

# **CITY OF ORLAND**

## ***California***

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**Annual Financial Report  
June 30, 2012**

### **Elected Officials**

#### ***City Council***

**Wade S. Elliott  
Charles W. Gee  
Dennis G. Hoffman  
James Paschall, Sr.  
Bruce T. Roundy**

**Mayor  
Vice Mayor  
Member  
Member  
Member**

***City Clerk*  
Angela Crook**

***City Treasurer*  
Pam Otterson**

### **Appointed Officials**

***City Manager*  
Peter R. Carr**

***Finance Director*  
Daryl Brock, CPA**

**CITY OF ORLAND**

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# MARCELLO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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2701 Cottage Way, Suite 30 / Sacramento, California 95825

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
Members of the City Council  
City of Orland, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Orland, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orland, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 32 through 33, be presented to supplement the basic financial statements. Such information, although not 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 historic 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. The City of Orland has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Honorable Mayor  
Members of the City Council  
City of Orland, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Orland's financial statements as a whole. The schedule of funding progress-defined benefit pension plan, and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The schedule of funding progress-defined benefit pension plan was provided to the City of Orland by the California Public Employees' Retirement System Actuarial Office and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Marcello & Company*

Certified Public Accountants  
Sacramento, California  
December 7, 2012



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF ORLAND**  
**Government-wide Financial Statements**  
**Statement of Net Assets**  
**June 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 3,006,058	\$ 156,707	\$ 3,162,765
Receivables	467,878	71,557	539,435
Internal balances	(114,099)	114,099	-
Prepaid expenses	215,239	151,069	366,308
Notes receivable	5,436,335	-	5,436,335
Capital assets not being depreciated	181,286	8,580	189,866
Capital assets, net of depreciation	4,137,479	2,196,222	6,333,701
<b>Total Assets</b>	<b>13,330,176</b>	<b>2,698,234</b>	<b>16,028,410</b>
<b>Liabilities</b>			
Accounts payable	59,598	3,846	63,444
Deposits	26,914	1,856	28,770
Deferred revenue	135	-	135
Noncurrent liabilities:			
Due within one year	191,000	43,814	234,814
Due in more than one year	2,065,400	17,234	2,082,634
Compensated absences	141,898	76,466	218,364
<b>Total Liabilities</b>	<b>2,484,945</b>	<b>143,216</b>	<b>2,628,161</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	4,318,765	2,143,754	6,462,519
Restricted	1,052,956	-	1,052,956
Unrestricted	5,473,510	411,264	5,884,774
<b>Total Net Assets</b>	<b>\$ 10,845,231</b>	<b>\$ 2,555,018</b>	<b>\$ 13,400,249</b>

The accompanying notes are an integral part of these financial statements

**CITY OF ORLAND**  
**Government-wide Financial Statements**  
**Statement of Activities**  
**Year Ended June 30, 2012**

Functions/Programs	Operating Expenses	Charge for Services	Program Revenue			Net (Expense) Revenue and Change in Net Assets		
			Operating and Contributions	Capital Grants and Contributions	Operating and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>								
General government	\$ 598,359	\$ 138,500	\$ -	\$ -	\$ (459,859)	\$ -	\$ (459,859)	
Community development	524,056	114,332	190,500	-	(219,224)	-	(219,224)	
Public safety	2,951,957	-	329,342	-	(2,622,615)	-	(2,622,615)	
Public works and streets	561,868	52,677	362,516	-	(146,675)	-	(146,675)	
Library and arts	470,597	40,003	1,678	-	(428,916)	-	(428,916)	
Parks and recreation	429,989	-	-	-	(429,989)	-	(429,989)	
Depreciation expense	211,360	-	-	-	(211,360)	-	(211,360)	
Total governmental activities	5,748,186	345,512	884,036	-	(4,518,638)	-	(4,518,638)	
<b>Business-type Activities</b>								
Water	1,007,517	693,562	-	-	\$ (313,955)	\$ (313,955)	(313,955)	
Sewer	740,985	512,526	-	-	(228,459)	-	(228,459)	
Industrial sewer	85,671	54,975	-	-	(30,696)	-	(30,696)	
Building inspection	221,949	50,980	-	-	(170,969)	-	(170,969)	
Total business-type activities	2,056,122	1,312,043	-	-	(744,079)	-	(744,079)	
Total primary government	\$ 7,804,308	\$ 1,657,555	\$ 884,036	\$ -	(4,518,638)	(744,079)	(5,262,717)	
<b>General Revenue</b>								
Property taxes					785,951	-	785,951	
Sales tax					905,744	-	905,744	
Franchise and TOT					157,806	-	157,806	
Motor vehicle in-lieu					572,104	-	572,104	
Business licenses & fees					85,490	-	85,490	
Use of money and property					71,291	4,372	75,663	
Other revenue					238,843	-	238,843	
Transfers in (out)					(530,724)	530,724	-	
Total general revenue					2,286,505	535,096	2,821,601	
Change in Net Assets					(2,232,133)	(208,983)	(2,441,116)	
Net Assets - beginning					12,082,364	2,764,001	14,846,365	
Prior adjustment-reclassify street expense					995,000	-	995,000	
Net Assets - end of year					\$ 10,845,231	\$ 2,555,018	\$ 13,400,249	

The accompanying notes are an integral part of these financial statements



**FUND FINANCIAL STATEMENTS**

**CITY OF ORLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

Assets	General Fund	Development Impact Fees	07-HOME-3902 Housing Grant	04-HOME-4876 Housing Grant	Post 1992 Housing Grants	Other Governmental Funds		Totals
						Funds	Totals	
Cash and investments	\$ 250,402	\$ 1,652,766	-	\$ -	\$ 181,447	\$ 921,443	\$ 3,006,058	
Receivables	227,060	-	-	-	-	240,818	467,878	
Internal loans	509,538	-	-	-	-	-	509,538	
Prepaid expenses	200,421	-	-	-	-	14,818	215,239	
Notes receivable	-	-	1,900,000	1,500,000	648,029	1,388,306	5,436,335	
Total assets	\$ 1,187,421	\$ 1,652,766	\$ 1,900,000	\$ 1,500,000	\$ 829,476	\$ 2,565,385	\$ 9,635,048	
<b>Liabilities</b>								
Accounts payable	\$ 46,752	\$ -	\$ -	\$ -	\$ -	\$ 12,845	\$ 59,597	
Deposits	26,914	-	-	-	-	-	26,914	
Deferred revenue	-	-	1,900,000	1,500,000	648,029	1,388,441	5,436,470	
Internal loans	476,315	-	-	-	-	147,323	623,638	
Total liabilities	549,981	-	1,900,000	1,500,000	648,029	1,548,609	6,146,619	
<b>Fund Balances</b>								
Nonspendable	509,538	-	-	-	-	-	509,538	
Restricted	-	-	-	-	181,447	871,509	1,052,956	
Committed	-	1,652,766	-	-	-	14,531	1,667,297	
Assigned	-	-	-	-	-	130,736	130,736	
Unassigned	127,902	-	-	-	-	-	127,902	
Total fund balances	637,440	1,652,766	-	-	181,447	1,016,776	3,488,429	
Total liabilities and fund balances	\$ 1,187,421	\$ 1,652,766	\$ 1,900,000	\$ 1,500,000	\$ 829,476	\$ 2,565,385	\$ 9,635,048	

The accompanying notes are an integral part of these financial statements





**CITY OF ORLAND**  
**Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2012**

	General Fund	Development Impact Fees	07-HOME-3902 Housing Grant	04-HOME-4876 Housing Grant	Post 1992 Grants	Other Governmental Funds	Totals
<b>Revenue</b>							
Taxes and assessments	\$ 1,849,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,849,501
Licenses, Fees and fines	85,490	-	-	-	-	-	85,490
Intergovernmental	660,720	-	35,247	-	140,152	620,021	1,456,140
Charge for services	138,500	114,332	-	-	-	92,680	345,512
Use of money and property	51,956	17,764	-	-	310	1,261	71,291
Other revenue	177,993	-	-	-	-	60,850	238,843
Total revenue	<u>2,964,160</u>	<u>132,096</u>	<u>35,247</u>	<u>-</u>	<u>140,462</u>	<u>774,812</u>	<u>4,046,777</u>
<b>Expenditures</b>							
Current:							
General government	590,781	-	-	-	-	-	590,781
Community development	197,587	202,676	35,181	-	16,100	72,512	524,056
Public safety	2,619,944	-	-	-	-	347,499	2,967,443
Public works and streets	374,151	-	-	-	-	304,403	678,554
Library and Arts	462,441	-	-	-	-	8,156	470,597
Parks and recreation	429,989	-	-	-	-	-	429,989
Total expenditures	<u>4,674,893</u>	<u>202,676</u>	<u>35,181</u>	<u>-</u>	<u>16,100</u>	<u>732,570</u>	<u>5,661,420</u>
Revenue over (under) Expenditures	(1,710,733)	(70,580)	66	-	124,362	42,242	(1,614,643)
<b>Other Financing Sources (Uses)</b>							
Pension Bond proceeds	2,308,200	-	-	-	-	-	2,308,200
Transfers in	-	-	-	-	-	40,295	40,295
Transfers in (out)	(530,724)	-	(66)	(40,229)	-	-	(571,019)
Total Other Sources (Uses)	<u>1,777,476</u>	<u>-</u>	<u>(66)</u>	<u>(40,229)</u>	<u>-</u>	<u>40,295</u>	<u>1,777,476</u>
<b>Change in Fund Balances</b>							
Fund Balances - beginning	66,743	(70,580)	-	(40,229)	124,362	82,537	162,833
Fund Balances - end of year	<u>570,697</u>	<u>1,723,346</u>	<u>-</u>	<u>40,229</u>	<u>57,085</u>	<u>934,239</u>	<u>3,325,596</u>
Fund Balances - end of year	<u>\$ 637,440</u>	<u>\$ 1,652,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,447</u>	<u>\$ 1,016,776</u>	<u>\$ 3,488,429</u>

The accompanying notes are an integral part of these financial statements



**CITY OF ORLAND**  
**Proprietary Funds**  
**Statements of Net Assets**  
**June 30, 2012**

Assets	Business-type Activities				Total Enterprise Funds
	Water	Sewer	Industrial Sewer	Building Inspection	
Current assets:					
Cash and investments	\$ 91,378	\$ (16)	\$ 65,345	\$ -	\$ 156,707
Receivables	46,153	25,404	-	-	71,557
Internal loans	476,315	-	-	-	476,315
Prepaid expenses	88,335	55,195	2,460	5,079	151,069
Total current assets	702,181	80,583	67,805	5,079	855,648
Noncurrent assets:					
Capital assets not being depreciated	-	8,580	-	-	8,580
Capital assets, net of depreciation	998,228	988,919	199,031	10,044	2,196,222
Total noncurrent assets	998,228	997,499	199,031	10,044	2,204,802
Total assets	1,700,409	1,078,082	266,836	15,123	3,060,450
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	1,698	1,699	-	449	3,846
Customer deposits	1,082	-	774	-	1,856
Internal loans	-	83,824	-	278,392	362,216
Total current liabilities	2,780	85,523	774	278,841	367,918
Noncurrent liabilities:					
Due within one year	29,224	14,590	-	-	43,814
Due in more than one year	11,475	5,759	-	-	17,234
Compensated absences	36,514	32,863	3,651	3,438	76,466
Total noncurrent liabilities	77,213	53,212	3,651	3,438	137,514
Total liabilities	79,993	138,735	4,425	282,279	505,432
<b>Net Assets</b>					
Investment in capital assets, net of related debt	957,529	977,150	199,031	10,044	2,143,754
Unrestricted	662,887	(37,803)	63,380	(277,200)	411,264
Total net assets	\$ 1,620,416	\$ 939,347	\$ 262,411	\$ (267,156)	\$ 2,555,018

The accompanying notes are an integral part of these financial statements



**CITY OF ORLAND**  
**Proprietary Funds**  
**Statement of Revenue, Expenses, and Change in Net Assets**  
**Year Ended June 30, 2012**

	Business-type Activities				Total Enterprise Funds
	Water	Sewer	Industrial Sewer	Building Inspection	
<b>Operating Revenue</b>					
Charge for services	\$ 693,562	\$ 512,526	\$ 54,975	\$ 50,980	\$ 1,312,043
Total operating revenue	693,562	512,526	54,975	50,980	1,312,043
<b>Operating Expenses</b>					
Personnel costs	612,555	516,863	57,298	175,471	1,362,187
Maintenance and operations	265,801	124,938	8,416	27,274	426,429
Administrative allocation	78,801	57,551	5,242	19,204	160,798
Depreciation	50,360	41,633	14,715	-	106,708
Total operating expenditures	1,007,517	740,985	85,671	221,949	2,056,122
<b>Operating Income (Loss)</b>	(313,955)	(228,459)	(30,696)	(170,969)	(744,079)
<b>Nonoperating Revenue (Expenses)</b>					
Investment earnings	4,372	-	-	-	4,372
Transfers in	236,563	204,721	22,724	66,716	530,724
Total nonoperating revenue (expenses)	240,935	204,721	22,724	66,716	535,096
<b>Change in Net Assets</b>	(73,020)	(23,738)	(7,972)	(104,253)	(208,983)
Net Assets - beginning	1,693,436	963,085	270,383	(162,903)	2,764,001
Net Assets - end of year	\$ 1,620,416	\$ 939,347	\$ 262,411	\$ (267,156)	\$ 2,555,018

The accompanying notes are an integral part of these financial statements

CITY OF ORLAND  
Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2012

CASH FLOWS PROVIDED BY (USED FOR)

	Business-type Activities				Total Enterprise Funds
	Water	Sewer	Industrial Sewer	Building Inspection	
<b>Operating Activities</b>					
Receipts from customers	\$ 683,709	\$ 514,787	\$ 54,975	\$ 50,980	\$ 1,304,451
Payments to suppliers	(390,837)	(209,884)	(16,287)	(50,843)	(667,851)
Payments to employees	(606,061)	(511,243)	(56,674)	(173,639)	(1,347,617)
Net cash provided (used)	(313,189)	(206,340)	(17,986)	(173,502)	(711,017)
<b>Noncapital Financing Activities</b>					
Internal loan proceeds (repayments)	(1,780)	36,452	-	108,343	143,015
Transfers in from other funds	236,562	204,721	22,724	66,716	530,723
Net cash provided (used)	234,782	241,173	22,724	175,059	673,738
<b>Capital and Related Financing Activities</b>					
Repayment of loan obligations	(42,472)	(21,176)	-	-	(63,648)
Interest paid on debt obligations	(6,494)	(5,620)	(624)	(1,832)	(14,570)
Purchase of capital assets	(109,692)	(8,053)	-	-	(117,745)
Net cash provided (used)	(158,658)	(34,849)	(624)	(1,832)	(195,963)
<b>Investing Activities</b>					
Investment earnings	4,373	-	-	-	4,373
Net cash provided (used)	4,373	-	-	-	4,373
Net Increase (Decrease) in Cash	(232,692)	(16)	4,114	(275)	(228,869)
Cash and Investments - beginning	324,070	-	61,231	275	385,576
Cash and Investments - end of year	\$ 91,378	\$ (16)	\$ 65,345	\$ -	\$ 156,707
<b>Operating Activities Analysis</b>					
Operating Income (Loss) - page 11	\$ (313,955)	\$ (228,459)	\$ (30,696)	\$ (170,969)	\$ (744,079)
Reconciliation adjustments:					
Depreciation, a noncash expense	50,360	41,633	14,715	-	106,708
(Increase) decrease in receivables	(9,435)	2,261	(1,883)	-	(9,057)
(Increase) decrease in prepaid expenses	(27,148)	(23,539)	-	(5,079)	(55,766)
Increase (decrease) in payables/accruals	(19,505)	(3,856)	(746)	714	(23,393)
Net cash provided (used)	\$ (319,683)	\$ (211,960)	\$ (18,610)	\$ (175,334)	\$ (725,587)

The accompanying notes are an integral part of these financial statements

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the City as follows:

- Note 1 - Summary of Significant Accounting Policies
- Note 2 - Stewardship, Compliance, and Accountability
- Note 3 - Cash and Investments
- Note 4 - Contingent Liabilities
- Note 5 - Interfund Transactions
- Note 6 - Receivables
- Note 7 - Capital Assets
- Note 8 - Long-term Obligations
- Note 9 - Defined Benefit Pension Plan
- Note 10 - Net Assets and Fund Balance Designations
- Note 11 - Risk Management
- Note 12 - New Pronouncements
- Note 13 - Subsequent Events



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

***Note 1 - Summary of Significant Accounting Policies***

Defining the Reporting Entity

The City of Orland (the City) was incorporated under the laws of the State of California. The City operates under a Council-Manager form of government. The City provides a full range of municipal services to its citizens including public safety, public works, planning and building regulation, recreation and parks, water and sewer services.

The financial statements of the City include those of separately administered organizations that are controlled by, or dependent on, the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements:

*Orland Volunteer Fire Department*

The Orland Volunteer Fire Department is included in these financial statements because the governing body exercises oversight responsibility, and the Orland Volunteer Fire Department is not fiscally independent of the City of Orland.

Although the component unit is legally separate from the City, it is reported on a blended basis as part of the primary government because its board consists of members of the City Council. The component unit's financial statements may be obtained from the City.

Significant Accounting Policies

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 is effective in three phases based on the public institution's total annual revenues in the fiscal year ending after June 15, 1999. The City adopted the provisions of this statement along with GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus (an amendment to GASB Statements No. 21 and No. 34)*, as of July 1, 2003. In June 2001, GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*, to reevaluate certain existing disclosure requirements in the context of reporting model statement No. 34. The City adopted the provisions of Statement No. 38 as of July 1, 2003.

The Financial Statement presentation, required by GASB Statements No. 34, 37, and 38 provides a comprehensive, entity-wide perspective of the City's assets, liabilities, and replaces the fund-group perspective previously required. The City follows the "primary government's governmental activities" reporting requirements of GASB No. 34 that provides a comprehensive one-line look at the City's financial activities.

Government-wide Financial Statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities) reports information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 1 - Summary of Significant Accounting Policies**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributors that are restricted to meeting the operational or capital requirements of a particular function or segment taxes, and other items not properly included among program revenue, are reported instead as general revenue.

Expenses reported for functional activities include allocated indirect expenses. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the City or meets the following criteria:

- Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenue, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.
- The government has determined that a fund is important to the financial statement user.

The funds of the financial reporting entity are described below:

Governmental Fund Types - Governmental funds are the funds through which most general government functions typically are financed. The City maintains the following fund types:

*General Fund* - the general fund accounts for all unrestricted resources except those required to be accounted for in another fund, and is the main operating fund of the City.

*Special Revenue Funds* - these funds are used to account for the proceeds of specific revenue resources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt Service Funds* - these funds are used to account for the accumulation of resources for, and the repayment of, general long-term debt obligation payments for principal, interest and related costs. This fund type is currently not in use by the City.

*Capital Projects Fund* - these funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. This fund type is currently not in use by the City.

Proprietary Fund Types - Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is upon determination of net income and capital maintenance.



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 1 - Summary of Significant Accounting Policies**

The following are the City's proprietary fund types:

*Enterprise Funds* - these funds are established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Water, sewer, industrial sewer, and building inspection services are reported as enterprise funds.

*Internal Service Funds* - these funds are established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, and to other government units on a cost reimbursement basis. This fund type is currently not in use by the City.

Fiduciary Fund Types - Fiduciary funds account for assets held by the City as a trustee or agent for individuals, private organizations, and other units of governments. Funds included in this category are as follows:

*Expendable Trust Funds* - these funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

*Agency Funds* - these funds account for assets held by the City as trustee or agent for individuals, private organizations, assessment districts, or other governmental units and/or other funds.

Fiduciary fund types are currently not in use by the City.

The Major Funds are as follows:

*General Fund* - this fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Development Impact Fees* - this fund is used to account for fees collected from builders and real estate developers for the impact of creating additional burdens and charges to various city departments for additional police, fire, parks, recreation, public works, streets, and administrative services as an end result of their projects.

*Housing Grant Funds* - these funds are used to account for housing and capital improvement grants.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenue and expenditures or expenses *are recognized* in the accounts and reported in the financial statements. Basis of accounting relates to the *timing of measurement* made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

In the fund financial statements, all governmental funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes both measurable and available to finance the expenditures of the current period (susceptible to accrual).



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 1 - Summary of Significant Accounting Policies**

Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales, use, utility users, business license, transient occupancy, franchise fees, and gas taxes), interest, special assessments levied, state and federal grants, and charges for current services. Revenue from licenses, permits, fines and forfeits are recorded as received. Expenditures are recorded when the related fund liability is incurred.

All Governmental Funds are accounted for using a current financial resources *measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

The government-wide financial statement is accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Private sector standards of accounting and financial reporting (FASB Pronouncements) issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

Cash and investments held in the City's investment pool are reported as cash and investments since "funds" can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents if they are liquid. Investments are stated at fair value.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments either: (1) with a maturity of three months or less when purchased to be cash equivalents or (2) collected within sixty days of the fiscal year end. Cash and cash equivalents are reported under the caption "cash and investments" on the statement of net assets.

Receivables and Payables

Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The City considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur.



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 1 - Summary of Significant Accounting Policies**

Grants, entitlements or shared revenue is recorded as receivables and revenue in the general and special revenue funds when they are received or susceptible to accrual.

Balances representing lending/borrowing transactions between funds outstanding at fiscal year end are reported as internal loans and consist of either (1) "due to/from other funds" (amounts due within one year), (2) "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or (3) "loans to/from other funds" (long-term lending/borrowing transactions as evidenced by loan agreements).

Internal loans are offset by a fund balance reserve in the applicable governmental funds to indicate they are not available for appropriation, and are not expendable available financial resources.

Allowance for Doubtful Accounts

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Prepaid Expenses

The purchase of materials and supplies in the water and sewer enterprise funds that have not been consumed as of year end are recorded as prepaid expenses, and are charged to expenditures when consumed.

Notes Receivable - Economic and Community Development Loans

The majority of these loans consist of deferred repayment loans under the City's housing and economic development programs. These programs were funded from government grants to the City, which were reported as grant revenue in the year received, and expenditures in the year the loans were made. A deferred loan is required to be repaid in full when the secured property is sold or transferred. Prior to the sale or transfer, no payments are generally required. Principal and interest payments which are receivable at year end are offset by an equal amount of deferred revenue. Such payments are recognized as revenue when received.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the statement of net assets. Public domain (infrastructure) general capital assets consisting of certain improvements other than buildings, such as roads, sidewalks and bridges are capitalized prospectively starting July 1, 2003 in accordance with GASB Statement No. 34. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Capital outlay is recorded as *expenditures* of the general and special revenue funds and as *assets* in the government-wide financial statements to the extent the City's capitalization threshold is met. Donated assets are recorded at estimated fair value at the date of donation.

Property, plant and equipment acquired for proprietary funds are capitalized in the respective fund to which it applies and are stated at their cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Depreciation is recorded on a straight-line basis over the estimated useful lives of the capital assets which range from 5 to 20 years for equipment, machinery and vehicles, and 20 to 50 years for buildings, improvements, and infrastructure. Land, art and treasurers, are not considered exhaustible, therefore are not being depreciated.

Deferred Revenue

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 1 - Summary of Significant Accounting Policies**

period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave. The City's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions, social security and medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole. Eligible employees, depending upon their position and length of service, can accumulate between two to four weeks vacation. The City accrues a liability for compensated absences which meet the following criteria:

- The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

Long-term Obligations

In the government-wide financial statements, long-term debt and such obligations are reported as liabilities in the applicable column on the statement of net assets. For the most part, compensated absences are generally considered due after one year.

Net Assets and Fund Balances

The City's net assets are classified as follows on the government-wide statement of net assets:

- Invested in capital assets, net of related debt - represents the City's total investment in capital assets reduced by any outstanding debt used to acquire these assets.
- Restricted net assets - includes resources that the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net assets - represents resources derived from sources without spending restrictions, are used for transactions relating the general operations of the City, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

Fund balance designations are classified on the governmental funds balance sheet as follows:

- Nonspendable - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b), not in spendable form such as long term notes receivable.
- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the *specific purposes* determined by a formal action of the City Council, to establish, modify or rescind a fund balance commitment.
- Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the City Council or its appointed official.
- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

***Note 1 - Summary of Significant Accounting Policies (concluded)***

Property Tax Revenue

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

*Property Valuations* - are established by the Glenn County Assessor for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII-A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

*Tax Levies* - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

*Tax Levy Dates* - are attached annually on January 1, proceeding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

*Tax Collections* - are the responsibility of the county's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments. The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments. The City has elected to receive the City's portion of the property taxes from the county under the State's Teeter Plan program. Under this program, the City receives 100% of the City's share of the levied property taxes in periodic payments with the county assuming responsibility for the delinquencies.

*Property Tax Administration Fees* - the State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes.

*Tax Levy Apportionments* - due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county's auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three fiscal years prior to fiscal year 1979.

***Note 2 - Stewardship, Compliance, and Accountability***

Budgetary Information

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 2 - Stewardship, Compliance, and Accountability (continued)**

2. The City Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund. All appropriations lapse at year end.

Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

Economic Dependency

In fiscal year 2011-12, the City received 49% of its total general fund revenue from three sources; sales taxes, property taxes, and motor vehicle in-lieu state revenue. Any disruption to the overall economy or reduction in assessed property values could have serious consequences to the City's main operating budget.

**Note 3 - Cash and Investments**

The City follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees, under the provisions of bond indentures. Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and investments	\$ 3,162,765
Cash and Investments consist of the following:	
Deposits with financial institutions:	
Checking accounts	\$ 227,459
Money market mutual funds	2,929,850
Investment with Local Agency Investment Fund	5,456
	\$ 3,162,765

Collateral and Categorization Requirements

At fiscal year end, the City's carrying amount of demand deposits was \$2,145,172 and the bank account balances were \$2,581,225. The difference of \$436,053 represented outstanding checks and deposits in transit. Of the total bank deposit balances, \$285,720 was insured by the Federal Depository Insurance Corporation (FDIC) and \$2,295,505 was collateralized in accordance with California Government Code Section 53600 – 53609.



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 3 - Cash and Investments (continued)**

Investment Policy

The table below identifies the investment types that are authorized under provisions of the City's investment policy adopted September 7, 2005, and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating</u>
Certificates of Deposit	5 years	None	None	None
Negotiable Certificates of Deposit	5 years	30%	None	None
Local Agency Investment Fund	N/A	None	\$5m	None
Passbook Savings	N/A	None	None	None
U.S. Government Securities	5 years	None	None	None
U.S. Treasury Securities	5 years	None	None	None
Bankers Acceptances	270 days	40%	None	None
Commercial Paper	180 days	30%	None	None
Medium Term Notes	5 years	30%	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Orland manages its exposure to interest rate risk is by investing in due on demand and short-term investments; which provides cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for investment of public funds, as described in detail above.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any single issuer beyond that stipulated by the California government code. Investments in any one issuer that represent 5% or more of total investments at June 30, 2012 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Yield</u>	<u>Concentration</u>
Umpqua Bank - checking	\$ 224,762	on demand	0.00%	7%
Umpqua Bank - money market	1,891,372	on demand	0.38%	60%
Met-Life Securities:				
certificates of deposit	736,760	31.5 months	3.54%	23%
mutual funds	265,998	on demand	3.27%	8%

Custodial Credit Risk

The credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 3 - Cash and Investments (concluded)**

the possession of an outside party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2012, the City had \$2,295,505 in financial institutions that was not covered by the FDIC, but was covered by collateralized securities of the financial institutions where the deposits were maintained.

The credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Participation in an External Investment Pool

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for the day to day administration of LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool.

The State Treasurer determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. As of June 30, 2012, the City's investment in LAIF was \$5,457. Investment earnings for the quarter ended June 30, 2012 was 0.48%. The total amount invested by all public agencies at that date was approximately \$22 billion. LAIF is part of the California Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. Audited financial statements of PMIA may be obtained from the California State Treasurer's web site at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

**Note 4 - Contingent Liabilities**

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

The City is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the City.

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 5 - Interfund Transactions**

The following summarizes internal loans. During the year, several funds did not have adequate cash for operations; consequently other funds were able to provide short-term loans for working capital requirements. These balances have been eliminated in the government wide statements and are expected to be repaid within the next fiscal year, unless noted.

<u>Due from Other Funds / Receivables</u>	
General fund	\$ 509,538
Water fund (see Note 8)	476,315
	<u>\$ 985,853</u>
<u>Due to Other Funds / Payables</u>	
General fund (see Note 8)	\$ 476,315
Sewer fund	83,824
Building inspection fund	278,392
Police dept grant funds	19,564
Economic and block grant funds	127,758
	<u>\$ 985,853</u>

**Note 6 - Receivables**

Receivables on the Statement of Net Assets consist of the following:

<b>Governmental Activities:</b>	
Property taxes	\$ 31,393
Sales taxes	133,843
State - grants	141,897
State - other	18,355
County of Glenn	8,939
Gasoline and STIP taxes	96,127
Engineer fees from developers	15,417
Franchise and transient occupancy taxes	19,109
Other income	2,798
	<u>\$ 467,878</u>
<b>Business-type Activities:</b>	
Water utility customers	\$ 46,153
Sewer utility customers	25,404
	<u>\$ 71,557</u>

Notes receivable in the amount of \$5,556,471 consists of deferred repayment loans provided under the City housing and economic development department's affordable housing purchase and rehabilitation grant award programs. The loans are collateralized by deeds of trust on the purchased or improved properties. Repayment terms vary from 15 to 30 years. Some of the loans provide for accrued interest forgiveness under pre-determined contract guidelines.



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 6 - Receivables (continued)**

Developer impact fees receivable in the amount of \$120,000 are under negotiation as to payment terms, and are not currently recorded in these financial statements.

**Note 7 - Capital Assets**

Governmental-type capital asset activity for the year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
<u>Non-depreciable Assets</u>				
Land	\$ 181,286	\$ -	\$ -	\$ 181,286
<u>Depreciable Assets:</u>				
Buildings and infrastructure	3,201,255	1,119,265	-	4,320,520
Vehicles and equipment	987,075	23,065	-	1,010,140
	4,188,330	1,142,330	-	5,330,660
<u>Accumulated Depreciation</u>	(981,821)	(211,360)	-	(1,193,181)
	3,206,509	930,970	-	4,137,479
Total capital assets, net	<u>\$ 3,387,795</u>	<u>\$ 930,970</u>	<u>\$ -</u>	<u>\$ 4,318,765</u>

Business-type capital asset activity for the year was as follows:

<u>Water Fund</u>	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Dispositions</u>	<u>Ending Balance</u>
<u>Depreciable Assets:</u>				
System infrastructure, improvements & equipment	\$ 2,248,513	\$ 109,692	\$ -	\$ 2,358,205
<u>Accumulated Depreciation</u>	(1,309,616)	(50,360)	-	(1,359,976)
Total capital assets, net	<u>\$ 938,897</u>	<u>\$ 59,332</u>	<u>\$ -</u>	<u>\$ 998,229</u>



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 7 - Capital Assets (continued)**

Continued - Business-type capital asset activity for the year was as follows:

<u>Sewer Fund</u>	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Dispositions</u>	<u>Ending Balance</u>
<i>Non-depreciable Assets:</i>				
Land	\$ 8,580	\$ -	\$ -	\$ 8,580
<i>Depreciable Assets:</i>				
System infrastructure, improvements & equipment	1,607,743	8,053	-	1,615,796
<i>Accumulated Depreciation</i>	<u>(585,244)</u>	<u>(41,633)</u>	<u>-</u>	<u>(626,877)</u>
	<u>1,022,499</u>	<u>(33,580)</u>	<u>-</u>	<u>988,919</u>
Total capital assets, net	<u>\$ 1,031,079</u>	<u>\$ (33,580)</u>	<u>\$ -</u>	<u>\$ 997,499</u>
<u>Industrial Sewer Fund</u>	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Dispositions</u>	<u>Ending Balance</u>
<i>Depreciable Assets:</i>				
System infrastructure, improvements & equipment	\$ 588,444	\$ -	\$ -	\$ 588,444
<i>Accumulated Depreciation</i>	<u>(374,698)</u>	<u>(14,715)</u>	<u>-</u>	<u>(389,413)</u>
Total capital assets, net	<u>\$ 213,746</u>	<u>\$ (14,715)</u>	<u>\$ -</u>	<u>\$ 199,031</u>
<u>Building Inspection Fund</u>	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Dispositions</u>	<u>Ending Balance</u>
<i>Depreciable Assets:</i>				
Vehicles and equipment	\$ 44,611	\$ -	\$ -	\$ 44,611
<i>Accumulated Depreciation</i>	<u>(34,567)</u>	<u>-</u>	<u>-</u>	<u>(34,567)</u>
Total capital assets, net	<u>\$ 10,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,044</u>

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 8 - Long-term Obligations**

The following summarizes the changes in long-term obligations for the year:

	Beginning Balance	Additions	Reductions	End of Year	Due Within One Year
<u>Governmental Activities</u>					
Pension obligation bonds	\$ -	\$ 2,308,200	\$ (51,800)	\$ 2,256,400	\$ 191,000
Compensated absences	186,406	-	(44,508)	141,898	35,475
	<u>\$ 186,406</u>	<u>\$ 2,308,200</u>	<u>\$ (96,308)</u>	<u>\$ 2,398,298</u>	
<u>Business-type Activities</u>					
Capital lease purchase	\$ 104,862	\$ -	\$ (43,814)	\$ 61,048	\$ 43,814
Compensated absences	86,822	-	(10,356)	76,466	54,864
	<u>\$ 191,684</u>	<u>\$ -</u>	<u>\$ (54,170)</u>	<u>\$ 137,514</u>	

Pension Obligation Bonds

On February 22, 2012, the City issued \$2,308,200 in taxable bonds to refund an obligation to the California Public Employees Retirement System (CalPERS), to reduce its interest rate from 7.5% to a blended rate of 4.15%, which will provide an estimated total savings of \$178,780 over the next 10 years. The bonds are secured by a pledge of general fund revenue. As of June 30, 2012 the outstanding balance was \$2,256,400.

Year Ending June 30,	Pension Obligation Bonds - Series 2012		
	Principal	Interest	Total
2013	\$ 191,000	\$ 92,306	\$ 283,306
2014	209,200	84,275	293,475
2015	228,600	75,478	304,078
2016	249,100	65,866	314,966
2017	270,800	55,397	326,197
2018-2022	1,107,700	112,401	1,220,101
	<u>\$ 2,256,400</u>	<u>\$ 485,723</u>	<u>\$ 2,742,123</u>

Capital Lease Purchase Obligation

Contract dated November 20, 2008, due in monthly payments of \$3,651, interest at 4.9% per annum, final maturity fiscal year 2013-14, secured by a Vac-Con utility truck. Future debt service requirements are as follows:

Year Ending June 30,	
2013	\$ 43,814
2014	17,234
	<u>\$ 61,048</u>

Operating Lease Obligation

Contract entered into on January 1, 2011 between the County of Glenn, and the City of Orland, to lease seven public safety vehicles. Monthly lease costs are based upon mileage depreciation, and operating and maintenance costs. The lease expires on December 31, 2014. Monthly lease costs have recently averaged \$5,000 per month. The following chart lists estimated future obligations, subject to miles driven, and maintenance costs, as follows:



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 8 - Long-term Obligations (continued)**

<u>Year Ending June 30,</u>		
2013	\$	61,200
2014		62,400
2015		31,800
	<u>\$</u>	<u>155,400</u>

Internal Loans

In prior years the Water enterprise fund loaned the General fund cash to provide for working capital needs. The loan accrues interest at the LAIF rate. At the June 30, 2012 the outstanding balance with accrued interest was \$476,315.

**Note 9 - Defined Benefit Pension Plan**

Plan Description

All eligible full-time employees participate in the City's defined benefit pension plan, administered through the California Public Employee's Retirement System, which provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System (CalPERS) is an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provision as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local resolution (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

Funding Status and Progress

Miscellaneous Plan (non-public safety) participants are required to contribute 8% of their annual covered salary, while Safety Plan (police dept) employees are required to contribute 9% of their annual covered salary. Miscellaneous employees contribute their required 8% share, while public safety employees contribute 8% of their required 9% share with the City paying the 1% difference. The City's required contribution is based upon an actuarially determined rate. The current 2011-12 fiscal year employer rate was 14.113% for miscellaneous plan employees, and 23.091% for public safety plan employees, of annual covered payroll. The subsequent 2012-13 fiscal year employer rate is projected to increase to 23.681% for public safety plan employees and to 14.525% for miscellaneous plan employees. The contribution requirements of plan members, and the City, are established annually and may be amended by CalPERS.

Annual Pension Cost

The City's annual pension cost of \$564,402 to CalPERS was as follows:

Required contributions paid by employees	\$	130,306
Required contributions paid by employer		428,706
Required employee contributions paid by employer		5,390
	<u>\$</u>	<u>564,402</u>

The required contributions were determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method.

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 9 - Defined Benefit Pension Plan (continued)**

The actuarial assumptions included:

- a 7.75% investment rate of return (net of administrative expenses).
- projected salary increases of 3.55% to 14.45% depending on age, service, and type of employment.
- an inflation rate of 3.0%.
- a payroll growth rate of 3.25%.
- individual salary growth - a merit scale varying by duration of employment coupled with an assumed annual inflation growth rate of 3.00% and an annual production growth of 0.25%.

The actuarial value of CalPERS's risk pool assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value).

The contribution rate for normal cost is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued.

Three-year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009-10	\$ 707,656	100%	\$ -0-
2010-11	\$ 658,189	100%	\$ -0-
2011-12	\$ 564,402	100%	\$ -0-

Schedule of Funding Progress-Defined Benefit Pension Plans (Unaudited)

The funded status of the plans as of the most recent actuarial valuation dates is as follows (in millions):

Annual Valuation Report Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded (Over-funded) Liability as a % of Payroll
<u>Miscellaneous Plan - 2.7% at age 55 Risk Pool:</u>						
6/30/2010	\$ 2,298	\$ 1,816	\$ 482	79.0%	\$ 434	111.1%
<u>Safety Plan - 3% at age 50 Risk Pool:</u>						
6/30/2010	\$ 10,165	\$ 8,470	\$ 1,695	83.3%	\$ 956	177.3%

**Note 10 - Net Assets and Fund Balance Designations**

In accordance with the City's implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance designations with respect to governmental type funds are reported in the following classifications:



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 10 - Net Assets and Fund Balance Designations (continued)**

- Nonspendable - amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact, such as long term notes receivables.
- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority.
- Assigned - amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed.
- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the City's policy to expend *restricted* fund balances first. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, it is the City's policy to expend *committed*, then *assigned*, then *unassigned* amounts in that order.

**Note 11 - Risk Management**

The City is exposed to various risks of loss related to torts, thefts, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a member of the Golden State Risk Management Authority (GSRMA, the Authority), a public entity risk pool currently operating as a common risk management and insurance program for 170 member cities, counties and districts. The relationship between the City and GSRMA is such that the Authority is not a component unit of the City for financial reporting purposes. GSRMA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. Financial statements of the Authority may be obtained from GSRMA, Post Office Box 706, Willows, California 95988.

During the year the City expended \$96,150 for workers compensation coverage and \$104,271 for property and liability coverage. Policy limits are \$50m per occurrence for general liability, and up to \$600,000 maximum payment per covered loss for automobile physical damage, mobile equipment, boiler and machinery. Policy limits for workers' compensation match statutory limits on a per occurrence basis. Employer's liability coverage is included with the policy limits of \$5m per occurrence.

**Note 12 - New Pronouncements**

Governmental Accounting Standards Board Statement No. 62

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations.
- Accounting Principles Board Opinions.
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.



**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2012**

***Note 12 - New Pronouncements (continued)***

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements."

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments.

Governmental Accounting Standards Board Statement No. 68

The GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions," in June 2012. The primary objective of this standard is to improve accounting and financial reporting by state and local governments for pensions. The Statement requires the liability of employers and non-employer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The effective date of this Standard is for reporting periods beginning after June 15, 2014.

***Note 13 - Subsequent Events***

The management of the City has reviewed the results of operations for the period from its year end June 30, 2012 through January 4, 2013, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ORLAND**  
**Note to Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the close of each fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenue and expenditures.
- Public hearings are conducted at City Council meetings to obtain taxpayer comments prior to adoption of the budget in June.
- Prior to July 1, the budget is legally adopted for all governmental fund types through Council approved budget.
- The City Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the City's needs; however, revisions that alter the total expenditures must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds.
- Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council.



**CITY OF ORLAND**  
**Budgetary Comparison Information**  
**General Fund**  
**Year Ended June 30, 2012**

<i>Resources (Inflows)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Property taxes	\$ 834,000	\$ 834,000	\$ 785,951	\$ (48,049)
Sales taxes	730,000	730,000	905,744	175,744
Motor vehicle in lieu	606,000	606,000	572,104	(33,896)
Franchise taxes	100,000	100,000	112,001	12,001
Transient occupancy taxes	43,000	43,000	45,805	2,805
Licenses and fees	49,618	49,618	51,831	2,213
Fines and forfeits	38,000	38,000	33,659	(4,341)
Intergovernmental	83,749	83,749	88,616	4,867
Charge for services	68,936	68,936	138,500	69,564
Use of money and property	54,000	54,000	51,956	(2,044)
Other - Administrative cost reimbursement	156,639	156,639	156,639	-
Other revenue	12,000	12,000	21,354	9,354
Pension Bond proceeds	-	-	2,308,200	2,308,200
Transfers in from other funds	-	-	-	-
Amounts Available for Appropriation	<u>2,775,942</u>	<u>2,775,942</u>	<u>5,272,360</u>	<u>2,496,418</u>
 <i>Charges to Appropriations (Outflows)</i>				
City Council	23,827	23,827	37,770	(13,943)
City Manager	132,208	132,208	250,825	(118,617)
City Clerk	89,825	89,825	146,053	(56,228)
City Finance	88,334	88,334	94,607	(6,273)
City Attorney	40,115	40,115	60,434	(20,319)
City Engineer	34,333	34,333	20,612	13,721
City Building maintenance	48,412	48,412	98,841	(50,429)
City Planner	146,671	146,671	195,722	(49,051)
City Police	1,606,580	1,606,580	2,540,688	(934,108)
City Fire	72,526	72,526	79,256	(6,730)
City Library	264,841	264,841	462,441	(197,600)
City Recreation and pool	179,105	179,105	247,149	(68,044)
City Grants administration	1,175	1,175	626	549
City Streets and storm drains	83,158	83,158	256,239	(173,081)
Park maintenance	108,805	108,805	183,630	(74,825)
Transfers out to other funds	-	-	530,724	(530,724)
Total Charges to Appropriations	<u>2,919,915</u>	<u>2,919,915</u>	<u>5,205,617</u>	<u>(1,754,978)</u>
 <i>Surplus (Deficit)</i>	 <u>\$ (143,973)</u>	 <u>\$ (143,973)</u>	 <u>\$ 66,743</u>	 <u>\$ 741,440</u>

**CITY OF ORLAND**  
**Fund Balance Designations Section of the Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

<u>Fund Balances</u>	<u>General Fund</u>	<u>Major Governmental Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>				
Interfund loans	\$ 509,538	\$ -	\$ -	\$ 509,538
<b>Restricted for:</b>				
Housing loans	-	181,447	-	181,447
Gas tax - streets / sidewalks	-	-	315,812	315,812
Transportation tax - streets	-	-	10,737	10,737
Assessment Districts - maintenance	-	-	526,986	526,986
Government grant - public safety	-	-	643	643
CDBG - grant reuse loan funds	-	-	17,331	17,331
	-	-	-	-
Total restricted fund balances	-	181,447	871,509	1,052,956
<b>Committed to:</b>				
Development Impact expenditures	-	1,652,766	-	1,652,766
Library expenditures	-	-	89,389	89,389
Public safety funds - police dept	-	-	12,656	12,656
Grant 95	-	-	1,875	1,875
	-	-	-	-
Total committed fund balances	-	1,652,766	103,920	1,756,686
<b>Assigned to:</b>				
Community Center expenditures	-	-	1,315	1,315
Art Commission expenditures	-	-	12,720	12,720
Sprinkler expenditures	-	-	1,200	1,200
Public safety funds - police dept	-	-	26,112	26,112
	-	-	-	-
Total assigned fund balances	-	-	41,347	41,347
<b>Unassigned</b>	127,902	-	-	127,902
<b>Total Fund Balances</b>	<u>\$ 637,440</u>	<u>\$ 1,834,213</u>	<u>\$ 1,016,776</u>	<u>\$ 3,488,429</u>



***OTHER SUPPLEMENTARY INFORMATION***

CITY OF ORLAND  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2012

	Gasoline Tax	Transportation Tax	Assessment Districts	Community Center	Arts Commission	Recreation Sprinkler Donations	Safety Fund	Library Funds	Police Department Grants	Economic & Block Grants	Totals
<b>ASSETS</b>											
Cash and investments	\$ 225,727	\$ 10,737	\$ 522,246	\$ 1,315	\$ 12,720	\$ 1,200	\$ 26,112	\$ 89,524	\$ 12,656	\$ 19,206	\$ 921,443
Receivables	96,127	-	2,794	-	-	-	-	-	14,139	127,758	240,818
Prepaid expenses	6,803	-	1,946	-	-	-	-	-	6,069	-	14,818
Notes receivables	-	-	-	-	-	-	-	-	-	1,388,306	1,388,306
Total Assets	\$ 328,657	\$ 10,737	\$ 526,986	\$ 1,315	\$ 12,720	\$ 1,200	\$ 26,112	\$ 89,524	\$ 32,864	\$ 1,535,270	\$ 2,565,385
<b>LIABILITIES</b>											
Accounts payable	\$ 12,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,845
Deferred revenue	-	-	-	-	-	-	-	135	-	1,388,306	1,388,441
Internal loans	-	-	-	-	-	-	-	-	19,565	127,758	147,323
Total Liabilities	12,845	-	-	-	-	-	-	135	19,565	1,516,064	1,548,609
<b>FUND BALANCES</b>											
Restricted	315,812	10,737	526,986	-	-	-	-	-	643	17,331	871,509
Committed	-	-	-	-	-	-	-	-	12,656	1,875	14,531
Assigned	-	-	-	1,315	12,720	1,200	26,112	89,369	-	-	130,736
Unreserved	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	315,812	10,737	526,986	1,315	12,720	1,200	26,112	89,369	13,299	19,206	1,016,776
Total Liabilities and Fund Balances	\$ 328,657	\$ 10,737	\$ 526,986	\$ 1,315	\$ 12,720	\$ 1,200	\$ 26,112	\$ 89,524	\$ 32,864	\$ 1,535,270	\$ 2,565,385



**CITY OF ORLAND**  
**Combining Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Other Governmental Funds**  
**Year Ended June 30, 2012**

	Gasoline Tax	Transportation Tax	Assessment Districts	Community Center	Arts Commission	Recreation		Safety Fund	Library Funds	Police Department Grants	Economic & Block Grants	Totals
						Sprinkler Donations	Donations					
<b>REVENUE</b>												
Intergovernmental revenue	\$ 362,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,678	\$ 240,726	\$ 15,101	\$ 620,021
Charge for services	-	-	52,677	-	37,903	-	-	-	2,100	-	-	92,680
Investment earnings	-	117	-	-	-	-	-	-	871	-	273	1,261
Other revenue	-	-	-	-	-	-	24,191	-	1,605	35,054	-	60,850
Total Revenue	362,516	117	52,677	-	37,903	-	24,191	-	6,254	275,780	15,374	774,812
<b>EXPENDITURES</b>												
Current -												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	37,979	-	17,808	-	-	-	16,725	72,512
Public safety	-	-	66,920	-	-	-	-	-	-	280,579	-	347,499
Public works and streets	304,029	374	-	-	-	-	-	-	-	-	-	304,403
Library and Arts	-	-	-	-	-	-	-	8,156	-	-	-	8,156
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	304,029	374	66,920	-	37,979	-	17,808	-	8,156	280,579	16,725	732,570
Excess (Deficiency) of Revenue												
Over (Under) Expenditures	58,487	(257)	(14,243)	-	(76)	-	6,383	-	(1,902)	(4,799)	(1,351)	42,242
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	40,295	40,295
<b>CHANGE IN FUND BALANCES</b>												
Fund Balance - beginning	257,325	10,994	541,229	1,315	12,796	1,200	19,729	18,098	91,291	18,098	(19,738)	934,239
Fund Balance - end of year	\$ 315,812	\$ 10,737	\$ 526,986	\$ 1,315	\$ 12,720	\$ 1,200	\$ 26,112	\$ 13,299	\$ 89,389	\$ 13,299	\$ 19,206	\$ 1,016,776