	534,384	521,678
General and Administration	847,683	794,739
Total Operating Expenses	<u>1,737,637</u>	<u>1,662,769</u>
Excess of Revenues before Depreciation	<u>214,191</u>	<u>219,536</u>
Depreciation	<u>553,645</u>	<u>551,946</u>
Net Income (Loss) from Operations	(339,454)	(332,410)
<u>Non-Operating Revenues (Expenses)</u>		
Interest Income	229,162	290,354
Other Misc Income	577,597	582,733
Interest Expense	(96,353)	(98,773)
Total Non-Operating Revenues (Expense)	<u>710,406</u>	<u>774,314</u>
Change in Net Position	370,952	441,904
Net Position, Beginning of Year	<u>9,603,938</u>	<u>9,162,034</u>
Net Position, End of Year	<u>\$ 9,974,890</u>	<u>\$ 9,603,938</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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from customers	\$ 1,971,087	\$ 1,963,253
Cash paid to suppliers for goods and services	(1,378,665)	(795,880)
Cash paid to employees	(469,376)	(442,510)
Net Cash Provided (Used) by Operating Activities	<u>123,046</u>	<u>724,863</u>
<b><u>CASH FLOWS FROM NON-CAPITAL AND RELATED ACTIVITIES</u></b>		
Other income	577,597	582,733
Increase (Decrease) in Future Water Security	7,681	7,391
Net Cash Provided (Used) by Non-Capital and Related Activities	<u>585,278</u>	<u>590,124</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</u></b>		
Principal paid on bond	(225,000)	(220,000)
Interest paid on bonded debt	(96,353)	(98,773)
Acquisition of fixed assets	(3,802,041)	(1,189,226)
Net Cash Provided (Used) by Capital and Related Activities	<u>(4,123,394)</u>	<u>(1,507,999)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest earned on investments	217,202	278,098
Net Cash Provided (Used) by Investing Activities	<u>217,202</u>	<u>278,098</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,197,868)</b>	<b>85,086</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>7,290,895</u></b>	<b><u>7,205,809</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 4,093,027</u></b>	<b><u>\$ 7,290,895</u></b>
<b><u>RECONCILIATION TO STATEMENT OF NET POSITION</u></b>		
Operating Cash	\$ 844,011	\$ 2,290,473
Restricted Cash	3,249,016	5,000,422
Total Cash and Cash Equivalents	<u>\$ 4,093,027</u>	<u>\$ 7,290,895</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, 2025 AND 2024**

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

Net Operating Income (Loss)	(339,454)	(332,410)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	553,645	551,946
Changes in assets and liabilities		
(Increase) Decrease in accounts receivable	19,259	80,948
(Increase) Decrease in inventory	21,555	(48,535)
(Increase) Decrease in prepaid insurance	(1,513)	(500)
Increase (Decrease) in accounts payable	(140,313)	462,093
Increase (Decrease) in payroll liabilities	9,867	11,321
	<u>\$ 123,046</u>	<u>\$ 724,863</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, 2025 AND 2024**

**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, 2025 AND 2024**

**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, 2025 AND 2024**

**NOTE 2 – CASH AND CERTIFICATES OF DEPOSIT CONT'D**

Cash was fully collateralized as of April 30, 2025 and 2024. The pledged securities at April 30, 2025 and 2024 had market values of \$3,367,619 and \$1,945,377 respectively. The actual balances to be collateralized were \$3,727,219 and \$1,983,398. 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, 2025 and 2024 were:

	2025		2024	
	Cash	Total	Cash	Total
Future Water Security	\$ 338,306	\$ 338,306	\$ 319,743	\$ 319,743
Reserve Fund 2021	324,371	324,371	317,964	317,964
Sinking & Interest 2021	147,964	147,964	145,041	145,041
Construction Escrow 2021	2,438,375	2,438,375	4,217,674	4,217,674
Total	\$ 3,249,016	\$ 3,249,016	\$ 5,000,422	\$ 5,000,422

**NOTE 3 – FIXED ASSETS**

The changes in fixed assets as of April 30, 2025 and 2024 were as follows:

	Balance 05/01/2024	Additions	Deletions	Reclassification	Balance 04/30/2025
Capital Assets Not Depreciated					
Land	321,042	-	-	-	321,042
Construction in Progress					
Projects	1,243,348	3,538,381	-	(619,103)	4,162,626
Local Match for CDBG	112,730	-	-	-	112,730
WIP CDBG	338,520	-	-	-	338,520
Total Capital Assets Not Depr.	2,015,640	3,538,381	-	(619,103)	4,934,918
Capital Assets Being Depreciated					
Buildings	403,143	-	-	-	403,143
Systems	15,262,241	263,660	-	619,103	16,145,004
Equipment and Furniture	742,576	-	-	-	742,576
Total Capital Assets Being Depr.	16,407,960	263,660	-	619,103	17,290,723
Accumulated Depreciation	(10,327,538)	(553,645)	-	-	(10,881,183)
Capital Assets, Net	\$ 8,096,062	\$ 3,248,396	\$ -	\$ -	\$ 11,344,458

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

**NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2025 AND 2024**

**NOTE 3 – FIXED ASSETS CONTINUED**

	Balance 05/01/2023	Additions	Deletions	Reclassification	Balance 04/30/2024
Capital Assets Not Depreciated					
Land	321,042	-	-	-	321,042
Construction in Progress					
Projects	980,175	714,282	-	(451,109)	1,243,348
Local Match for CDBG	112,730	-	-	-	112,730
WIP CDBG	338,520	-	-	-	338,520
Total Capital Assets Not Depr.	1,752,467	714,282	-	(451,109)	2,015,640
Capital Assets Being Depreciated					
Buildings	403,143	-	-	-	403,143
Systems	14,376,519	434,613	-	451,109	15,262,241
Equipment and Furniture	702,245	40,331	-	-	742,576
Total Capital Assets Being Depr.	15,481,907	474,944	-	451,109	16,407,960
Accumulated Depreciation	(9,775,592)	(551,946)	-	-	(10,327,538)
Capital Assets, Net	<u>\$ 7,458,782</u>	<u>\$ 637,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,096,062</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 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 1<sup>st</sup> and September 1<sup>st</sup> each year. As of April 30, 2023 the bond has been paid off fully.

During the fiscal year ended April 30, 2021, the District issued two new bonds to finance future water and sewer projects in the amount of \$2,000,000 and \$3,980,000 through the Texas Water Development Board. Interest payments are due semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup> at rates of 1.1% - 2.45%.

Bond activity for the years ended April 30, 2025 and 2024 was as follows:

	Rate	Original Issue	May 1, 2024	Increases	Decreases	April 30, 2025	Due In One Year
Series 2021A	1.1-2.4%	2,000,000	\$ 1,875,000	\$ -	\$ 75,000	\$ 1,800,000	\$ 75,000
Series 2021B	1.1-2.45%	3,980,000	3,785,000	-	150,000	3,635,000	150,000
			<u>\$ 5,660,000</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 5,435,000</u>	<u>\$ 225,000</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2025 AND 2024**

**NOTE 4 – LONG TERM DEBT CONTINUED**

Future debt service requirements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Ending			
2026	225,000	93,878	318,878
2027	225,000	91,402	316,402
2028	230,000	88,928	318,928
2029	230,000	86,398	316,398
2030	235,000	83,868	318,868
Thereafter	4,290,000	811,334	5,101,334
Total	<u>\$ 5,435,000</u>	<u>\$ 1,255,808</u>	<u>\$ 6,690,808</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, 2025 and 2024 respectively \$28,755 and \$27,639. 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, 2025 AND 2024**

**NOTE 7 – WATER AND SEWER FEES**

The District had in effect at April 30, 2025 the following rates:

Gallons	Water		Sewer	
	Residential	Commercial	Residential	Commercial
1,000	25.03	26.80	22.82	22.82
2,000	29.54	35.33	27.49	27.49
3,000	34.05	43.86	32.16	32.16
4,000	38.56	52.39	36.83	36.83
5,000	43.07	60.92	41.50	41.50
6,000	47.58	69.45	46.17	46.17
7,000	52.09	77.98	50.84	50.84
8,000	56.60	86.51	55.51	55.51
9,000	61.11	95.04	60.18	60.18
10,000	65.62	103.57	64.85	64.85
15,000	88.17	147.87	90.85	90.85
20,000	110.72	194.11	120.10	120.10

**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**

	2025	2024
Restricted		
Cash and Certificates of Deposits, Restricted	3,249,016	5,000,422
Future Water Security and Other Held Deposits	(235,962)	(228,281)
Total Restricted Net Position	<u>\$ 3,013,054</u>	<u>\$ 4,772,141</u>
Unrestricted		
Unassigned	1,052,378	2,395,735
Total Unrestricted Net Position	<u>\$ 1,052,378</u>	<u>\$ 2,395,735</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2025 AND 2024**

**NOTE 11 – PLEDGE OF REVENUES**

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

**NOTE 12 – GRANT REVENUE**

During the fiscal year ending 2023, the District recorded a receivable in the amount of \$390,083 for grant reimbursement from the City of Orange to complete a generator project. As of April 30, 2025, the remaining amount due from the City for this project is \$87,057.

**NOTE 13 – LITIGATION**

None.

**NOTE 14 – SUBSEQUENT EVENTS**

The District's Management and Board of Directors have reviewed events and conditions from April 30, 2025 to the release of these financial statements, which is September 2, 2025. There are no other conditions, developments or any other matter that should be disclosed to make these statements free of any material misstatement.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**  
**SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenue from Operations</u></b>			
Water	\$ 1,151,537	\$ 1,071,443	\$ (80,094)
Sewer	853,331	808,231	(45,100)
Reconnection and Other Fees	25,000	24,085	(915)
Tapping Fees	15,000	5,344	(9,656)
Late Charges	40,500	36,315	(4,185)
Misc Service Charges	7,000	6,410	(590)
<b>Total Revenue from Operations</b>	<b><u>2,092,368</u></b>	<b><u>1,951,828</u></b>	<b><u>(140,540)</u></b>
<b><u>Operating Expenses</u></b>			
Water	467,927	355,570	112,357
Sewer	1,007,570	534,384	473,186
General and Administration	1,003,015	847,683	155,332
<b>Total Operating Expenses</b>	<b><u>2,478,512</u></b>	<b><u>1,737,637</u></b>	<b><u>740,875</u></b>
<b>Excess of Revenues before Depreciation</b>	<b><u>(386,144)</u></b>	<b><u>214,191</u></b>	<b><u>600,335</u></b>
<b><u>Depreciation</u></b>	<b><u>-</u></b>	<b><u>553,645</u></b>	<b><u>(553,645)</u></b>
<b>Net Income (Loss) from Operations</b>	<b><u>(386,144)</u></b>	<b><u>(339,454)</u></b>	<b><u>46,690</u></b>
<b><u>Non-Operating Revenues (Expenses)</u></b>			
Interest Income	45,000	229,162	184,162
Other Misc Income	294,681	577,597	282,916
Interest Expense	(96,352)	(96,353)	(1)
<b>Total Non-Operating Revenues (Expense)</b>	<b><u>243,329</u></b>	<b><u>710,406</u></b>	<b><u>467,077</u></b>
<b>Change in Net Position</b>	<b><u>(142,815)</u></b>	<b><u>370,952</u></b>	<b><u>513,767</u></b>
<b>Net Position, Beginning of Year</b>	<b><u>9,603,938</u></b>	<b><u>9,603,938</u></b>	<b><u>-</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 9,461,123</u></b>	<b><u>\$ 9,974,890</u></b>	<b><u>\$ 513,767</u></b>

**TEXAS REQUIRED SUPPLEMENTARY INFORMATION**

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**  
**SCHEDULE OF SERVICES AND RATES**  
**APRIL 30, 2025**

1. Services provided by the District:

<u>    X    </u>	Retail Water	<u>          </u>	Wholesale Water	<u>          </u>	Drainage
<u>    X    </u>	Retail Sewer	<u>          </u>	Wholesale Sewer	<u>          </u>	Irrigation
<u>          </u>	Parks & Recreation	<u>          </u>	Fire Protection	<u>          </u>	Security
<u>          </u>	Solid Waste/Garbage	<u>          </u>	Flood Control	<u>          </u>	Roads
<u>          </u>	Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>          </u>	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	145,436,000
Gallons sold	106,260,000

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

<u>Connections</u>	<u>Active</u>	<u>Inactive</u>
Single Family	1426	139
Multi-Family	7	0
Commercial	170	11
Commercial Grease	18	1
Institutional	4	1
Total	1625	152

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

Revenues from water and sewer fees	<u>\$ 1,951,828</u>
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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**  
**FOR THE YEAR ENDED APRIL 30, 2025 AND 2024**

	2025	2024
<u>Water Service Expenses</u>		
Salaries and Wages	\$ 107,062	\$ 95,924
Testing	2,750	3,372
TCEQ Compliance	23,528	14,478
Chemicals	24,059	32,409
Small Tools	1,030	2,359
Utilities	27,106	31,873
Repairs and Maintenance Materials	170,035	165,937
Total Water Service Expenses	<u>355,570</u>	<u>346,352</u>
<u>Sewer Service Expenses</u>		
Salaries and Wages	164,458	151,729
Chemicals	50,558	44,151
Sludge Removal	51,041	54,688
Small Tools	903	1,726
Repairs and Maintenance	189,518	182,961
Testing Samples	22,788	16,145
Equipment Rental	2,980	12,147
Utilities	52,027	58,131
Total Sewer Service Expenses	<u>534,384</u>	<u>521,678</u>
<u>General and Administrative</u>		
Director's Fees	8,700	7,800
Annual Employee Recognition Day	4,822	4,885
Bad Debt Expense	10,278	-
Office Salaries and Wages	207,723	206,178
Group Insurance	278,064	218,247
Payroll Taxes	36,102	38,182
Professional Fees	-	8,291
Legal Counsel	21,731	21,527
Accounting and Auditing	18,437	15,788
Engineering	37,899	19,958
Office Expense and Other	64,768	112,180
Software Support	28,513	23,198
Postage	8,341	8,758
Internet	2,543	3,220
Small Equipment	2,862	2,764
Telephone	13,474	10,452
Utilities	9,665	6,825
Insurance	32,887	29,403
Uniforms	4,163	4,530
Gasoline	24,878	23,075
Retirement	28,755	27,639
Training and Certification	1,978	1,539
Fiscal Agent Fee	1,100	300
Total General and Administrative Expenses	<u>847,683</u>	<u>794,739</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,737,637</u>	<u>\$ 1,662,769</u>

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

**SCHEDULE OF TEMPORARY INVESTMENTS**

**FOR THE YEAR ENDED APRIL 30, 2025 AND 2024**

04/30/2025

Number	Amount	Date Purchased	Interest Rate	Accrued Interest
N/A	0	N/A	N/A	N/A
Total	0			

04/30/2024

Number	Amount	Date Purchased	Interest Rate	Accrued Interest
N/A	0	N/A	N/A	N/A
Total	0			

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2****ANALYSIS OF CHANGES IN FIXED ASSETS****FOR THE YEAR ENDED APRIL 30, 2025 AND 2024**

	Balance 05/01/2024	Additions	Deletions	Reclassification	Balance 04/30/2025
Capital Assets Not Depreciated					
Land	321,042	-	-	-	321,042
Construction in Progress					
Projects	1,243,348	3,538,381	-	(619,103)	4,162,626
Local Match for CDBG	112,730	-	-	-	112,730
WIP CDBG	338,520	-	-	-	338,520
Total Capital Assets Not Depr.	2,015,640	3,538,381	-	(619,103)	4,934,918
Capital Assets Being Depreciated					
Buildings	403,143	-	-	-	403,143
Systems	15,262,241	263,660	-	619,103	16,145,004
Equipment and Furniture	742,576	-	-	-	742,576
Total Capital Assets Being Depr.	16,407,960	263,660	-	619,103	17,290,723
Accumulated Depreciation	(10,327,538)	(553,645)	-	-	(10,881,183)
Capital Assets, Net	<u>\$ 8,096,062</u>	<u>\$ 3,248,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,344,458</u>

	Balance 05/01/2023	Additions	Deletions	Reclassification	Balance 04/30/2024
Capital Assets Not Depreciated					
Land	321,042	-	-	-	321,042
Construction in Progress					
Projects	980,175	714,282	-	(451,109)	1,243,348
Local Match for CDBG	112,730	-	-	-	112,730
WIP CDBG	338,520	-	-	-	338,520
Total Capital Assets Not Depr.	1,752,467	714,282	-	(451,109)	2,015,640
Capital Assets Being Depreciated					
Buildings	403,143	-	-	-	403,143
Systems	14,376,519	434,613	-	451,109	15,262,241
Equipment and Furniture	702,245	40,331	-	-	742,576
Total Capital Assets Being Depr.	15,481,907	474,944	-	451,109	16,407,960
Accumulated Depreciation	(9,775,592)	(551,946)	-	-	(10,327,538)
Capital Assets, Net	<u>\$ 7,458,782</u>	<u>\$ 637,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,096,062</u>

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2****GENERAL LONG-TERM DEBT****APRIL 30, 2025**

<b>SERIES 2021A</b>			
<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/1/2025	-	15,329	15,329
3/1/2026	75,000	15,329	90,329
9/1/2026	-	14,916	14,916
3/1/2027	75,000	14,916	89,916
9/1/2027	-	14,504	14,504
3/1/2028	75,000	14,504	89,504
9/1/2028	-	14,091	14,091
3/1/2029	75,000	14,091	89,091
9/1/2029	-	13,679	13,679
3/1/2030	80,000	13,679	93,679
9/1/2030	-	13,239	13,239
3/1/2031	80,000	13,239	93,239
9/1/2031	-	12,799	12,799
3/1/2032	80,000	12,799	92,799
9/1/2032	-	12,359	12,359
3/1/2033	80,000	12,359	92,359
9/1/2033	-	11,895	11,895
3/1/2034	80,000	11,895	91,895
9/1/2034	-	11,351	11,351
3/1/2035	80,000	11,351	91,351
9/1/2035	-	10,743	10,743
3/1/2036	85,000	10,743	95,743
9/1/2036	-	10,037	10,037
3/1/2037	85,000	10,037	95,037
9/1/2037	-	9,285	9,285
3/1/2038	85,000	9,285	94,285
9/1/2038	-	8,486	8,486
3/1/2039	90,000	8,486	98,486
9/1/2039	-	7,600	7,600
3/1/2040	90,000	7,600	97,600
9/1/2040	-	6,677	6,677
3/1/2041	90,000	6,677	96,677
9/1/2041	-	5,719	5,719
3/1/2042	95,000	5,719	100,719
9/1/2042	-	4,674	4,674
3/1/2043	95,000	4,674	99,674
9/1/2043	-	3,600	3,600
3/1/2044	100,000	3,600	103,600
9/1/2044	-	2,440	2,440
3/1/2045	100,000	2,440	102,440
9/1/2045	-	1,260	1,260
3/1/2046	105,000	1,260	106,260
	<u>\$ 1,800,000</u>	<u>\$ 409,366</u>	<u>\$ 2,209,366</u>

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2****GENERAL LONG-TERM DEBT****APRIL 30, 2025**

<b>SERIES 2021B</b>			
<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/1/2025	-	31,610	31,610
3/1/2026	150,000	31,610	181,610
9/1/2026	-	30,785	30,785
3/1/2027	150,000	30,785	180,785
9/1/2027	-	29,960	29,960
3/1/2028	155,000	29,960	184,960
9/1/2028	-	29,108	29,108
3/1/2029	155,000	29,108	184,108
9/1/2029	-	28,255	28,255
3/1/2030	155,000	28,255	183,255
9/1/2030	-	27,403	27,403
3/1/2031	160,000	27,403	187,403
9/1/2031	-	26,523	26,523
3/1/2032	160,000	26,523	186,523
9/1/2032	-	25,643	25,643
3/1/2033	160,000	25,643	185,643
9/1/2033	-	24,675	24,675
3/1/2034	165,000	24,675	189,675
9/1/2034	-	23,512	23,512
3/1/2035	165,000	23,512	188,512
9/1/2035	-	22,216	22,216
3/1/2036	170,000	22,216	192,216
9/1/2036	-	20,763	20,763
3/1/2037	170,000	20,763	190,763
9/1/2037	-	19,216	19,216
3/1/2038	175,000	19,216	194,216
9/1/2038	-	17,527	17,527
3/1/2039	180,000	17,527	197,527
9/1/2039	-	15,709	15,709
3/1/2040	180,000	15,709	195,709
9/1/2040	-	13,819	13,819
3/1/2041	185,000	13,819	198,819
9/1/2041	-	11,803	11,803
3/1/2042	190,000	11,803	201,803
9/1/2042	-	9,665	9,665
3/1/2043	195,000	9,665	204,665
9/1/2043	-	7,413	7,413
3/1/2044	200,000	7,413	207,413
9/1/2044	-	5,043	5,043
3/1/2045	205,000	5,043	210,043
9/1/2045	-	2,573	2,573
3/1/2046	210,000	2,573	212,573
	<u>\$ 3,635,000</u>	<u>\$ 846,442</u>	<u>\$ 4,481,442</u>

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**  
**ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT**  
**FOR THE YEAR ENDED APRIL 30, 2025**

	<b>Series 2021A</b>
Interest Rate	1.1%-2.4%
Dates Interest Payable	3/1 & 9/1
Maturity Dates	3/1/2046
Beginning Bonds Outstanding	1,875,000
Bonds sold during the fiscal year	-
Bonds retired during the fiscal year	75,000
Ending Bonds Outstanding	<u>\$ 1,800,000</u>
Interest paid during the fiscal year	<u>\$ 31,482</u>

Paying agents name and city:

Series 2021A

Bank of Texas Financial, Austin Texas

	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized	\$2,000,000	-
Amount Issued	\$2,000,000	-
Remaining to be Issued	-	-

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

**ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT  
FOR THE YEAR ENDED APRIL 30, 2025**

	<u>Series 2021B</u>
Interest Rate	1.1%-2.45%
Dates Interest Payable	3/1 & 9/1
Maturity Dates	3/1/2046
Beginning Bonds Outstanding	3,785,000
Bonds sold during the fiscal year	-
Bonds retired during the fiscal year	150,000
Ending Bonds Outstanding	<u>\$ 3,635,000</u>
Interest paid during the fiscal year	<u>\$ 64,870</u>

Paying agents name and city:

Series 2021B

Bank of Texas Financial, Austin Texas

	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized	\$3,980,000	-
Amount Issued	\$3,980,000	-
Remaining to be Issued	-	-

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

2025 through 2046 \$159,305

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**  
**COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES**  
**FOR THE FIVE YEARS ENDED APRIL 30, 2025**

	<b>CHANGES IN REVENUES AND EXPENDITURES</b>				
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b><u>Operating Revenues</u></b>					
Service Revenues	\$ 1,879,674	\$ 1,796,895	\$ 1,701,817	\$ 1,688,753	\$ 1,710,910
Tap Connection Revenues	29,429	46,995	30,157	23,674	35,680
Penalty and Interest Revenues	42,725	38,415	53,709	46,050	77,746
Total Operating Revenues	<u>1,951,828</u>	<u>1,882,305</u>	<u>1,785,683</u>	<u>1,758,477</u>	<u>1,824,336</u>
<b><u>Operating Expenses</u></b>					
Payroll Expense	830,864	745,699	670,383	601,153	559,240
Professional Fees	78,067	65,564	79,051	48,502	63,327
Purchased and Contracted Services	410,594	403,586	469,511	281,071	329,970
Consumable Supplies and Materials	76,550	80,645	81,515	53,722	57,075
Recurring Operating Expenses	341,562	367,275	332,478	265,830	289,404
Depreciation	553,645	551,946	477,546	462,906	326,890
Total Operating Expenses	<u>2,291,282</u>	<u>2,214,715</u>	<u>2,110,484</u>	<u>1,713,184</u>	<u>1,625,906</u>
Income from Operations	(339,454)	(332,410)	(324,801)	45,293	198,430
<b><u>Non-Operating Revenues</u></b>					
Interest Income	229,162	290,354	76,485	2,228	6,080
Contributions and Misc	577,597	582,733	584,283	402,436	33,096
Total Non-Operating Revenues	<u>806,759</u>	<u>873,087</u>	<u>660,768</u>	<u>404,664</u>	<u>39,176</u>
Income before Non-Operating Exp	467,305	540,677	335,967	449,957	237,606
<b><u>Non-Operating Expenses</u></b>					
Debt Service and Related	96,353	98,773	100,423	91,013	269,982
Total Non-Operating Expenses	<u>96,353</u>	<u>98,773</u>	<u>100,423</u>	<u>91,013</u>	<u>269,982</u>
Net Income (Loss)	<u>\$370,952</u>	<u>\$441,904</u>	<u>\$235,544</u>	<u>\$358,944</u>	<u>(\$32,376)</u>
Active Retail Water Customers	1,625	1,545	1,532	1,547	1,561

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**  
**COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES**  
**FOR THE FIVE YEARS ENDED APRIL 30, 2025**

	<b>PERCENTAGE OF TOTAL REVENUE</b>				
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b><u>Operating Revenues</u></b>					
Service Revenues	96.30%	95.46%	95.30%	96.03%	93.78%
Tap Connection Revenues	1.51%	2.50%	1.69%	1.35%	1.96%
Penalty and Interest Revenues	2.19%	2.04%	3.01%	2.62%	4.26%
Total Operating Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b><u>Operating Expenses</u></b>					
Payroll Expense	42.57%	39.62%	37.54%	34.19%	30.65%
Professional Fees	4.00%	3.48%	4.43%	2.76%	3.47%
Purchased and Contracted Services	21.04%	21.44%	26.29%	15.98%	18.09%
Consumable Supplies and Materials	3.92%	4.28%	4.56%	3.06%	3.13%
Recurring Operating Expenses	17.50%	19.51%	18.62%	15.12%	15.86%
Depreciation	28.37%	29.32%	26.74%	26.32%	17.92%
Total Operating Expenses	<u>117.39%</u>	<u>117.66%</u>	<u>118.19%</u>	<u>97.42%</u>	<u>89.12%</u>
Income from Operations	-17.39%	-17.66%	-18.19%	2.58%	10.88%
<b><u>Non-Operating Revenues</u></b>					
Interest Income	11.74%	15.43%	4.28%	0.13%	0.33%
Contributions and Misc	29.59%	30.96%	32.72%	22.89%	1.81%
Total Non-Operating Revenues	<u>41.33%</u>	<u>46.38%</u>	<u>37.00%</u>	<u>23.01%</u>	<u>2.15%</u>
Income before Non-Operating Exp	23.94%	28.72%	18.81%	25.59%	13.02%
<b><u>Non-Operating Expenses</u></b>					
Debt Service and Related	4.94%	5.25%	5.62%	5.18%	14.80%
Total Non-Operating Expenses	<u>4.94%</u>	<u>5.25%</u>	<u>5.62%</u>	<u>5.18%</u>	<u>14.80%</u>
Net Income (Loss)	<u>19.01%</u>	<u>23.48%</u>	<u>13.19%</u>	<u>20.41%</u>	<u>-1.77%</u>

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

**INSURANCE COVERAGE  
FOR THE YEAR ENDED APRIL 30, 2025**

<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	10/1/2024	10/1/2025	\$ 5,665,778	TML	N/A	No
Liability	10/1/2024	10/1/2025	\$ 500,000	TML	N/A	No
Automobile	10/1/2024	10/1/2025	\$ 500,000	TML	N/A	No
Cyber Liability	10/1/2024	10/1/2025	\$ 1,000,000	TML	N/A	No

**ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2****BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

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 the District</u>
Thomas Woolley 707 Sherrill Orange, Texas	05/2022 - 05/2026	\$1,800	President	Yes
Linda Premeaux 700 Westbury Orange, Texas	05/2024 - 05/2028	\$1,800	Secretary	Yes
Harold Whatley 1103 Cottage Lane Bridge City, Texas	05/2023 - 05/2027	\$1,800	Vice President	Yes
Lisa Bukowsky 3923 B Kathleen Orange, Texas	05/2022 - 05/2026	\$1,800	Director	Yes
Jerry Foreman Foreman Rd Orange, Texas	05/2024 - 05/2028	\$1,800	Director	No

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

**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

<u>Key Administrative Personnel</u>	<u>Hire Date</u>	<u>Fees</u>	<u>Title</u>	<u>Resident of the District</u>
Russell Love 7477 Circle 6 Orange, Texas 77630	June 2006	\$81,022	Superintendent	No
April Lombardo 2630 E. Norman Circle Orange, Texas 77630	Nov 2014	\$65,890	Office Manager	No
<b><u>Consultants</u></b>				
Jeff Beaver, PE Schaumburg & Polk 8865 College St. S-100 Beaumont, Texas 77707	Nov 1987	\$330,212	Engineer	No
Mitchell Fontenote Mitchell T Fontenote CPA, Inc. 2428 Nail Street Port Neches, Texas 77651	June 2017	\$12,900	Auditor	No
Kate Leverett Germer PLLC Beaumont, Texas 77701	April 2017	\$23,961	Attorney	No
Jeremy Triska Wathen, DeShong & Juncker, LLP 4140 Gladys Ave Ste 101 Beaumont, Texas 77706	March 2017	\$5,537	CPA	No
<b><u>Investment Officer</u></b>				
April Lombardo 2630 E. Norman Circle Orange, Texas 77630				