

**CITY OF ORLAND**  
***California***

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**Annual Financial Report**  
**June 30, 2021**

# CITY OF ORLAND

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# MARCELLO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021, 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, 2021, 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  
November 22, 2021

**CITY OF ORLAND**  
**Government-wide Financial Statements**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 5,405,190	\$ 3,341,539	\$ 8,746,729
Receivables	1,953,626	366,874	2,320,500
Prepaid expenses	57,911	-	57,911
Internal balances	(415,509)	415,509	-
Total current assets	<u>7,001,218</u>	<u>4,123,922</u>	<u>11,125,140</u>
Notes and interest receivable	6,765,461	-	6,765,461
Capital assets not being depreciated	486,096	89,397	575,493
Capital assets, net of depreciation	<u>10,965,653</u>	<u>6,621,018</u>	<u>17,586,671</u>
Total noncurrent assets	<u>18,217,210</u>	<u>6,710,415</u>	<u>24,927,625</u>
Total assets	<u>25,218,428</u>	<u>10,834,337</u>	<u>36,052,765</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension outflows	1,285,840	244,922	1,530,762
Deferred OPEB outflows	<u>26,367</u>	<u>7,684</u>	<u>34,051</u>
Total assets and deferred outflows	<u>26,530,635</u>	<u>11,086,943</u>	<u>37,617,578</u>
<b>Liabilities</b>			
Payables	151,552	45,732	197,284
Deposits	27,055	-	27,055
Noncurrent liabilities:			
Due within one year	566,453	361,020	927,473
Due in more than one year	<u>7,163,837</u>	<u>4,101,288</u>	<u>11,265,125</u>
Total liabilities	<u>7,908,897</u>	<u>4,508,040</u>	<u>12,416,937</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension inflows	166,205	31,658	197,863
Deferred OPEB inflows	<u>12,543</u>	<u>3,534</u>	<u>16,077</u>
Total liabilities and deferred inflows	<u>8,087,645</u>	<u>4,543,232</u>	<u>12,630,877</u>
<b>Net Position</b>			
Net investment in capital assets	10,315,063	3,583,369	13,898,432
Restricted	4,152,234	-	4,152,234
Unrestricted	<u>3,975,693</u>	<u>2,960,342</u>	<u>6,936,035</u>
Total net position	<u>\$ 18,442,990</u>	<u>\$ 6,543,711</u>	<u>\$ 24,986,701</u>

*The accompanying notes are an integral part of these financial statements*

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

**CITY OF ORLAND**  
**Government-wide Financial Statements**  
**Statement of Activities**  
**Year Ended June 30, 2021**

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
<b>Governmental Activities</b>						
General government	\$ 901,257	\$ 125,954	\$ 1,911,061	\$ 1,135,758		\$ 1,135,758
Community development	403,779	76,967	71,142	(255,670)		(255,670)
Public safety	2,869,893	-	171,614	(2,698,279)		(2,698,279)
Public works and streets	627,910	611,405	1,016,992	1,000,487		1,000,487
Library and arts	451,354	1,374	134,036	(315,944)		(315,944)
Parks and recreation	551,614	68,536	27,300	(455,778)		(455,778)
Depreciation expense	532,541	-	-	(532,541)		(532,541)
Interest expense	301,635	-	-	(301,635)		(301,635)
Capital expenditures	-	-	-	-		-
Total governmental activities	<u>6,639,983</u>	<u>884,236</u>	<u>3,332,145</u>	<u>(2,423,602)</u>		<u>(2,423,602)</u>
<b>Business-type Activities</b>						
Water	1,019,719	1,755,635	-		\$ 735,916	735,916
Sewer	664,463	1,203,266	-		538,803	538,803
Industrial sewer	44,961	126,160	-		81,199	81,199
Total business-type activities	<u>1,729,143</u>	<u>3,085,061</u>	<u>-</u>		<u>1,355,918</u>	<u>1,355,918</u>
Total primary government	<u>\$ 8,369,126</u>	<u>\$ 3,969,297</u>	<u>\$ 3,332,145</u>	<u>(2,423,602)</u>	<u>1,355,918</u>	<u>(1,067,684)</u>
<b>General Revenue</b>						
Property taxes				1,005,386	-	1,005,386
Sales tax				3,513,962	-	3,513,962
Franchise and TOT				268,350	-	268,350
Licenses, fees & fines				101,195	-	101,195
Use of money and property				85,291	34,193	119,484
Intergovernmental				-	224,999	224,999
Other revenue				411,161	30,418	441,579
Total general revenue				<u>5,385,345</u>	<u>289,610</u>	<u>5,674,955</u>
<b>Change in Net Position</b>						
Net Position - beginning				2,961,743	1,645,528	4,607,271
Net Position - beginning				15,481,247	5,073,261	20,554,508
Prior period adjustment-debt allocation				-	(175,078)	(175,078)
Net Position - end of year				<u>\$ 18,442,990</u>	<u>\$ 6,543,711</u>	<u>\$ 24,986,701</u>

*The accompanying notes are an integral part of these financial statements*

***FUND FINANCIAL STATEMENTS***



**CITY OF ORLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>General</b>	<b>Development</b>	<b>STIP</b>	<b>Other</b>	
	<b>Fund</b>	<b>Impact Fees</b>	<b>Fund</b>	<b>Governmental</b>	<b>Totals</b>
<b>Assets</b>	<b>Fund</b>	<b>Impact Fees</b>	<b>Fund</b>	<b>Funds</b>	<b>Totals</b>
Cash and investments	\$ 1,890,352	\$ 2,392,236	\$ -	\$ 1,738,998	\$ 6,021,586
Receivables	1,717,904	-	40,000	195,722	1,953,626
Prepaid expenses	57,911	-	-	-	57,911
Internal loans	-	-	-	-	-
Interest receivable	-	-	-	725,337	725,337
Notes receivable	-	-	-	6,040,124	6,040,124
Total assets	<u>\$ 3,666,167</u>	<u>\$ 2,392,236</u>	<u>\$ 40,000</u>	<u>\$ 8,700,181</u>	<u>\$ 14,798,584</u>
<b>Liabilities</b>					
Payables	\$ 141,621	\$ -	\$ -	\$ 9,931	\$ 151,552
Cash overdraft	-	-	499,551	116,845	616,396
Deposits	27,055	-	-	-	27,055
Deferred revenue	-	-	-	6,765,461	6,765,461
Internal loans	415,509	-	-	-	415,509
Total liabilities	<u>584,185</u>	<u>-</u>	<u>499,551</u>	<u>6,892,237</u>	<u>7,975,973</u>
<b>Fund Balances</b>					
Nonspendable	57,911	-	-	-	57,911
Restricted	-	2,392,236	-	1,759,998	4,152,234
Committed	-	-	-	-	-
Assigned	636,192	-	-	158,283	794,475
Assigned, Measure A	1,194,330	-	-	-	1,194,330
Unassigned	1,193,549	-	(459,551)	(110,337)	623,661
Total fund balances	<u>3,081,982</u>	<u>2,392,236</u>	<u>(459,551)</u>	<u>1,807,944</u>	<u>6,822,611</u>
Total liabilities and fund balances	<u>\$ 3,666,167</u>	<u>\$ 2,392,236</u>	<u>\$ 40,000</u>	<u>\$ 8,700,181</u>	<u>\$ 14,798,584</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, 2021**

Total fund balances - governmental funds (page 6)	\$ 6,822,611
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.	11,451,749
(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.	6,765,461
(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.	(7,730,290)
(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	1,285,840
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	(166,205)
OPEB plan inflows	(12,543)
Net position of governmental activities (page 4)	\$ 18,442,990

*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, 2021**

	<b>General Fund</b>	<b>Development Impact Fees</b>	<b>STIP Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b>Revenue</b>					
Property tax	\$ 1,005,386	\$ -	\$ -	\$ -	\$ 1,005,386
Sales tax	3,513,962	-	-	-	3,513,962
Franchise fees	198,901	-	-	-	198,901
Transient Occupancy taxes	69,449	-	-	-	69,449
Charge for services	146,877	125,954	-	611,405	884,236
Fees, fines and licenses	101,195	-	-	-	101,195
Use of money and property	55,075	18,365	-	11,851	85,291
Intergovernmental	2,201,074	-	657,367	473,704	3,332,145
Administrative reimbursement	231,946	-	-	-	231,946
Other revenue	19,821	-	-	241,106	260,927
Total revenue	<u>7,543,686</u>	<u>144,319</u>	<u>657,367</u>	<u>1,338,066</u>	<u>9,683,438</u>
<b>Expenditures</b>					
Current:					
General Government	722,961	31,395	-	64,603	818,959
Planning and Building	302,019	-	-	-	302,019
Public Safety	2,996,880	-	-	34,900	3,031,780
Public Works/Streets	683,536	-	-	2,460	685,996
Library, Arts & Community	474,661	-	-	42,307	516,968
Parks and Recreation	551,614	-	-	-	551,614
Debt service	301,636	-	-	-	301,636
Capital expenditures	-	-	1,051,478	957,171	2,008,649
Total expenditures	<u>6,033,307</u>	<u>31,395</u>	<u>1,051,478</u>	<u>1,101,441</u>	<u>8,217,621</u>
Revenue over Expenditures	1,510,379	112,924	(394,111)	236,625	1,465,817
<b>Other Financing Sources</b>					
Transfers in	300,000	-	-	-	300,000
Transfers (out)	(300,000)	-	-	-	(300,000)
Total Other Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Fund Balances</b>	1,510,379	112,924	(394,111)	236,625	1,465,817
Net Position - beginning	<u>1,571,603</u>	<u>2,279,312</u>	<u>(65,440)</u>	<u>1,571,319</u>	<u>5,356,794</u>
Fund Balances - end of year	<u>\$ 3,081,982</u>	<u>\$ 2,392,236</u>	<u>\$ (459,551)</u>	<u>\$ 1,571,319</u>	<u>\$ 6,822,611</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, 2021**

Change in fund balances - governmental funds (page 8) \$ 1,465,817

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 net amount by which capital outlay exceeded depreciation expense in the current fiscal year.	1,628,728
(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.	-
(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.	586,108
(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	(730,950)
Change in OPEB plan liabilities and deferrals	-
Compensated absences increase (decrease) in expense	<u>12,040</u>
Change in net position of governmental activities (page 5)	<u>\$ • 2,961,743</u>

*The accompanying notes are an integral part of these financial statements*

**CITY OF ORLAND**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Business-type Activities</b>			<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Industrial Sewer</b>	<b>Enterprise Funds</b>
<b>Assets</b>				
Cash and investments	\$ 2,631,696	\$ 492,709	\$ 217,134	\$ 3,341,539
Receivables	86,473	280,401	-	366,874
Internal loans	415,509	-	-	415,509
Capital assets not being depreciated	67,778	21,619	-	89,397
Capital assets, net of depreciation	3,251,575	3,302,847	66,596	6,621,018
Total assets	6,453,031	4,097,576	283,730	10,834,337
<b>Deferred Outflows of Resources</b>				
Deferred pension outflows	122,461	122,461	-	244,922
Deferred OPEB outflows	3,842	3,842	-	7,684
Total deferred outflows	126,303	126,303	-	252,606
Total assets and deferred outflows	6,579,334	4,223,879	283,730	11,086,943
<b>Liabilities</b>				
Payables	24,021	21,711	-	45,732
Noncurrent liabilities:				
Due within one year	163,083	197,937	-	361,020
Due in more than one year	2,684,216	1,417,072	-	4,101,288
Total liabilities	2,871,320	1,636,720	-	4,508,040
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	15,826	15,832	-	31,658
Deferred OPEB inflows	1,767	1,767	-	3,534
Total deferred inflows	17,593	17,599	-	35,192
Total liabilities and deferred inflows	2,888,913	1,654,319	-	4,543,232
<b>Net Position</b>				
Net investment in capital assets	1,143,913	2,372,860	66,596	3,583,369
Unrestricted	2,546,508	196,700	217,134	2,960,342
Total net position	\$ 3,690,421	\$ 2,569,560	\$ 283,730	\$ 6,543,711

*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, 2021**

	<b>Business-type Activities</b>			<b>Total Enterprise Funds</b>
	<b>Water</b>	<b>Sewer</b>	<b>Industrial Sewer</b>	
<b>Operating Revenue</b>				
Charge for services	\$ 1,755,635	\$ 1,203,266	\$ 126,160	\$ 3,085,061
<b>Operating Expenses</b>				
Personnel costs	230,562	150,030	5,939	386,531
Maintenance and operations	436,718	284,904	8,533	730,155
Administrative allocation	139,670	78,673	13,600	231,943
Depreciation	119,080	119,087	14,715	252,882
Total operating expenditures	926,030	632,694	42,787	1,601,511
<b>Operating Income (Loss)</b>	829,605	570,572	83,373	1,483,550
<b>Nonoperating Revenue (Expenses)</b>				
Investment earnings	29,256	3,173	1,764	34,193
Interest expense	(93,689)	(31,769)	(2,174)	(127,632)
Intergovernmental	-	224,999	-	224,999
Transfers in (out)	-	-	-	-
Other revenue (expenses)	17,256	13,162	-	30,418
Total nonoperating revenue (expenses)	(47,177)	209,565	(410)	161,978
<b>Change in Net Position</b>	782,428	780,137	82,963	1,645,528
Net Position - beginning	2,998,839	1,873,655	200,767	5,073,261
Prior period adjustment-Debt allocation	(90,846)	(84,232)	-	(175,078)
Net Position, as restated	2,907,993	1,789,423	200,767	4,898,183
Net Position - end of year	\$ 3,690,421	\$ 2,569,560	\$ 283,730	\$ 6,543,711

*The accompanying notes are an integral part of these financial statements*

**CITY OF ORLAND**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended June 30, 2021**

**CASH FLOWS PROVIDED BY (USED FOR)**

	Business-type Activities			Total Enterprise Funds
	Water	Sewer	Industrial Sewer	
<b>Operating Activities</b>				
Receipts from customers	\$ 1,744,055	\$ 1,202,866	\$ 126,160	\$ 3,073,081
Payments for maintenance and operations	(565,988)	(357,043)	(22,621)	(945,652)
Payments for personnel costs	(388,866)	(306,521)	(5,939)	(701,326)
Net cash provided (used)	789,201	539,302	97,600	1,426,103
<b>Noncapital Financing Activities</b>				
Internal loans	5,306	(8,652)	-	(3,346)
Net cash provided (used)	5,306	(8,652)	-	(3,346)
<b>Capital and Related Financing Activities</b>				
Principal paid on capital debt	(93,619)	(182,298)	-	(275,917)
Interest paid on capital debt	(93,689)	(31,769)	(2,174)	(127,632)
Purchase of capital assets	(226,159)	(126,081)	-	(352,240)
Net cash provided (used)	(413,467)	(340,148)	(2,174)	(755,789)
<b>Investing Activities</b>				
Investment earnings	29,256	3,173	1,764	34,193
Other revenue (expenses)	17,256	13,162	-	30,418
Net cash provided (used)	46,512	16,335	1,764	30,418
Net Increase (Decrease) in Cash	427,552	206,837	97,190	697,386
Cash and Investments - beginning	2,204,144	285,872	119,944	2,609,960
Cash and Investments - end of year	\$ 2,631,696	\$ 492,709	\$ 217,134	\$ 3,341,539
<b>Operating Activities Analysis</b>				
Operating Income (Loss) - page 11	\$ 829,605	\$ 570,572	\$ 83,373	\$ 1,483,550
Reconciliation adjustments:				
Depreciation, a noncash expense	119,080	119,087	14,715	252,882
(Increase) decrease in receivables	(11,580)	(400)	-	(11,980)
Increase (decrease) in current liabilities	(145,174)	(147,552)	(488)	(293,214)
Increase (decrease) in personnel accruals	(2,730)	(2,405)	-	(5,135)
Net cash provided (used)	\$ 789,201	\$ 539,302	\$ 97,600	\$ 1,426,103

*The accompanying notes are an integral part of these financial statements*

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2021**

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**  
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**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, and 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**  
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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.

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**Notes to Financial Statements**  
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- *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 Fees* - 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

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**Notes to Financial Statements**  
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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.

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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 on the 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 the fiscal 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 capital assets (infrastructure) 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**  
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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.

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- *Unrestricted net position* - represents (1) resources derived from sources without spending restrictions, (2) are used for transactions relating the general operations of the City, and (3) 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

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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.



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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.

Economic Dependence

The City received 70.2% of its total general fund revenue from three sources; sales taxes (46.6%), property taxes (13.3%), and motor vehicle in-lieu state revenue (10.3%). Any reduction in assessed

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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 funds incurred a deficit in their ending fund balance:

6th Street project fund	\$ 76,858
STIP fund	459,551

***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, 2021, the City was in contract for several funded construction projects, which are expected to be completed in fiscal year 2021-2022.

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**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>\$ 8,746,729</u>
Cash and Investments consist of the following:	
Deposits with financial institutions:	
Checking accounts	577,500
Money market mutual funds	690,445
Fixed income: certificates of deposit	1,282,975
Local Agency Investment Fund	<u>6,195,809</u>
	<u>\$ 8,746,729</u>

Collateral and Categorization Requirements

At fiscal year end, the City's carrying amount of demand deposits was \$2,513,785 and the financial institution's account balances were \$2,727,692. 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 \$2,477,692 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

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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 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	\$ 540,690	on demand	n/a	6%
Money market mutual funds	690,445	on demand	0.05%	8%
Local Agency Investment Fund	6,195,809	on demand	0.22%	71%
Bank Certificate of deposit	647,605	7/24/2022	2.60%	7.5%
Bank Certificate of deposit	635,370	7/24/2021	1.95%	7.5%

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

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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 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, 2021, PMIA had approximately \$196 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer's web site at [www.treasurer.ca.gov](http://www.treasurer.ca.gov). 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 tax	\$ 640,117
Other receivables	67,039
Intergovernmental:	
USDA reimbursement	224,999
ARPA grant	936,192
STIP street award	40,000
Gasoline tax	17,162
State	28,117
Total	<u>\$ 1,953,626</u>
<u>Business-type Activities:</u>	
Water utility customers	\$ 77,825
Sewer utility customers	47,746
Interest receivable	9,723
Sewer grant reimbursement	231,580
Total	<u>\$ 366,874</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	\$ 6,040,124
Accrued interest receivable	725,337
Total	<u>\$ 6,765,461</u>

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**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	1,247,106	-	(1,247,106)	-
subtotal	1,733,202	-	(1,247,106)	486,096
<u>Depreciable Assets:</u>				
Buildings and infrastructure	8,144,539	2,956,284	-	11,100,823
Vehicles and equipment	3,580,685	401,949	(100,000)	3,882,634
subtotal	11,725,224	3,358,233	(100,000)	14,983,457
<u>Accumulated Depreciation</u>	(3,585,263)	(532,541)	100,000	(4,017,804)
Depreciable assets, net	8,139,961	2,825,692	-	10,965,653
Total capital assets, net	\$ 9,873,163	\$ 2,825,692	\$ (1,247,106)	\$ 11,451,749

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	4,792,141	-	-	4,792,141
Vehicles	372,148	135,311	-	507,459
subtotal	5,164,289	135,311	-	5,299,600
<u>Accumulated Depreciation</u>	(1,928,945)	(119,080)	-	(2,048,025)
Depreciable assets, net	3,235,344	16,231	-	3,251,575
Total capital assets, net	\$ 3,303,122	\$ 16,231	\$ -	\$ 3,319,353

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**SEWER UTILITY FUND**

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets:</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>Depreciable Assets:</u>				
System infrastructure, improvements & equipment	4,290,879	40,708	-	4,331,587
Vehicles	197,259	42,669	-	239,928
subtotal	<u>4,488,138</u>	<u>83,377</u>	<u>-</u>	<u>4,571,515</u>
<u>Accumulated Depreciation</u>	<u>(1,138,368)</u>	<u>(130,300)</u>	<u>-</u>	<u>(1,268,668)</u>
Depreciable assets, net	<u>3,349,770</u>	<u>(46,923)</u>	<u>-</u>	<u>3,302,847</u>
Total capital assets, net	<u>\$ 3,371,389</u>	<u>\$ (46,923)</u>	<u>\$ -</u>	<u>\$ 3,324,466</u>

**INDUSTRIAL SEWER UTILITY**

	Beginning Balance	Additions/ Completions	Retirements/ Dispositions	Ending Balance
<u>Depreciable Assets:</u>				
System infrastructure, improvements & equipment	\$ 588,444	\$ -	\$ -	\$ 588,444
<u>Accumulated Depreciation</u>	<u>(507,133)</u>	<u>(14,715)</u>	<u>-</u>	<u>(521,848)</u>
Total capital assets, net	<u>\$ 81,311</u>	<u>\$ (14,715)</u>	<u>\$ -</u>	<u>\$ 66,596</u>

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**Note 9 - Payables**

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

<u>Governmental Activities</u>	
Consultants	\$ 44,276
Capital projects	49,491
Vendors	57,785
Total	\$ 151,552
<u>Business-type Activities:</u>	
Water utility vendors	\$ 24,021
Sewer utility vendors	21,711
Total	\$ 45,732

**Note 10 - Interfund Transactions**

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.

<u>Due from Other Funds / Receivables</u>	
Water fund	\$ 415,509
<u>Due to Other Funds / Payables</u>	
General fund	\$ 415,509



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**Note 11 - Long-term Obligations**

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

Pension obligation bonds	\$ 343,600	\$ (164,200)	\$ -	\$ 179,400	\$ 179,400
Police vehicles (4) loan	144,727	(47,418)	-	97,309	49,870
Police vehicles (3) loan	124,351	(31,160)	-	93,191	34,058
Police vehicles (2) loan	119,377	(23,875)	-	95,502	23,875
Land purchase loan	78,906	(9,182)	-	69,724	9,604
Bucket truck loan	34,414	(16,162)	-	18,252	18,252
Aerial Fire engine loan	428,309	(66,258)	-	362,051	68,212
Equipment & trucks loan	230,606	(24,133)	(175,076)	31,397	25,000
Solar energy equipment loan	254,237	(18,991)	-	235,246	19,215
Clean energy equipment loan	143,667	(9,653)	-	134,014	9,940
Net pension liability	4,866,674	-	802,078	5,668,752	-
Net OPEB liability	432,295	-	-	432,295	-
Compensated absences	325,197	(12,040)	-	313,157	78,239
Total	<u>\$ 7,526,360</u>	<u>\$ (423,072)</u>	<u>\$ 627,002</u>	<u>\$ 7,730,290</u>	<u>\$ 515,665</u>

**BUSINESS-TYPE ACTIVITIES**

**Water Utility Fund**

State loan - water well	\$ 1,001,400	\$ (35,137)	\$ -	\$ 966,263	\$ 35,136
Equipment & trucks loan	54,787	(63,217)	90,847	82,417	24,082
Solar equipment loan	615,521	(45,977)	-	569,544	45,977
Clean energy equipment loan	597,351	(40,135)	-	557,216	40,134
Net pension liability	678,871	(138,992)	-	539,879	-
Net OPEB liability	60,965	-	-	60,965	-
Compensated absences	73,744	(2,730)	-	71,014	17,754
subtotal	<u>3,082,639</u>	<u>(326,188)</u>	<u>90,847</u>	<u>2,847,298</u>	<u>163,083</u>

**Sewer Utility Fund**

Equipment & trucks loan	61,404	(63,216)	84,229	82,417	25,588
Solar energy equipment loan	468,331	(34,982)	-	433,349	34,982
Clean energy equipment loan	15,123	(1,016)	-	14,107	1,016
Equipment loan "Blue Frogg"	532,540	(110,807)	-	421,733	120,712
Net pension liability	678,875	(138,992)	-	539,883	-
Net OPEB liability	60,965	-	-	60,965	-
Compensated absences	64,963	(2,405)	-	62,558	15,640
subtotal	<u>1,882,201</u>	<u>(351,418)</u>	<u>84,229</u>	<u>1,615,012</u>	<u>197,938</u>
Total	<u>\$ 4,964,840</u>	<u>\$ (677,606)</u>	<u>\$ 175,076</u>	<u>\$ 4,462,310</u>	<u>\$ 876,686</u>

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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
2022	\$ 179,400	\$ 4,519	\$ 183,919

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
2022	\$ 49,870	\$ 3,308	\$ 53,178
2023	47,439	1,922	49,361
	\$ 97,309	\$ 5,230	\$ 102,539

Police Vehicles (3) Loan

Lease-Purchase agreement dated April 1, 2020 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
2022	\$ 32,575	\$ 3,494	\$ 36,069
2023	34,058	2,011	36,069
2024	26,558	494	27,052
	\$ 93,191	\$ 5,999	\$ 99,190

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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
2022	\$ 23,875	\$ 4,684	\$ 28,559
2023	25,115	3,444	28,559
2024	26,418	2,141	28,559
2025	20,094	1,769	21,863
	\$ 95,502	\$ 12,038	\$ 107,540

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
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	10,827	596	11,423
2027	11,156	267	11,423
2028	7,537	79	7,616
	\$ 69,724	\$ 6,430	\$ 76,154

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:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 18,252	\$ 481	\$ 18,733

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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
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	76,812	2,237	79,049
	\$ 362,051	\$ 32,001	\$ 394,052

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
2022	\$ 156,248	\$ 4,684	\$ 160,932
2023	39,984	936	40,920
	\$ 196,232	\$ 5,620	\$ 201,852

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:

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Year Ending June 30,	Principal	Interest	Total
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	106,010	32,797	138,807
2027-2032	720,352	104,587	824,939
	<u>\$ 1,238,140</u>	<u>\$ 311,155</u>	<u>\$ 1,549,295</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
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	58,844	13,968	72,812
2027-2032	427,672	45,608	473,280
	<u>\$ 705,337</u>	<u>\$ 132,003</u>	<u>\$ 837,340</u>

State Water Resources Control Board Loan

State of California construction financing agreement dated March 9, 2015 for construction of a new water well, unsecured. Repayment of principal is amortized over 30 years, with a zero interest rate.

Future principal payment requirements consist of the following:

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Year Ending June 30,	Principal
2022	\$ 35,136
2023	35,136
2024	35,136
2025	35,136
2026	35,136
2027-2031	175,680
2032-2036	175,680
2037-2041	175,680
2042-2046	175,680
2047-2048	87,863
	\$ 966,263

**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
2022	\$ 124,862	\$ 12,356	\$ 137,218
2023	126,992	10,226	137,218
2024	129,142	8,076	137,218
2025	40,737	3,472	44,209
	\$ 421,733	\$ 34,130	\$ 455,863

**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 with 75% considered payable after one year.

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**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.

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Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
Reporting Date	June 30, 2021

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	\$ 23,373,830
Plan Fiduciary Net Position ( <i>plan assets owned</i> )	16,625,316
Net Pension Plan Liability	6,748,514

Pension plan expense for the fiscal year	\$ 6,879,524
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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



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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 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% 6.15%	Current Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability	\$ 9,885,246	\$ 6,748,514	\$ 4,164,143

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2021**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 418,393	\$ -
Changes of assumptions	-	(37,813)
Net differences between projected and actual investment earnings	178,831	-
Change in employer's proportion	153,665	-
Differences between employer's contributions and the employer's proportionate share of contributions	-	(160,050)
Pension contributions subsequent to measurement date	779,873	-
Totals	\$ 1,530,762	\$ (197,863)

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

<u>Year Ending June 30:</u>	
2022	\$ 90,240
2023	213,807
2024	161,942
2025	87,037
2026	-
thereafter	-
	\$ 553,026

**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, 2021**

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, 2021

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, 2021**

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, 2021, 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, 2021**

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>		
2022	\$	(553)
2023		(553)
2024		(553)
2025		(553)
2026		(553)
thereafter		<u>3,108</u>
	<u>\$</u>	<u>343</u>

**Note 14 - Subsequent Events**

In August 2021, the City reduced its CalPERS pension obligation liability through the issuance of Pension Obligation Bonds, payable over 20 years at a blended interest rate of 2.95% per annum, which is scheduled to save the City \$1,407,144 in future interest expense costs.

In September 2021, the California Department of Water Resources announced it will provide the City with a \$7,735,000 grant to construct a new municipal well and to expand the water distribution system to provide connections to its rural residents.

The management of the City has reviewed the results of operations for the period from its year end June 30, 2021 through March 2, 2022, 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 2020, GASB issued Statement No. 92 – Omnibus 2020. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

In March 2020, GASB issued Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. A public-private and public-public partnership arrangement (PPP) is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2021**

of time in an exchange or exchange-like transaction. This statement addresses issues related to PPPs. PPPs that meet the definition of a lease, can apply the guidance in Statement No. 87, Leases, as amended. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of a service concession arrangement (SCA) or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement).

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are defined in this Statement as an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

In May 2020, GASB issued Statement No. 95 – Postponement of the Effective Dates of Certain Authority Guidance, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. Paragraphs 4 and 5 are applicable to fiscal year 2019-2020. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

**CITY OF ORLAND**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 16 - Fund Balance Designations Section of the Balance Sheet**

Fund Balances	General Fund	Major Funds	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepaid expenses	\$ 57,911	\$ -	\$ -	\$ 57,911
Restricted for:				
DIF capital expenditures	-	2,392,236	-	2,392,236
CA BSCC grant	-	-	5,794	5,794
Gas tax - streets/sidewalks	-	-	83,325	83,325
Transportation tax - streets	-	-	-	-
SB 1 - streets and infrastructure	-	-	243,230	243,230
Code Enforcement	-	-	1,107	1,107
Assessment Districts - maintenance	-	-	575,158	575,158
Library books/capital projects	-	-	121,141	121,141
Public safety grant funded expenditures	-	-	46,222	46,222
CDBG - program reuse funds	-	-	684,021	684,021
Total restricted fund balances	<u>-</u>	<u>2,392,236</u>	<u>1,759,998</u>	<u>4,152,234</u>
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to:				
Measure A Public Safety	1,194,330	-	-	1,194,330
Federal ARPA Grant	636,192	-	-	636,192
USBR parking meters	-	-	49,907	49,907
Tree committee	-	-	4,165	4,165
Community Center	-	-	1,380	1,380
Downtown signs	-	-	3,673	3,673
Arts Commission	-	-	30,894	30,894
Nomlaki Donation	-	-	640	640
Safety program	-	-	67,624	67,624
Total assigned fund balances	<u>1,830,522</u>	<u>-</u>	<u>158,283</u>	<u>1,988,805</u>
Unassigned	<u>1,193,549</u>	<u>(459,551)</u>	<u>(110,337)</u>	<u>623,661</u>
Total Fund Balances	<u>\$ 3,081,982</u>	<u>\$ 1,932,685</u>	<u>\$ 1,807,944</u>	<u>\$ 6,822,611</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

*(unaudited)*



**CITY OF ORLAND**  
**Required Supplementary Information (unaudited)**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**As of June 30, 2021**

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 Seven Years\***

Schedule of the City's Proportionate Share of the Plan's Net Pension Liability	Measurement Date - Fiscal Year Ending June 30						
	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	6.2020%	0.0607%	0.0596%	0.0581%	0.0578%	0.0571%	0.0510%
City's proportionate share of the net pension liability	\$ 6,748,514	\$ 6,224,420	\$ 5,742,179	\$ 5,761,376	\$ 5,003,217	\$ 3,918,696	\$ 3,151,345
City's covered-employee payroll **	\$ 2,318,470	\$ 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	291%	283%	291%	290%	287%	212%	175%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75%	75%	75%	73%	74%	78%	82%

Schedule of the City's Contributions	Fiscal Year Ending June 30						
	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 779,873	\$ 684,036	\$ 588,379	\$ 493,433	\$ 467,307	\$ 413,224	\$ 294,491
Contributions in relation to the contractually required employer contribution	779,873	684,036	588,379	493,433	467,497	413,224	294,491
Contribution (excess) deficiency	\$ -	\$ -	\$ -	\$ -	\$ (190)	\$ -	\$ -
City's covered-employee payroll ***	\$ 2,563,762	\$ 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%	30%	27%	25%	24%	24%	16%

\* Fiscal year 2014 was the first year of implementation, therefore only seven 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.

**CITY OF ORLAND**  
**Required Supplementary Information (unaudited)**  
**Budgetary Comparison Information and Schedules**  
**Year Ended June 30, 2021**

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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Resources (Inflows)</b>				
Property taxes	\$ 953,000	\$ 953,000	\$ 1,005,386	\$ 52,386
Sales taxes	2,038,500	2,038,500	2,274,577	236,077
Franchise taxes	155,000	155,000	198,901	43,901
Business licenses	22,500	22,500	25,395	2,895
Transient occupancy taxes	42,000	42,000	69,449	27,449
Building permits/plan check fees	108,000	108,000	97,477	(10,523)
Fees, fines and forfeitures	20,000	20,000	20,360	360
Intergovernment	186,241	186,241	1,155,448	969,207
Use of money and property	58,500	58,500	55,075	(3,425)
Administrative allocation	231,946	231,946	231,946	-
State COPS grant	140,000	140,000	156,727	16,727
Other revenue	37,250	37,250	68,575	31,325
Transfers in	200,000	200,000	200,000	-
Amounts Available for Appropriation	4,192,937	4,192,937	5,559,316	1,366,379
<b>Charges to Appropriations (Outflows)</b>				
General government	711,598	711,598	722,961	(11,363)
Planning and Building dept	220,139	220,139	302,019	(81,880)
Public safety	2,272,223	2,272,223	2,218,946	53,277
Public works/streets	349,036	349,036	683,536	(334,500)
Library, arts and community	137,688	543,218	474,661	68,557
Parks and recreation	542,397	542,397	551,614	(9,217)
Debt service	81,350	81,350	108,083	(26,733)
Transfers out	-	-	-	-
Total Charges to Appropriations	4,314,431	4,719,961	5,061,820	(341,859)
<b>Excess (Deficit)</b>	\$ (121,494)	\$ (527,024)	\$ 497,496	\$ 1,024,520

**CITY OF ORLAND**  
**Required Supplementary Information (unaudited)**  
**Budgetary Comparison Information**  
**State Transportation Improvement Program (STIP) - Fund No. 25**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Resources (Inflows)</b>				
Charge for services	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-
Administrative allocation	-	-	-	-
Other grant revenue	-	-	657,367	657,367
State COPS grant	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	-	-	657,367	657,367
<b>Charges to Appropriations (Outflows)</b>				
Capital projects - streets	-	-	1,051,478	(1,051,478)
Transfers out	-	-	-	-
Total Charges to Appropriations	-	-	1,051,478	(1,051,478)
<b>Excess (Deficit)</b>	\$ -	\$ -	\$ (394,111)	\$ (394,111)

**CITY OF ORLAND**  
**Required Supplementary Information (unaudited)**  
**Budgetary Comparison Information**  
**Developer Impact Fees - Fund No. 35**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Resources (Inflows)</b>				
Charge for services	\$ -	\$ -	\$ 125,954	\$ 125,954
Use of money and property	-	-	18,365	18,365
Administrative allocation	-	-	-	-
Other grant revenue	-	-	-	-
State COPS grant	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	-	-	144,319	144,319
<b>Charges to Appropriations (Outflows)</b>				
City Library	-	-	-	-
City Parks	-	-	2,768	2,768
City Recreation	-	-	-	-
City Pool	-	-	-	-
Police & Fire	-	-	-	-
Capital projects & equipment	60,000	60,000	28,628	31,372
Transfers out	-	-	-	-
Total Charges to Appropriations	60,000	60,000	31,396	34,140
<b>Excess (Deficit)</b>	<b>\$ (60,000)</b>	<b>\$ (60,000)</b>	<b>\$ 112,923</b>	<b>\$ 178,459</b>

***OTHER SUPPLEMENTARY INFORMATION***

***Combining Funds Financial Statements***



**CITY OF ORLAND**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	Gasoline	STIP	Code	RMRA	Sixth St	Assessment	Community	CA BSCC	USBR	Downtown	Arts	Nomlaki	Safety	Tree	Library	Police	Economic	Totals
<b>ASSETS</b>	Tax	Papst Ave	Enforcement	SB 1	Project	Districts	Center	Grant	Park Meters	Signs	Commission	Donation	Fund	Comm.	Funds	Grants	Grants	
Cash & investments	\$ -	\$ -	\$ 1,107	\$ 215,113	\$ -	\$ 574,147	\$ 1,380	\$ 5,794	\$ 49,907	\$ 3,673	\$ 30,894	\$ 640	\$31,126	\$ 4,165	\$121,828	\$ 46,222	\$ 653,002	\$ 1,738,998
Receivables	130,096	-	-	28,117	-	1,011	-	-	-	-	-	-	36,498	-	-	-	-	195,722
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	725,337	725,337
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,040,124	6,040,124
<b>Total Assets</b>	<b>\$ 130,096</b>	<b>\$ -</b>	<b>\$ 1,107</b>	<b>\$ 243,230</b>	<b>\$ -</b>	<b>\$ 575,158</b>	<b>\$ 1,380</b>	<b>\$ 5,794</b>	<b>\$ 49,907</b>	<b>\$ 3,673</b>	<b>\$ 30,894</b>	<b>\$ 640</b>	<b>\$67,624</b>	<b>\$ 4,165</b>	<b>\$121,828</b>	<b>\$ 46,222</b>	<b>\$7,418,463</b>	<b>\$ 8,700,181</b>

**LIABILITIES**

Payables	\$ 9,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 687	\$ -	\$ -	\$ 9,931
Cash overdraft	37,527	2,460	-	-	76,858	-	-	-	-	-	-	-	-	-	-	-	-	116,845
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,765,461	6,765,461
Internal loans GF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>46,771</b>	<b>2,460</b>	<b>-</b>	<b>-</b>	<b>76,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>687</b>	<b>-</b>	<b>6,765,461</b>	<b>6,892,237</b>

**FUND BALANCES**

Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	83,325	-	1,107	243,230	-	575,158	-	5,794	-	-	-	-	-	-	121,141	46,222	684,021	1,759,998
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	1,380	-	49,907	3,673	30,894	640	67,624	4,165	-	-	-	158,283
Unassigned	-	(2,460)	-	-	(76,858)	-	-	-	-	-	-	-	-	-	-	-	(31,019)	(110,337)
<b>Totals</b>	<b>83,325</b>	<b>(2,460)</b>	<b>1,107</b>	<b>243,230</b>	<b>(76,858)</b>	<b>575,158</b>	<b>1,380</b>	<b>5,794</b>	<b>49,907</b>	<b>3,673</b>	<b>30,894</b>	<b>640</b>	<b>67,624</b>	<b>4,165</b>	<b>121,141</b>	<b>46,222</b>	<b>653,002</b>	<b>1,807,944</b>

Total Liabilities and

Fund Balances	\$ 130,096	\$ -	\$ 1,107	\$ 243,230	\$ -	\$ 575,158	\$ 1,380	\$ 5,794	\$ 49,907	\$ 3,673	\$ 30,894	\$ 640	\$67,624	\$ 4,165	\$121,828	\$ 46,222	\$7,418,463	\$ 8,700,181
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**CITY OF ORLAND**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Year Ended June 30, 2021**

	Gasoline	STIP	Code	RMRA	Sixth St	Assessment	Community	CA BSCC	USBR	Downtown	Arts	Nomlaki	Safety	Tree	Library	Police	Economic	
	Tax	Papst Ave	Enforcement	SB 1	Project	Districts	Center	Grant	Park Meters	Signs	Commission	Donation	Fund	Comm.	Funds	Grants	& Block	Totals
<b>REVENUE</b>																		
Intergovernmental revenue	\$ 294,408	\$ -	\$ -	\$ 154,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 473,704
Charge for services	-	-	1,107	-	412,676	87,321	-	-	67,258	700	(14,905)	-	36,498	-	20,750	-	-	611,405
Investment earnings	40	-	-	1,625	-	4,465	11	45	25	28	273	-	250	9	976	178	3,926	11,851
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,748	221,358	241,106
Total Revenue	294,448	-	1,107	155,921	412,676	91,786	11	45	67,283	728	(14,632)	-	36,748	9	21,726	19,926	250,284	1,338,066
<b>EXPENDITURES</b>																		
Current -																		
General government	-	-	-	-	-	64,603	-	-	-	-	-	-	-	-	-	-	-	64,603
Planning and Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	19,095	-	-	15,805	-	34,900
Public works/streets	-	2,460	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,460
Library, Arts & Community	-	-	-	-	-	-	-	-	-	-	4,192	-	-	-	28,055	-	10,060	42,307
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	280,473	-	-	171,361	488,970	-	-	-	16,194	173	-	-	-	-	-	-	-	957,171
Total Expenditures	280,473	2,460	-	171,361	488,970	64,603	-	-	16,194	173	4,192	-	19,095	-	28,055	15,805	10,060	1,101,441
Revenue over (under)																		
Expenditures	13,975	(2,460)	1,107	(15,440)	(76,294)	27,183	11	45	51,089	555	(18,824)	-	17,653	9	(6,329)	4,121	240,224	236,625
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN FUND</b>																		
<b>BALANCES</b>	13,975	(2,460)	1,107	(15,440)	(76,294)	27,183	11	45	51,089	555	(18,824)	-	17,653	9	(6,329)	4,121	240,224	236,625
Fund balance - beginning	69,350	-	-	258,670	(564)	547,975	1,369	5,749	(1,182)	3,118	49,718	640	49,971	4,156	127,470	42,101	412,778	1,571,319
Fund balance - end of year	\$ 83,325	\$ (2,460)	\$ 1,107	\$ 243,230	\$ (76,858)	\$ 575,158	\$ 1,380	\$ 5,794	\$ 49,907	\$ 3,673	\$ 30,894	\$ 640	\$ 67,624	\$ 4,165	\$ 121,141	\$ 46,222	\$ 653,002	\$ 1,807,944

