

CITY OF ORLAND

California

Annual Financial Report June 30, 2020

Elected Officials

City Council

**James Paschall, Sr.
Bruce T. Roundy
Salina J. Edwards
William Irvin
Dennis G. Hoffman**

**Mayor
Vice Mayor
Member
Member
Member**

***City Clerk*
Angela Crook**

Appointed Officials

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

***City Treasurer*
Leticia Espinosa**

CITY OF ORLAND

Table of Contents

INDEPENDENT AUDITOR'S REPORT	2-3
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
FUND FINANCIAL STATEMENTS	
Governmental Funds:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenue, Expenditures, and Change in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities	9
Proprietary Funds:	
Statement of Net Position	10
Statement of Revenue, Expenses, and Change in Net Position	11
Statement of Cash Flows	12
NOTES TO FINANCIAL STATEMENTS	13-44
REQUIRED SUPPLEMENTARY INFORMATION (unaudited)	
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan	45-46
Other Postemployment Benefits (OPEB) Plan	47
Budgetary Comparison Information and Schedules	48-51
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds Financial Statements:	
Combining Balance Sheet	52
Combining Statement of Revenue, Expenditures, and Change in Fund Balances	53

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 60127 / Sacramento, California 95860-0127

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that (1) management's discussion and analysis, (2) pension plan liability and contributions schedules, (3) other postemployment benefits plan total liability, net position, and net liability schedules, and (4) the respective budgetary comparison information of the major funds, as listed in the table of contents 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.

Management has omitted *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Orland's basic financial statements. The combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor funds 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining nonmajor funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Marcello & Company

Certified Public Accountants
Sacramento, California
February 10, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ORLAND
Government-wide Financial Statements
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental	Business-type	Total
Assets	Activities	Activities	
Cash and investments	\$ 4,457,582	\$ 2,609,960	\$ 7,067,542
Receivables	1,810,155	390,289	2,200,444
Internal balances	(420,815)	420,815	-
Total current assets	<u>5,846,922</u>	<u>3,421,064</u>	<u>9,267,986</u>
Notes receivable	6,847,173	-	6,847,173
Capital assets not being depreciated	1,733,202	89,397	1,822,599
Capital assets, net of depreciation	<u>8,139,961</u>	<u>6,666,425</u>	<u>14,806,386</u>
Total noncurrent assets	<u>16,720,336</u>	<u>6,755,822</u>	<u>23,476,158</u>
Total assets	<u>22,567,258</u>	<u>10,176,886</u>	<u>32,744,144</u>
Deferred Outflows of Resources			
Deferred pension outflows	1,180,607	280,760	1,461,367
Deferred OPEB outflows	<u>26,367</u>	<u>7,684</u>	<u>34,051</u>
Total assets and deferred outflows	<u>23,774,232</u>	<u>10,465,330</u>	<u>34,239,562</u>
Liabilities			
Payables	473,544	323,034	796,578
Deposits	18,501	-	18,501
Noncurrent liabilities:			
Due within one year	569,463	362,304	931,767
Due in more than one year	<u>6,956,897</u>	<u>4,602,536</u>	<u>11,559,433</u>
Total liabilities	<u>8,018,405</u>	<u>5,287,874</u>	<u>13,306,279</u>
Deferred Inflows of Resources			
Deferred pension inflows	262,037	100,660	362,697
Deferred OPEB inflows	<u>12,543</u>	<u>3,534</u>	<u>16,077</u>
Total liabilities and deferred inflows	<u>8,292,985</u>	<u>5,392,068</u>	<u>13,685,053</u>
Net Position			
Net investment in capital assets	8,314,569	3,409,365	11,723,934
Restricted	3,789,364	-	3,789,364
Unrestricted	<u>3,377,314</u>	<u>1,663,897</u>	<u>5,041,211</u>
Total net position	<u>\$ 15,481,247</u>	<u>\$ 5,073,262</u>	<u>\$ 20,554,509</u>

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, 2020

Functions/Programs	Operating Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Position		
		Charge for Services	Operating Grants and Contributions	Governmental Activities	Business type Activities	Total
Governmental Activities						
General government	\$ 846,468	\$ -	\$ 1,028,247	\$ 181,779		\$ 181,779
Community development	348,044	154,711	-	(193,333)		(193,333)
Public safety	2,077,372	3,265	188,499	(1,885,608)		(1,885,608)
Public works and streets	1,057,216	82,969	1,546,124	571,877		571,877
Library and arts	583,985	20,217	13,246	(550,522)		(550,522)
Parks and recreation	586,099	57,944	-	(528,155)		(528,155)
Depreciation expense	457,390	-	-	(457,390)		(457,390)
Interest expense	344,263	-	-	(344,263)		(344,263)
Capital expenditures	782,133	-	-	(782,133)		(782,133)
Total governmental activities	<u>7,082,970</u>	<u>319,106</u>	<u>2,776,116</u>	<u>(3,987,748)</u>		<u>(3,987,748)</u>
Business-type Activities						
Water	1,169,010	1,635,727	-		\$ 466,717	466,717
Sewer	890,247	1,171,759	268,050		549,562	549,562
Industrial sewer	43,643	-	-		(43,643)	(43,643)
Total business-type activities	<u>2,102,900</u>	<u>2,807,486</u>	<u>268,050</u>		<u>972,636</u>	<u>972,636</u>
Total primary government	<u>\$ 9,185,870</u>	<u>\$ 3,126,592</u>	<u>\$ 3,044,166</u>	<u>(3,987,748)</u>	<u>972,636</u>	<u>(3,015,112)</u>
General Revenue						
Property taxes				959,626	-	959,626
Sales tax				3,021,097	-	3,021,097
Franchise and TOT				228,722	-	228,722
Licenses, fees & fines				82,823	-	82,823
Use of money and property				126,721	57,007	183,728
Other revenue				852,611	24,891	877,502
Total general revenue				<u>5,271,600</u>	<u>81,898</u>	<u>5,353,498</u>
Change in Net Position						
Net Position - beginning				1,283,852	1,054,534	2,338,386
Net Position - end of year				<u>14,197,395</u>	<u>4,018,728</u>	<u>18,216,123</u>
				<u>\$ 15,481,247</u>	<u>\$ 5,073,262</u>	<u>\$ 20,554,509</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

CITY OF ORLAND
Balance Sheet
Governmental Funds
June 30, 2020

	General	Development	STIP	Other	
Assets	Fund	Impact Fees	Fund	Governmental	Totals
				Funds	
Cash and investments	\$ 1,610,820	\$ 1,325,654	\$ -	\$ 1,521,108	\$ 4,457,582
Receivables	637,563	-	1,022,633	149,959	1,810,155
Prepaid expenses	-	-	-	-	-
Internal loans	68,563	957,363	-	-	1,025,926
Notes and interest receivable	-	-	-	6,847,173	6,847,173
Total assets	<u>\$ 2,316,946</u>	<u>\$ 2,283,017</u>	<u>\$ 1,022,633</u>	<u>\$ 8,518,240</u>	<u>\$ 14,140,836</u>
Liabilities					
Payables	\$ 306,027	\$ 3,705	\$ 130,708	\$ 33,104	\$ 473,544
Deposits	18,501	-	-	-	18,501
Deferred revenue	-	-	-	6,847,173	6,847,173
Internal loans	420,815	-	957,364	68,562	1,446,741
Total liabilities	<u>745,343</u>	<u>3,705</u>	<u>1,088,072</u>	<u>6,948,839</u>	<u>8,785,959</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	2,279,312	-	1,510,052	3,789,364
Committed	-	-	-	-	-
Assigned	-	-	-	105,872	105,872
Assigned, Measure A	817,636	-	-	-	817,636
Unassigned	753,967	-	(65,439)	(46,523)	642,005
Total fund balances	<u>1,571,603</u>	<u>2,279,312</u>	<u>(65,439)</u>	<u>1,569,401</u>	<u>5,354,877</u>
Total liabilities and fund balances	<u>\$ 2,316,946</u>	<u>\$ 2,283,017</u>	<u>\$ 1,022,633</u>	<u>\$ 8,518,240</u>	<u>\$ 14,140,836</u>

The accompanying notes are an integral part of these financial statements

CITY OF ORLAND
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds (page 6)	\$ 5,354,877
Amounts reported for governmental activities in the statement of net position are different because:	
(1) Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds balance sheet.	9,873,163
(2) Deferred revenue related to long-term notes receivable is not recognized in the governmental funds financial statements until collected, but is recognized in the government-wide financial statements the year incurred.	6,847,173
(3) Long-term debt and obligations are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet.	(7,526,360)
(4) Deferred outflows of resources are not recognized as expenditures in the governmental funds financial statements but are recognized in the government-wide financial statements:	
Pension plan outflows	1,180,607
OPEB plan outflows	26,367
(5) Deferred inflows of resources are not recognized as revenue in the governmental funds financial statements but are recognized in the government-wide financial statements:	
Pension plan inflows	(262,037)
OPEB plan inflows	(12,543)
Net position of governmental activities (page 4)	<u>\$ 15,481,247</u>

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, 2020

	General	Development	STIP	Other	
Revenue	Fund	Impact Fees	Fund	Governmental	Totals
				Funds	
Taxes and assessments	\$ 4,209,446	\$ -	\$ -	\$ -	\$ 4,209,446
Licenses, fees and fines	82,823	-	-	-	82,823
Intergovernmental	1,216,746	-	1,092,673	466,697	2,776,116
Charge for services	148,522	67,398	-	103,186	319,106
Use of money and property	60,034	43,166	-	23,521	126,721
Other revenue	721,148	-	-	131,462	852,610
Total revenue	<u>6,438,719</u>	<u>110,564</u>	<u>1,092,673</u>	<u>724,866</u>	<u>8,366,822</u>
Expenditures					
Current:					
General Government	961,592	-	-	-	961,592
Planning and Building	250,447	-	-	212,983	463,430
Public Safety	2,409,974	-	-	22,817	2,432,791
Public Works/Streets	695,898	-	1,158,112	471,341	2,325,351
Library and Arts	498,741	-	-	61,358	560,099
Parks and Recreation	568,930	-	-	17,169	586,099
Debt service	344,263	-	-	-	344,263
Capital expenditures	739,138	42,995	-	-	782,133
Total expenditures	<u>6,468,983</u>	<u>42,995</u>	<u>1,158,112</u>	<u>785,668</u>	<u>8,455,758</u>
Revenue over (under) Expenditures	(30,264)	67,569	(65,439)	(60,802)	(88,936)
Other Financing Sources (Uses)					
Transfers in	-	-	-	171,967	171,967
Transfers (out)	-	-	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,967</u>	<u>171,967</u>
Change in Fund Balances	(30,264)	67,569	(65,439)	111,165	83,031
Net Position - beginning	1,601,867	2,307,490	-	1,458,236	5,367,593
Prior adjustment - capital assets	-	(95,747)	-	-	(95,747)
Net Position, as restated	<u>1,601,867</u>	<u>2,211,743</u>	<u>-</u>	<u>1,458,236</u>	<u>5,271,846</u>
Fund Balances - end of year	<u>\$ 1,571,603</u>	<u>\$ 2,279,312</u>	<u>\$ (65,439)</u>	<u>\$ 1,569,401</u>	<u>\$ 5,354,877</u>

The accompanying notes are an integral part of these financial statements

CITY OF ORLAND

**Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020**

Change in fund balances - governmental funds (page 8) \$ 83,031

Amounts reported for governmental activities in the statement of activities are different because:

(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current fiscal year.	1,352,945
(2) Proceeds from new long-term debt provide current resources in the funds financial statements but have no effect on net position in government-wide financials.	(119,377)
(3) The repayment of the principal portion of long-term debt consumes the current financial resources of government funds. However, in the government-wide financials these transactions have no effect on net position.	426,824
(4) Certain expenses are reported in the government-wide statement of activities but do not require the use of current resources and therefore are not reported as expenditures in the governmental funds:	
Change in pension plan liabilities and deferrals	(630,608)
Change in OPEB plan liabilities and deferrals	(19,668)
Compensated absences increase (decrease) in expense	(15,354)
(5) The increase or (decrease) in notes receivable affects current financial resources but has no effect on net position.	<u>206,059</u>
Change in net position of governmental activities (page 5)	<u><u>\$ 1,283,852</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF ORLAND
Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-type Activities			Total
	Water	Sewer	Industrial Sewer	Enterprise Funds
Assets				
Cash and investments	\$ 2,204,144	\$ 285,872	\$ 119,944	\$ 2,609,960
Receivables	74,893	315,396	-	390,289
Internal loans	420,815	8,652	-	429,467
Capital assets not being depreciated	67,778	21,619	-	89,397
Capital assets, net of depreciation	3,235,344	3,349,770	81,311	6,666,425
Total assets	6,002,974	3,981,309	201,255	10,185,538
Deferred Outflows of Resources				
Deferred pension outflows	140,380	140,380	-	280,760
Deferred OPEB outflows	3,842	3,842	-	7,684
Total deferred outflows	144,222	144,222	-	288,444
Total assets and deferred outflows	6,147,196	4,125,531	201,255	10,473,982
Liabilities				
Payables	13,623	308,923	488	323,034
Internal loans	-	8,652	-	8,652
Noncurrent liabilities:				
Due within one year	163,765	198,539	-	362,304
Due in more than one year	2,918,874	1,683,662	-	4,602,536
Total liabilities	3,096,262	2,199,776	488	5,296,526
Deferred Inflows of Resources				
Deferred pension inflows	50,327	50,333	-	100,660
Deferred OPEB inflows	1,767	1,767	-	3,534
Total deferred inflows	52,094	52,100	-	104,194
Total liabilities and deferred inflows	3,148,356	2,251,876	488	5,400,720
Net Position				
Net investment in capital assets	1,034,063	2,293,991	81,311	3,409,365
Unrestricted	1,964,777	(420,336)	119,456	1,663,897
Total net position	\$ 2,998,840	\$ 1,873,655	\$ 200,767	\$ 5,073,262

The accompanying notes are an integral part of these financial statements

CITY OF ORLAND
Proprietary Funds
Statement of Revenue, Expenses, and Change in Net Position
Year Ended June 30, 2020

	Business-type Activities			Total Enterprise Funds
	Water	Sewer	Industrial Sewer	
Operating Revenue				
Charge for services	\$ 1,635,727	\$ 1,171,759	\$ -	\$ 2,807,486
Operating Expenses				
Personnel costs	385,024	316,608	5,341	706,973
Maintenance and operations	404,436	288,864	8,429	701,729
Administrative allocation	187,300	128,500	13,200	329,000
Depreciation	111,396	112,640	14,715	238,751
Total operating expenditures	<u>1,088,156</u>	<u>846,612</u>	<u>41,685</u>	<u>1,976,453</u>
Operating Income (Loss)	<u>547,571</u>	<u>325,147</u>	<u>(41,685)</u>	<u>831,033</u>
Nonoperating Revenue (Expenses)				
Investment earnings	45,757	8,808	2,442	57,007
Interest expense	(80,854)	(43,635)	(1,958)	(126,447)
Intergovernmental revenue	-	268,050	-	268,050
Transfers in (out)	(3,510)	-	-	(3,510)
Other revenue (expenses)	14,760	13,641	-	28,401
Total nonoperating revenue (expenses)	<u>(23,847)</u>	<u>246,864</u>	<u>484</u>	<u>223,501</u>
Change in Net Position	523,724	572,011	(41,201)	1,054,534
Net Position - beginning	2,394,411	1,220,939	241,968	3,857,318
Prior period adjustment - capital assets	80,705	80,705	-	161,410
Net Position, as restated	<u>2,475,116</u>	<u>1,301,644</u>	<u>241,968</u>	<u>4,018,728</u>
Net Position - end of year	<u>\$ 2,998,840</u>	<u>\$ 1,873,655</u>	<u>\$ 200,767</u>	<u>\$ 5,073,262</u>

The accompanying notes are an integral part of these financial statements

CITY OF ORLAND
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2020

CASH FLOWS PROVIDED BY (USED FOR)

	Business-type Activities			Total Enterprise Funds
	Water	Sewer	Industrial Sewer	
Operating Activities				
Receipts from customers	\$ 1,621,635	\$ 1,159,356	\$ -	\$ 2,780,991
Payments for maintenance and operations	(605,645)	(406,939)	(21,141)	(1,033,725)
Payments for personnel costs	(335,375)	(267,751)	(5,341)	(608,467)
Net cash provided (used)	680,615	484,666	(26,482)	1,138,799
Noncapital Financing Activities				
Internal loans	6,502	-	-	6,502
Net cash provided (used)	6,502	-	-	6,502
Capital and Related Financing Activities				
Principal paid on capital debt	(140,846)	(175,215)	-	(316,061)
Interest paid on capital debt	(80,854)	(43,635)	(1,958)	(126,447)
Purchase of capital assets	(86,443)	(624,914)	-	(711,357)
Net cash provided (used)	(308,143)	(843,764)	(1,958)	(1,153,865)
Investing Activities				
Investment earnings	6,507	8,808	2,442	17,757
Other revenue (expenses)	131,206	22,449	-	153,655
Net cash provided (used)	137,713	31,257	2,442	153,655
Net Increase (Decrease) in Cash	516,687	(327,841)	(25,998)	145,091
Cash and Investments - beginning	1,687,457	613,713	145,942	2,447,112
Cash and Investments - end of year	\$ 2,204,144	\$ 285,872	\$ 119,944	\$ 2,609,960
Operating Activities Analysis				
Operating Income (Loss) - page 11	\$ 547,571	\$ 325,147	\$ (41,685)	\$ 831,033
Reconciliation adjustments:				
Depreciation, a noncash expense	111,396	112,640	14,715	238,751
(Increase) decrease in receivables	(14,092)	(12,403)	-	(26,495)
Increase (decrease) in current liabilities	85,389	108,139	488	194,016
Increase (decrease) in personnel accruals	(49,649)	(48,857)	-	(98,506)
Net cash provided (used)	\$ 680,615	\$ 484,666	\$ (26,482)	\$ 1,138,799

The accompanying notes are an integral part of these financial statements

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

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 - Defining the Financial Reporting Entity
- Note 2 - Significant Accounting Policies
- Note 3 - Stewardship, Compliance, and Accountability
- Note 4 - Risk Management
- Note 5 - Commitments and Contingencies
- Note 6 - Cash and Investments
- Note 7 - Receivables
- Note 8 - Capital Assets
- Note 9 - Payables
- Note 10 - Interfund Transactions
- Note 11 - Long-term Obligations
- Note 12 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 13 - Other Postemployment Benefits Plan (OPEB)
- Note 14 - Subsequent Events
- Note 15 - Future Accounting Pronouncements
- Note 16 - Fund Balance Designations Section of the Balance Sheet

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Note 1 - Defining the Financial 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 a public library, 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 organization is 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 does not issue separate financial statements but its operations are included as part of the City's general fund, which is reported in the City's annual financial report, which may be obtained from the City's finance director.

The City participates in a joint powers agency through a formally organized and separate entity agreement. The financial activities of the Golden State Risk Management Authority (GSRMA), a public entity risk pool, are not included in the accompanying financial statements because they are administered by a governing board which is separate from and independent of the City.

Note 2 -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 as follows:

Financial Statements

The City's basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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 revenue, are reported separately from

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

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 the government has determined that a fund is important to the financial statement user, or it 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 City are organized as follows:

Governmental Fund Types

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

- *The General Fund* is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Special Revenue 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* 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.
- *Capital Projects Funds* are used to account for financial resources to be used for the acquisition, improvements or construction of streets, infrastructure and major capital facilities.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

- *Proprietary Fund Types* 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. The City's uses the following proprietary fund type:

Enterprise 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. The water and sewer utilities are reported as enterprise funds.

- *Fiduciary and Agency Funds* are used to account for assets administered by the City in a trustee capacity or as an agent for other governments, primarily special assessment districts. Agency Funds are custodial in nature (assets and liabilities), and do not involve measurement of results of operations.

The following are the City's major funds this year:

- *General Fund* - this fund is used to account for the general operations of the City, and is used to account for all financial resources except those required to be accounted for in another fund.
- *Development Impact Fee Fund* - this fund is used to account for fees collected from builders and real estate developers for the fiscal 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.
- *Statewide Transportation Improvement Program "STIP"* – this fund is used to account for federal and state grant funded transportation projects.

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The government-wide statement of net position and the statement of activities, and both governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used, as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The proprietary fund utilizes an "economic resources" measurement focus. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position, and in the statement of activities, both governmental and business-like activities are presented using the "accrual basis of accounting." Under the accrual

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

basis of accounting, revenue is recognized when earned, and expenses are recorded when the liability is incurred and the amount of obligation is ascertainable. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the “modified accrual basis of accounting.” Under this modified accrual basis of accounting, revenue is recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenue which is susceptible to accrual includes property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, penalties, charges for services, and miscellaneous revenue are recorded as governmental fund type revenue when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant revenue, which is normally reimbursements of expenses under contractual agreements, is recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt in the governmental funds, which is recognized when due.

Proprietary funds use the “accrual basis of accounting” which records the financial effect on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur rather than only when cash is received or paid by the enterprise.

Budgetary Data

General Budget Policies: the City maintains budgetary controls of which the objective is to ensure compliance with legal provisions embodied in the annual budget approval by the City Council. Budgetary control for operations is maintained at the department level by individual funds. Budgetary control for capital improvement projects (i.e., project-length financial plans) is maintained at the individual project level by fund. The City’s budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments or capital improvement projects may be re-appropriated for the subsequent fiscal year upon City Council approval.

Budget Basis of Accounting: budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America as prescribed by the GASB and the AICPA. The Budgetary Comparison Schedule of the major funds present comparisons of legally adopted budget amounts (both the original budget and final budget), and actual amounts, on the budgetary basis. The budgeting basis is substantially equivalent to the City's accounting basis; thus no reconciliation between the two is considered necessary.

Other Accounting Policies

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.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

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 position and balance sheet.

Receivables and Payables

Property, sales, use, utility users, transient occupancy, and gasoline 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 position. 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.

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].

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

Allowance for Uncollectible 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 expenses 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 grant awards 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, loan payments are generally not 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 program revenue when received.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the statement of net position at cost. Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, such as roads, sidewalks and bridges are capitalized prospectively starting July 1, 2003. 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 *capital assets* in the

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

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 historic 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 treasures, are not considered exhaustible, therefore are not being depreciated.

Deferred Revenue

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current 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 or 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. 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 obligations are reported as liabilities in the applicable column on the statement of net position. For the most part, 75% of compensated absences are generally considered due after one year.

Net Position and Fund Balances

In the Statement of Net Position, the City's net position is classified in the following categories:

- *Net investment in capital assets* - represents the City's total investment in capital assets reduced by any outstanding debt used to acquire those assets.
- *Restricted net position* - includes resources that the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

- *Unrestricted net position* - 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 and accrued interest 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.

Other Postemployment Benefits Plan (OPEB)

In government-wide financial statements, as required by GASB Statement No. 75, OPEB plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The City recognizes a net OPEB liability, which represents the excess of the total OPEB liability over the fiduciary net position (*plan assets owned*) as reflected in the actuarial report provided by the plan actuarial analyst. The net OPEB liability is measured as of the City's prior fiscal year-end. Changes in the net OPEB liability are recorded, in the period incurred, as OPEB expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective OPEB plan and are recorded as a component of OPEB expense beginning with the period in which they are incurred.

Pension Plan

In government-wide financial statements, as required by GASB Statement No. 68, retirement plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position (*plan assets owned*) of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS). The net pension liability is measured as of the City's prior fiscal year-end. Changes in the net pension liability are

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

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, approved 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.
- *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.
- *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.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Revenue and Expenditures

Substantially all governmental fund revenue is accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue. In applying GASB Statement No. 33 to grant revenue, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Grant resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Operating income in proprietary fund financial statements includes revenue and expenses related to the primary continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as nonoperating in the financial statements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed. Expenditures are recognized when the related fund liability is incurred.

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.

Note 3 - 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.
2. The City Council reviews the proposed budget at normally 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.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Economic Dependence

The City received 73% of its total general fund revenue from three sources; sales taxes (47%), property taxes (15%), and motor vehicle in-lieu state revenue (11%). Any reduction in assessed property values or disruption to the overall economy could affect the City's primary operating fund. In the event of such a downturn, the City may have insufficient resources in its general fund to pay all of its obligations or provide services to its citizens at the current level.

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.

Deficit Fund Balances

Due to the City incurring costs in advance of receiving grant awards and reimbursements, revenue which it expects to recover in the future from developer impact fees, and other sources, the following fund incurred a deficit in its ending fund balance:

Economic & block grant funds	\$ 45,959
STIP grant fund	<u>65,439</u>
	<u>\$ 111,398</u>

Note 4 - 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 270 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. 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.

Note 5 - Commitments and Contingencies

In the normal course of municipal operations, there are various legal claims and legal actions pending against the City for which no provision has been made in the financial statements because the amount of liability, if any, is unknown. In the opinion of City management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements. 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. At June 30, 2020, the City was in contract for several funded construction projects, which are expected to be completed in fiscal year 2020-21.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Note 6 - 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 covenants. Cash and investments at fiscal year end are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	<u>\$ 7,067,542</u>
Cash and Investments consist of the following:	
Deposits with financial institutions:	
Checking accounts	393,981
Money market mutual funds	479,200
Fixed income: certificates of deposit	1,254,112
Local Agency Investment Fund	<u>4,940,249</u>
	<u>\$ 7,067,542</u>

Collateral and Categorization Requirements

At fiscal year end, the City's carrying amount of demand deposits was \$2,126,971 and the financial institution's account balances were \$2,165,479. The difference represented outstanding checks and deposits in transit. Of the total demand deposit balances, \$250,000 was insured by the Federal Depository Insurance Corporation (FDIC) and \$1,915,479 was collateralized in accordance with California Government Code Section 53600 – 53609.

Investment Policy

The table below identifies the investment types that are authorized under provisions of the City's investment policy adopted February 7, 2017, 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

Disclosures Relating to 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

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in due-on-demand and short-term investments which provide cash flow and liquidity needed for operations.

Disclosures Relating to 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.

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Yield</u>	<u>Concentration</u>
Demand deposits - checking	\$ 393,981	on demand	n/a	6%
Money market mutual funds	479,200	on demand	0.05%	7%
Local Agency Investment Fund	4,940,249	on demand	1.47%	69%
Bank Certificate of deposit	623,110	7/24/2021	1.95%	9%
Bank Certificate of deposit	631,002	7/24/2022	2.60%	9%

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 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."

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 Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of 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. LAIF is

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits.

As of June 30, 2020, PMIA had approximately \$103 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer's web site at www.treasurer.ca.gov. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 7 - Receivables

Accounts and other receivables as reported in the statement of net position consist of the following:

<u>Governmental Activities:</u>	
Sales taxes	\$ 509,939
Property taxes	68,633
Franchise & TOT	27,492
Intergovernmental	1,174,482
Investment earnings	17,021
Other receivables	12,588
	<u>\$ 1,810,155</u>
 <u>Business-type Activities:</u>	
Water utility customers	\$ 74,893
Sewer utility customers	47,346
Sewer grant reimbursement	268,050
	<u>\$ 390,289</u>

Notes receivable consist 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.

Notes receivable	\$ 6,227,595
Accrued interest receivable	619,578
	<u>\$ 6,847,173</u>

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Note 8 - Capital Assets

Governmental-type Capital Asset activity for the year consists of the following:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ 486,096	\$ -	\$ -	\$ 486,096
Construction-in-progress	118,359	1,247,106	(118,359)	1,247,106
subtotal	604,455	1,247,106	(118,359)	1,733,202
<u>Depreciable Assets:</u>				
Buildings and infrastructure	8,005,529	139,010	-	8,144,539
Vehicles and equipment	3,256,466	424,219	(100,000)	3,580,685
subtotal	11,261,995	563,229	(100,000)	11,725,224
<u>Accumulated Depreciation</u>	(3,227,873)	(457,390)	100,000	(3,585,263)
Depreciable assets, net	8,034,122	105,839	-	8,139,961
Total capital assets, net	\$ 8,638,577	\$ 1,352,945	\$ (118,359)	\$ 9,873,163

Business-type Capital Asset activity for the year consists of the following:

<i>WATER UTILITY FUND</i>	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ 67,778	\$ -	\$ -	\$ 67,778
Construction-in-progress	-	-	-	-
subtotal	67,778	-	-	67,778
<u>Depreciable Assets:</u>				
System infrastructure, improvements & equipment	4,786,403	5,738	-	4,792,141
Vehicles	291,443	80,705	-	372,148
subtotal	5,077,846	86,443	-	5,164,289
<u>Accumulated Depreciation</u>	(1,817,549)	(111,396)	-	(1,928,945)
Depreciable assets, net	3,260,297	(24,953)	-	3,235,344
Total capital assets, net	\$ 3,328,075	\$ (24,953)	\$ -	\$ 3,303,122

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

<i>SEWER UTILITY FUND</i>	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u><i>Non-depreciable Assets:</i></u>				
Land	\$ 8,580	\$ -	\$ -	\$ 8,580
Construction-in-progress	13,039	-	-	13,039
subtotal	<u>21,619</u>	<u>-</u>	<u>-</u>	<u>21,619</u>
<u><i>Depreciable Assets:</i></u>				
System infrastructure, improvements & equipment	3,379,536	911,343	-	4,290,879
Vehicles	116,554	80,705	-	197,259
subtotal	3,496,090	992,048	-	4,488,138
<u><i>Accumulated Depreciation</i></u>	<u>(1,025,728)</u>	<u>(112,640)</u>	<u>-</u>	<u>(1,138,368)</u>
Depreciable assets, net	<u>2,470,362</u>	<u>879,408</u>	<u>-</u>	<u>3,349,770</u>
Total capital assets, net	<u>\$ 2,491,981</u>	<u>\$ 879,408</u>	<u>\$ -</u>	<u>\$ 3,371,389</u>

<i>INDUSTRIAL SEWER UTILITY</i>	Beginning Balance	Additions/ Completions	Retirements/ Dispositions	Ending Balance
<u><i>Depreciable Assets:</i></u>				
System infrastructure, improvements & equipment	\$ 588,444	\$ -	\$ -	\$ 588,444
<u><i>Accumulated Depreciation</i></u>	<u>(492,418)</u>	<u>(14,715)</u>	<u>-</u>	<u>(507,133)</u>
Total capital assets, net	<u>\$ 96,026</u>	<u>\$ (14,715)</u>	<u>\$ -</u>	<u>\$ 81,311</u>

Note 9 - Payables

Accounts payable, as reported in the statement of net position, are comprised of the following:

<u><i>Governmental Activities</i></u>	
Consultants	\$ 3,850
Insurance	82,177
Capital projects	265,630
Other vendors	121,887
	<u>\$ 473,544</u>

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Business-type Activities:

Water utility vendors	\$ 13,623
Sewer utility vendors	14,174
Sewer capital projects	295,237
	\$ 323,034
	\$ 323,034

Note 10 - 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, except as noted below.

Due from Other Funds / Receivables

General fund	\$ 68,563
Development impact fees fund	957,363
Sewer fund	8,652
Water fund	420,815
	\$ 1,455,393
	\$ 1,455,393

Due to Other Funds / Payables

General fund	\$ 420,815
STIP fund	957,364
Gasoline tax fund	37,284
Assessment districts	564
Economic and Block Grant funds	30,714
Sewer fund	8,652
	\$ 1,455,393
	\$ 1,455,393

In 2005, the City Council authorized by Resolution, a \$436,122 loan from the water enterprise fund to the general fund to provide for the purchase of real estate for development of a facility to be used for public safety services. The loan accrues interest at the Local Agency Investment Fund (LAIF) rate. Repayment of the loan is scheduled over a 30-year period to the extent that the general fund has available resources, and may be deferred.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Note 11 - Long-term Obligations

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

<u>GOVERNMENTAL ACTIVITIES</u>	Beginning Balance	Reductions	Additions	End of Year	Due Within One Year
Pension obligation bonds	\$ 494,900	\$ (151,300)	\$ -	\$ 343,600	\$ 164,200
Police vehicles (4) loan	184,396	(39,669)	-	144,727	49,596
Police vehicles (3) loan	154,155	(29,804)	-	124,351	31,168
Police vehicles (2) loan	-	-	119,377	119,377	23,875
Land purchase loan	87,817	(8,911)	-	78,906	9,320
Bucket truck loan	49,943	(15,529)	-	34,414	16,188
Aerial Fire engine loan	492,642	(64,333)	-	428,309	64,328
Equipment & trucks loan	319,743	(89,137)	-	230,606	100,845
Solar energy equipment loan	273,005	(18,768)	-	254,237	18,991
Clean energy equipment loan	153,040	(9,373)	-	143,667	9,653
Net pension liability	4,461,592	-	405,082	4,866,674	-
Net OPEB liability	406,450	-	25,845	432,295	-
Compensated absences	340,551	(15,354)	-	325,197	81,299
Total	<u>\$ 7,418,234</u>	<u>\$ (442,178)</u>	<u>\$ 550,304</u>	<u>\$ 7,526,360</u>	<u>\$ 569,463</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>					
<u>Water Utility Fund</u>					
State loan - water well	\$ 1,036,537	\$ (35,137)	\$ -	\$ 1,001,400	\$ 35,136
Equipment & trucks loan	76,085	(21,298)	-	54,787	24,082
Solar equipment loan	660,959	(45,438)	-	615,521	45,977
Clean energy equipment loan	636,323	(38,972)	-	597,351	40,134
Net pension liability	640,292	-	38,579	678,871	-
Net OPEB liability	57,321	-	3,644	60,965	-
Compensated absences	67,069	-	6,675	73,744	18,436
subtotal	<u>3,174,586</u>	<u>(140,845)</u>	<u>48,898</u>	<u>3,082,639</u>	<u>163,765</u>
 <u>Sewer Utility Fund</u>					
Equipment & trucks loan	84,034	(22,630)	-	61,404	25,588
Solar energy equipment loan	502,904	(34,573)	-	468,331	34,982
Clean energy equipment loan	16,109	(986)	-	15,123	1,016
Equipment loan "Blue Frogg"	649,566	(117,026)	-	532,540	120,712
Net pension liability	640,295	-	38,580	678,875	-
Net OPEB liability	57,319	-	3,646	60,965	-
Compensated absences	59,083	-	5,880	64,963	16,241
subtotal	<u>2,009,310</u>	<u>(175,215)</u>	<u>48,106</u>	<u>1,882,201</u>	<u>198,539</u>
Total	<u>\$ 5,183,896</u>	<u>\$ (316,060)</u>	<u>\$ 97,004</u>	<u>\$ 4,964,840</u>	<u>\$ 931,767</u>

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Pension Obligation Bonds

In 2012, the City issued \$2,308,200 in taxable bonds to refund an obligation to the California Public Employees Retirement System (CalPERS), in an effort to reduce its interest rate expense from 7.5% to a blended rate of 4.15%, which will provide an estimated total savings of \$178,000 over a 10 year period. Principal and interest payments are semi-annual. The bonds are secured by a pledge of general fund revenue.

Future bond payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 164,200	\$ 13,332	\$ 177,532
2022	179,400	4,519	183,919
	<u>\$ 343,600</u>	<u>\$ 17,851</u>	<u>\$ 361,451</u>

Police Vehicles (4) Loan

Lease-Purchase agreement dated September 17, 2017 for the purchase of four Police department vehicles for a total of \$236,683, secured by subject vehicles. Repayment of principal and interest is amortized over 60 months beginning June 1, 2018 with interest at approximately 5% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 47,596	\$ 5,582	\$ 53,178
2022	49,870	3,308	53,178
2023	47,261	1,922	49,183
	<u>\$ 144,727</u>	<u>\$ 10,812</u>	<u>\$ 155,539</u>

Police Vehicles (3) Loan

Lease-Purchase agreement dated September 17, 2017 for the purchase of three Police department vehicles for a total of \$236,683, secured by subject vehicles. Repayment of principal and interest is amortized over 60 months beginning June 1, 2018 with interest at approximately 5% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 31,160	\$ 4,909	\$ 36,069
2022	32,575	3,494	36,069
2022	34,058	2,011	36,069
2024	26,558	494	27,052
	<u>\$ 124,351</u>	<u>\$ 10,908</u>	<u>\$ 135,259</u>

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Police Vehicles (2) Loan

Lease-Purchase agreement dated May 12, 2020 for the purchase of two Police department vehicles for a total of \$125,895, secured by subject vehicles. Repayment of principal and interest is amortized over 60 months beginning July 1, 2020 with interest at approximately 4.6% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 22,697	\$ 5,862	\$ 28,559
2022	23,875	4,684	28,559
2023	25,115	3,444	28,559
2024	26,418	2,141	28,559
2025	21,272	1,769	23,041
	<u>\$ 119,377</u>	<u>\$ 17,900</u>	<u>\$ 137,277</u>

Land Purchase Loan

Real estate purchase financing agreement dated March 24, 2016 for the purchase of land, at a cost of \$115,000, secured by subject property. The property is currently being used as a public parking lot. Repayment of principal and interest is amortized over 144 months beginning April 24, 2016 with interest at 3% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 9,320	\$ 2,103	\$ 11,423
2022	9,604	1,819	11,423
2023	9,896	1,527	11,423
2024	10,197	1,226	11,423
2025	10,507	916	11,423
2026-2028	29,382	1,788	31,170
	<u>\$ 78,906</u>	<u>\$ 9,379</u>	<u>\$ 88,285</u>

Bucket Truck Loan

Lease-Purchase agreement dated April 13, 2015 for the purchase of a 2015 Ford F550 truck and bucket attachment for a total price of \$105,481, secured by subject vehicle. Repayment of principal and interest is amortized over 84 months beginning August 1, 2015 with interest at 3% per annum.

Future payment requirements consist of the following:

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Year Ending June 30,	Principal	Interest	Total
2021	\$ 16,188	\$ 1,056	\$ 17,244
2022	18,226	455	18,681
	<u>\$ 34,414</u>	<u>\$ 1,511</u>	<u>\$ 35,925</u>

Aerial Fire Engine Loan

Lease-Purchase agreement dated March 20, 2016 for the purchase of a 2016 Pierce 107' Aerial Truck for a total price of \$855,757, secured by subject vehicle. Repayment of principal and interest is amortized over 10 years beginning March 10, 2017 with interest at 3% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 66,241	\$ 12,369	\$ 78,610
2022	68,212	10,456	78,668
2023	70,241	8,485	78,726
2024	72,330	6,456	78,786
2025	74,456	4,367	78,823
2026	76,833	2,216	79,049
	<u>\$ 428,313</u>	<u>\$ 44,349</u>	<u>\$ 472,662</u>

Equipment and Trucks Loan

Lease-Purchase agreement dated September 27, 2016 for the purchase of trucks, excavator/cats, asphalt equipment, and street sweeper for a total price of \$732,791, secured by subject equipment. Repayment of principal and interest is amortized over 60 months beginning October 1, 2017 with interest at 3% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 150,515	\$ 10,417	\$ 160,932
2022	156,248	4,684	160,932
2023	28,107	936	29,043
	<u>\$ 334,870</u>	<u>\$ 16,037</u>	<u>\$ 350,907</u>

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Solar Energy Equipment Loan

Lease-Purchase agreement dated June 20, 2017 for the purchase and installation of solar energy equipment. Repayment of principal and interest is amortized over 15 years beginning June 1, 2018 with a net effective interest rate of 1.8% per annum after the Clean Renewable Energy Bonds (CREB) Federal subsidy.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 99,950	\$ 53,840	\$ 153,790
2022	101,134	49,730	150,864
2023	102,331	45,572	147,903
2024	103,543	41,364	144,907
2025	104,770	37,105	141,875
2026-2030	542,759	119,874	662,633
2031-2032	283,603	17,510	301,113
	<u>\$ 1,338,090</u>	<u>\$ 364,995</u>	<u>\$ 1,703,085</u>

Clean Energy Equipment Loan

Lease-Purchase agreement dated April 1, 2017 for the purchase and installation of energy efficiency upgrades and equipment. Repayment of principal and interest is amortized over 15 years beginning April 1, 2018 with interest at 3% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 50,803	\$ 22,009	\$ 72,812
2022	52,318	20,494	72,812
2023	53,878	18,934	72,812
2024	55,485	17,327	72,812
2025	57,140	15,672	72,812
2026-2030	312,296	51,765	364,061
2031-2032	174,220	7,811	182,031
	<u>\$ 756,140</u>	<u>\$ 154,012</u>	<u>\$ 910,152</u>

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

State Water Resources Control Board Loan

State of California construction financing agreement dated March 2015 for construction of a new water well, in an amount not to exceed \$1,160,268, unsecured. Repayment of principal is amortized over 30 years, with a zero interest rate.

Future principal payment requirements consist of the following:

Year Ending June 30,	Principal
2021	35,136
2022	35,136
2023	35,136
2024	35,136
2025	35,136
2026-2030	175,680
2031-2035	175,680
2036-2040	175,680
2041-2045	175,680
2046-2048	123,000
	\$ 1,001,400

Sewer Plant Equipment Loan

Lease-Purchase agreement dated September 1, 2017 for the purchase of sewer pond "Blue Frogg" equipment for a total price of \$854,101, secured by subject equipment. Repayment of principal and interest is amortized over 84 months beginning October 1, 2017 with interest at 3% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 120,712	\$ 16,506	\$ 137,218
2022	124,862	12,356	137,218
2023	126,992	10,226	137,218
2024	129,142	8,076	137,218
2025	30,832	3,143	33,975
	\$ 532,540	\$ 50,307	\$ 582,847

Compensated Absences

City employees accumulate earned but unused vacation benefits. No expenditure is reported for these accrued amounts in the governmental funds financial statements. However, in the statement of activities, the expenditure is allocated to each function based on usage. Vested compensated absences, payable in accordance with various collective bargaining agreements, were reported in the statement of net position in the amount of \$325,197 for governmental activities, and \$138,707 for business-type activities, with approximately 25% considered due within the next fiscal year.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Note 12 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Overview of the Plan

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), requires public employers to comply with new accounting and financial reporting standards. GASB 68 outlines a different approach to the recognition and calculation of pension obligations. Under GASB 68, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record their portion of the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position. Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position (*plan assets owned*). This may be a net pension asset when the Plan's fiduciary net position exceeds its total pension liability. Pension expense is the change in net pension liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (pension income), which should be reported as a credit in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2019 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website: <https://www.calpers.ca.gov>

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability was based on the following actuarial methods and assumptions:

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
Reporting Date	June 30, 2020

Actuarial Assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Straight-line amortization over 5-year period
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% net of investment expenses
Post Retirement Benefit Increase	Contract COLA up to 2.5%

Funded Status

Total Pension Plan Liability	\$ 22,652,547
Plan Fiduciary Net Position (<i>plan assets owned</i>)	16,428,127
Net Pension Plan Liability	6,224,420

Pension plan expense for the fiscal year \$ 1,186,574

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Allocation
Global Equity	50.00%
Fixed Income	28.00%
Private Equity	8.00%
Real Assets	13.00%
Liquid Assets	1.00%
	100.00%

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss, as follows:

- Net Difference between projected and actual earnings on pension plan investments: 5 year straight-line amortization.
- All Other Amounts: Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the unfunded net pension liability calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate -1%	Current Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 9,294,976	\$ 6,224,420	\$ 3,697,041

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 415,090	\$ (13,272)
Changes of assumptions	280,309	(83,274)
Net differences between projected and actual investment earnings	-	(99,640)
Change in employer's proportion	81,932	(3,475)
Differences between employer's contributions and the employer's proportionate share of contributions	-	(163,036)
Pension contributions subsequent to measurement date	684,036	-
Totals	\$ 1,461,367	\$ (362,697)

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense as follows:

Year Ending June 30:	
2021	\$ 401,927
2022	(64,246)
2023	57,073
2024	19,880
2025	-
thereafter	-
	\$ 414,634

Note 13 - Other Postemployment Benefits Plan (OPEB)

Overview of the Plan

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (GASB 75), requires public employers to comply with new accounting and financial reporting standards. Under GASB 75, employers that participate in an OPEB plan administered as a trust or equivalent arrangement are required to record their portion of the net OPEB liability, OPEB expense, and deferred outflows/deferred inflows of resources related to OPEB plans in their financial statements as part of their financial position. Net OPEB liability is the plan's total OPEB liability less the plan's fiduciary net position (*plan assets owned*). This may be a net OPEB asset when the Plan's fiduciary net position exceeds its total OPEB liability. OPEB expense is the change in net OPEB liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (OPEB income), which should be reported as a credit in OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB plans are certain changes in total OPEB liability and fiduciary net position that are to be recognized in future OPEB expense.

Plan Description and Eligibility

Upon completion of twenty years of City of Orland service, and upon retiring from City service, Non-safety employees who were regular full-time employees as of July 1, 2013, shall be eligible to receive a contribution of 1% for each year of City service applied toward the cost of the employee-only medical insurance premium if the employee is covered by employee-only insurance at the time of retirement, or

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

applied to the cost of the employee-plus-one-dependent premium if the employee and his or her dependent are covered by the City's medical insurance at the time of retirement.

This benefit expires when the employee/retiree qualifies for Medicare. If the dependent becomes Medicare eligible prior to the retiree, the contribution shall be applied to the cost of the employee-only premium. There were six retirees when the City had CalPERS medical insurance which guaranteed a monthly benefit of \$108 for life.

The obligation of the City to provide these benefits is determined by agreements with the various employee bargaining groups.

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	34
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to, but not yet receiving benefits	-
Total	40

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The contribution required to be made is based on a pay-as-you-go basis (ie, as medical insurance premiums become due). The employer cash contributions totaled \$8,762 for the year.

Actuarial Methods and Assumptions

The total OPEB liability was determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019
Reporting Date	June 30, 2020

Actuarial Assumptions:

Actuarial Cost Method	Entry Age Normal Cost, Level of Percent of Pay
Amortization Method	Straight-line amortization
Discount Rate	2.79% at June 30, 2020
General Inflation	2.75% per annum
Salary increases	3.25% annual increases
Participation Rate	100% for employees that qualify for subsidized coverage 30% for employees that do not qualify for subsidized coverage
Spouse Coverage	Eligible for subsidy – 50% Ineligible for subsidy – 25%
Healthcare Trend Rate	7.5% to 5.0% over a 6 year period
Mortality Factors	CalPERS 2014 Experience Study

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Funded Status

Total OPEB Plan Liability	\$ 554,225
Plan Fiduciary Net Position (<i>plan assets owned</i>)	-
Net OPEB Plan Liability	554,225
OPEB plan expense for the fiscal year	43,723

Discount Rate

Valuation results were computed at a 2.79% discount rate, which the Actuary has determined is a reasonable long-term assumption of the City's expected return on its investments.

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

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019:

	Discount Rate -1%	Current Rate	Discount Rate +1%
	1.79%	2.79%	3.79%
Net OPEB liability / (assets)	\$ 619,148	\$ 554,225	\$ 498,202

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability calculated using the Healthcare Cost Trend discount rate assumed to start at 8.00% (effective January 1, 2019) and down grade to 5% for years 2025 and thereafter:

	Current Trend -1%	Current Trend	Current Trend +1%
	7.00%	Rate 8.00%	9.00%
Net OPEB liability / (assets)	\$ 470,939	\$ 554,225	\$ 690,250

Deferred Outflows/Inflows of Resources

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 17,631	\$ -
Differences between projected and actual experience	-	-
Changes of assumptions	16,420	(16,077)
Net difference between projected and actual earnings of OPEB Plan investments	-	-
Totals	<u>\$ 34,051</u>	<u>\$ (16,077)</u>

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

The City will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

<u>Year Ending June 30:</u>		
2021	\$	(553)
2022		(553)
2023		(553)
2024		(553)
2025		(553)
thereafter		<u>3,108</u>
	<u>\$</u>	<u>343</u>

Note 14 - Subsequent Events

The management of the City has reviewed the results of operations for the period from its year end June 30, 2020 through February 22, 2021, the date the financial statements were available to be issued in “draft” form, 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.

Note 15 - Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can be read in their entirety at <http://www.gasb.org>

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Under this Statement, a lessee is required to recognize a lease liability and a right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

CITY OF ORLAND
Notes to Financial Statements
June 30, 2020

Note 16 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Major Funds	Nonmajor Governmental Funds	Total
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted for:				
DIF capital expenditures	-	2,279,312	-	2,279,312
CA BSCC grant	-	-	5,749	5,749
Gas tax - streets/sidewalks	-	-	69,350	69,350
Transportation tax - streets	-	-	-	-
SB 1 - streets and infrastructure	-	-	258,670	258,670
Assessment Districts - maintenance	-	-	547,975	547,975
Library books/capital projects	-	-	127,470	127,470
Public safety grant funded expenditures	-	-	42,101	42,101
CDBG - program reuse funds	-	-	458,737	458,737
Total restricted fund balances	<u>-</u>	<u>2,279,312</u>	<u>1,510,052</u>	<u>3,789,364</u>
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to:				
Tree committee	-	-	1,056	1,056
Measure A Public Safety	817,636	-	-	817,636
Community Center	-	-	1,369	1,369
Downtown signs	-	-	3,118	3,118
Arts Commission	-	-	49,718	49,718
Nomlaki Donation	-	-	640	640
Safety program	-	-	49,971	49,971
Total assigned fund balances	<u>817,636</u>	<u>-</u>	<u>105,872</u>	<u>923,508</u>
Unassigned	<u>753,967</u>	<u>(65,439)</u>	<u>(46,523)</u>	<u>642,005</u>
Total Fund Balances	<u><u>\$ 1,571,603</u></u>	<u><u>\$ 2,213,873</u></u>	<u><u>\$ 1,569,401</u></u>	<u><u>\$ 5,354,877</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

CITY OF ORLAND
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2020

Schedule of Proportionate Share of the Net Pension Liability

The proportion (percentage) of the collective net pension liability represents the City's share of both cost-sharing plan assets (the miscellaneous and safety plans) offset against the actuarial determined collective pension liability.

The proportionate share (dollar amount) of the collective net pension liability represents the City's share of both cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the applicable miscellaneous or safety pension plan.

Schedule of Contributions

The employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) a ratio of the actual contributions divided by covered-employee payroll.

CITY OF ORLAND
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last Five Six Years*

Schedule of the City's Proportionate Share of the Plan's Net Pension Liability	Measurement Date - Fiscal Year Ending June 30					
	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.0607%	0.0596%	0.0581%	0.0578%	0.0571%	0.0510%
City's proportionate share of the net pension liability	\$ 6,224,420	\$ 5,742,179	\$ 5,761,376	\$ 5,003,217	\$ 3,918,696	\$ 3,151,345
City's covered-employee payroll **	\$ 2,196,355	\$ 1,970,481	\$ 1,984,314	\$ 1,740,811	\$ 1,851,123	\$ 1,798,556
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	283%	291%	290%	287%	212%	175%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75%	75%	73%	74%	78%	82%

Schedule of the City's Contributions	Fiscal Year Ending June 30					
	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 684,036	\$ 588,379	\$ 493,433	\$ 467,307	\$ 413,224	\$ 294,491
Contributions in relation to the contractually required employer contribution	684,036	588,379	493,433	467,497	413,224	294,491
Contribution (excess) deficiency	\$ -	\$ -	\$ -	\$ (190)	\$ -	\$ -
City's covered-employee payroll ***	\$ 2,318,470	\$ 2,196,355	\$ 1,970,481	\$ 1,984,314	\$ 1,740,811	\$ 1,851,123
Contributions as a percentage of covered-employee payroll	30%	27%	25%	24%	24%	16%

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown

** for the measurement date fiscal year

*** for the fiscal year ending on the date shown

CITY OF ORLAND
Required Supplementary Information (unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios,
and Schedule of OPEB Contributions
Last Three Fiscal Years*

For Reporting at Fiscal Year Ended June 30:	2020	2019	2018
Measurement Date - Fiscal Year Ending June 30:	2019	2018	2017
<u>Total OPEB Liability</u>			
Service cost	\$ 28,240	\$ 26,495	\$ 28,234
Interest on the total OPEB liability	16,036	15,998	13,904
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	11,283	8,325	(24,450)
Contribution from the employer	-	-	-
Benefit payments	(22,424)	(28,674)	(18,593)
Net Change in Total OPEB Liability	33,135	22,144	(905)
Total OPEB Liability - beginning	521,090	498,946	499,851
Total OPEB Liability - ending (a)	<u>\$ 554,225</u>	<u>\$ 521,090</u>	<u>\$ 498,946</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - employer	\$ -	\$ 28,674	\$ 18,593
Net investment income	-	-	-
Benefit payments	-	(28,674)	(18,593)
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - beginning	-	-	-
Plan Fiduciary Net Position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Plan Net OPEB Liability - ending (a) - (b)</u>	<u>\$ 554,225</u>	<u>\$ 521,090</u>	<u>\$ 498,946</u>
Fiduciary Net Position as a % of Total OPEB Liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 2,455,076	\$ 2,256,165	\$ 2,210,307
Net OPEB liability as a percentage of covered-employee payroll	22.57%	23.10%	22.57%

* Fiscal year 2018 was the first year of implementation, therefore only three years are shown

CITY OF ORLAND
Required Supplementary Information (unaudited)
Budgetary Comparison Information and Schedules
Year Ended June 30, 2020

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
Required Supplementary Information (unaudited)
Budgetary Comparison Information
General Fund No. 00
Year Ended June 30, 2020

Resources (Inflows)	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Property taxes	\$ 900,000	\$ 900,000	\$ 951,937	\$ 51,937
Sales taxes	2,063,500	2,063,500	1,997,050	(66,450)
Motor vehicle in-lieu	680,000	680,000	736,615	56,615
Franchise taxes	143,000	143,000	152,288	9,288
Business licenses	22,000	22,000	24,054	2,054
Property transfer taxes	20,000	20,000	25,430	5,430
Transient occupancy taxes	70,000	70,000	76,435	6,435
Building permits/plan check fees	170,000	170,000	95,002	(74,998)
Fees, fines and forfeitures	24,000	24,000	25,650	1,650
Homeowners prop tax reimbursement	8,000	8,000	7,689	(311)
Intergovernment	157,000	157,000	247,389	90,389
Charge for services	116,000	116,000	61,209	(54,791)
Use of money and property	66,900	66,900	53,765	(13,135)
Administrative allocation	329,000	329,000	329,000	-
State COPS grant	100,000	100,000	155,947	55,947
Other revenue	12,400	12,400	424,699	412,299
Transfers in	-	-	-	-
Amounts Available for Appropriation	<u>4,881,800</u>	<u>4,881,800</u>	<u>5,364,159</u>	<u>482,359</u>
Charges to Appropriations (Outflows)				
5010 City Council	75,700	75,700	275,460	(199,760)
5050 City Manager	246,402	246,402	146,323	100,079
5020 City Clerk	142,895	142,895	141,140	1,755
5030 City Finance	256,022	256,022	252,278	3,744
5040 City Attorney	49,000	49,000	50,105	(1,105)
5090 Public works	358,646	358,646	695,898	(337,252)
5060 Planning & Building dept.	220,136	220,136	104,124	116,012
5110 City Police dept.	2,070,228	2,070,228	2,097,300	(27,072)
5120 City Fire dept.	177,730	177,730	209,332	(31,602)
5200 City Library	506,330	506,330	498,741	7,589
5250 City Parks Maintenance	234,206	234,206	231,898	2,308
5260 City Recreation dept.	295,800	295,800	208,897	86,903
5261 City Pool maintenance	38,000	38,000	128,135	(90,135)
General City debt service	89,300	89,300	176,726	(87,426)
Other expenditures	-	-	242,606	(242,606)
Transfers out	-	-	-	-
Total Charges to Appropriations	<u>4,760,395</u>	<u>4,760,395</u>	<u>5,458,963</u>	<u>(698,568)</u>
Surplus (Deficit)	<u>\$ 121,405</u>	<u>\$ 121,405</u>	<u>\$ (94,804)</u>	<u>\$ (216,209)</u>

CITY OF ORLAND
Required Supplementary Information (unaudited)
Budgetary Comparison Information
Measure A Sales Tax Fund No. 01
Year Ended June 30, 2020

Resources (Inflows)	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,050,000	1,050,000	1,024,047	(25,953)
Motor vehicle in-lieu	-	-	-	-
Franchise taxes	-	-	-	-
Business licenses	-	-	-	-
Property transfer taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Building permits/plan check fees	-	-	-	-
Fees, fines and forfeitures	-	-	-	-
County Library support	-	-	-	-
City of Willows Library support	-	-	-	-
Charge for services	-	-	-	-
Use of money and property	-	-	6,269	6,269
Administrative allocation	-	-	-	-
Other grant revenue	-	-	44,242	44,242
State COPS grant	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,074,558</u>	<u>24,558</u>
Charges to Appropriations (Outflows)				
5010 City Council	-	-	-	-
5050 City Manager	-	-	-	-
5020 City Clerk	-	-	-	-
5030 City Finance	-	-	-	-
5040 City Attorney	-	-	-	-
5090 Public works	-	-	-	-
5060 Planning & Building dept.	-	-	-	-
5110 City Police dept.	204,000	204,000	101,873	102,127
5120 City Fire dept.	208,000	208,000	1,470	206,530
5200 City Library	-	-	-	-
5250 City Parks Maintenance	-	-	-	-
5260 City Recreation dept.	-	-	-	-
5261 City Pool maintenance	-	-	-	-
Police & Fire equip debt service	270,000	270,000	167,538	102,462
Meas A capital & equipment	153,000	153,000	739,138	(586,138)
Transfers out	-	-	-	-
Total Charges to Appropriations	<u>835,000</u>	<u>835,000</u>	<u>1,010,019</u>	<u>(175,019)</u>
Surplus (Deficit)	<u>\$ 215,000</u>	<u>\$ 215,000</u>	<u>\$ 64,539</u>	<u>\$ (150,461)</u>

CITY OF ORLAND
Required Supplementary Information (unaudited)
Budgetary Comparison Information
Developer Impact Fees Fund No. 35
Year Ended June 30, 2020

Resources (Inflows)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Motor vehicle in-lieu	-	-	-	-
Franchise taxes	-	-	-	-
Business licenses	-	-	-	-
Property transfer taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Building permits/plan check fees	-	-	-	-
Fees, fines and forfeitures	-	-	-	-
County Library support	-	-	-	-
City of Willows Library support	-	-	-	-
Charge for services	-	-	67,398	67,398
Use of money and property	-	-	43,166	43,166
Administrative allocation	-	-	-	-
Other grant revenue	-	-	-	-
State COPS grant	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	-	-	110,564	110,564
Charges to Appropriations (Outflows)				
5010 City Council	-	-	-	-
5050 City Manager	-	-	-	-
5020 City Clerk	-	-	-	-
5030 City Finance	-	-	-	-
5040 City Attorney	-	-	-	-
5090 Public works	-	-	-	-
5060 Planning & Building dept.	-	-	-	-
5110 City Police dept.	-	-	-	-
5120 City Fire dept.	-	-	-	-
5200 City Library	-	-	-	-
5250 City Parks Maintenance	-	-	-	-
5260 City Recreation dept.	-	-	-	-
5261 City Pool maintenance	-	-	-	-
Police & Fire equip debt service	-	-	-	-
DIF capital & equipment	60,000	60,000	42,995	17,005
Transfers out	-	-	-	-
Total Charges to Appropriations	60,000	60,000	42,995	17,005
Surplus (Deficit)	\$ (60,000)	\$ (60,000)	\$ 67,569	\$ 127,569

OTHER SUPPLEMENTARY INFORMATION

Combining Funds Financial Statements

CITY OF ORLAND
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Gasoline	Transportation	RMBA	Assessment	Community	CA BSCC	HCD Park	Downtown	Arts	Nomlaki	Safety	Tree	Library	Police	Economic	
	Tax	Tax	SB 1	Districts	Center	Grant	Grant	Signs	Commission	Donation	Fund	Comm	Funds	Grants	Grants	Totals
ASSETS																
Cash & investments	\$ -	\$ -	\$ 236,620	\$ 545,463	\$ 1,369	\$ 5,749	\$ -	\$ 3,118	\$ 50,518	\$ 640	\$ 47,594	\$ 1,056	\$ 128,143	\$ 42,101	\$ 458,737	\$ 1,521,108
Receivables	123,020	-	22,050	2,512	-	-	-	-	-	-	2,377	-	-	-	-	149,959
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	619,578	619,578
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,227,595	6,227,595
Total Assets	\$ 123,020	\$ -	\$ 258,670	\$ 547,975	\$ 1,369	\$ 5,749	\$ -	\$ 3,118	\$ 50,518	\$ 640	\$ 49,971	\$ 1,056	\$ 128,143	\$ 42,101	\$ 7,305,910	\$ 8,518,240
LIABILITIES																
Payables	\$ 16,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ 673	\$ -	\$ 15,245	\$ 33,104
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,847,173	6,847,173
Internal loans GF	37,284	-	-	564	-	-	-	-	-	-	-	-	-	-	30,714	68,562
Total Liabilities	53,670	-	-	564	-	-	-	-	800	-	-	-	673	-	6,893,132	6,948,839
FUND BALANCES																
Restricted	69,350	-	258,670	547,975	-	5,749	-	-	-	-	-	-	127,470	42,101	458,737	1,510,052
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	1,369	-	-	3,118	49,718	640	49,971	1,056	-	-	-	105,872
Unassigned	-	-	-	(564)	-	-	-	-	-	-	-	-	-	-	(45,959)	(46,523)
Totals	69,350	-	258,670	547,411	1,369	5,749	-	3,118	49,718	640	49,971	1,056	127,470	42,101	412,778	1,569,401
Total Liabilities and																
Fund Balances	\$ 123,020	\$ -	\$ 258,670	\$ 547,975	\$ 1,369	\$ 5,749	\$ -	\$ 3,118	\$ 50,518	\$ 640	\$ 49,971	\$ 1,056	\$ 128,143	\$ 42,101	\$ 7,305,910	\$ 8,518,240

CITY OF ORLAND
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Year Ended June 30, 2020

	Gasoline	Transportation	RMBA	Assessment	Community	CA BSCC	HCD Park	Downtown	Arts	Nomlaki	Safety	Tree	Library	Police	Economic	Totals
REVENUE	Tax	Tax	SB 1	Districts	Center	Grant	Grant	Signs	Commission	Donation	Fund	Comm	Funds	Department	& Block	
Intergovernmental revenue	\$ 309,055	\$ -	\$ 144,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,246	\$ -	\$ -	\$ 466,697
Charge for services	-	-	-	82,969	-	-	-	-	10,091	-	-	-	10,126	-	-	103,186
Investment earnings	-	-	5,387	10,556	25	108	-	59	1,054	-	485	-	2,489	426	2,932	23,521
Other revenue	-	-	-	-	-	-	-	-	-	-	52,304	-	-	12,710	66,448	131,462
Total Revenue	309,055	-	149,783	93,525	25	108	-	59	11,145	-	52,789	-	25,861	13,136	69,380	724,866
EXPENDITURES																
Current -																
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	212,983	212,983
Public safety	-	-	-	-	-	-	-	-	-	-	13,321	-	-	9,496	-	22,817
Public works/streets	306,495	10,512	84,268	70,066	-	-	-	-	-	-	-	-	-	-	-	471,341
Library and Arts	-	-	-	-	-	-	-	-	21,028	-	-	-	40,330	-	-	61,358
Parks and recreation	-	-	-	-	-	-	14,715	-	-	-	-	2,454	-	-	-	17,169
Capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	306,495	10,512	84,268	70,066	-	-	14,715	-	21,028	-	13,321	2,454	40,330	9,496	212,983	785,668
Revenue over (under)																
Expenditures	2,560	(10,512)	65,515	23,459	25	108	(14,715)	59	(9,883)	-	39,468	(2,454)	(14,469)	3,640	(143,603)	(60,802)
Transfers in (out)	-	-	-	-	-	-	168,457	-	-	-	-	3,510	-	-	-	171,967
CHANGE IN FUND																
BALANCES	2,560	(10,512)	65,515	23,459	25	108	153,742	59	(9,883)	-	39,468	1,056	(14,469)	3,640	(143,603)	111,165
Fund balance - beginning	66,790	10,512	193,155	523,952	1,344	5,641	(153,742)	3,059	59,601	640	10,503	-	141,939	38,461	556,381	1,458,236
Fund balance - end of year	\$ 69,350	\$ -	\$ 258,670	\$ 547,411	\$ 1,369	\$ 5,749	\$ -	\$ 3,118	\$ 49,718	\$ 640	\$ 49,971	\$ 1,056	\$ 127,470	\$ 42,101	\$ 412,778	\$ 1,569,401

