



**CITY OF ORLAND**

**ANNUAL  
FINANCIAL  
REPORT**

**JUNE 30, 2023**



**CITY OF ORLAND**  
**ORLAND, CALIFORNIA**

**JUNE 30, 2023**

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<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Chris Dobbs	Mayor	November 2024
Mathew “Matt” Romano	Vice Mayor	November 2026
Jeffrey A. Tolley	Councilmember	November 2024
John McDermott	Councilmember	November 2026
Bruce T. Roundy	Councilmember	November 2024

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**ADMINISTRATION**

Pete Carr	City Manager
Rebecca Pendergrass	Director of Administrative Services/Assistant City Manager
Gregory P. Einhorn	City Attorney
Jennifer Schmitke	City Clerk
Letty Espinosa	City Treasurer

**ORGANIZATION**

Orland City Council is comprised of five community members that are voted into office. Orland City Council is responsible for making policy decisions and directing city staff.

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**CITY OF ORLAND**

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**JUNE 30, 2023**

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*FINANCIAL SECTION*

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
City of Orland  
Orland, California

### REPORT ON THE FINANCIAL STATEMENTS

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Orland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Orland's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 City of Orland, as of June 30, 2023, 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.

#### *Potential Component Unit Emphasis of Matter*

Management has declined to include the Orland Volunteer Fire Department's ("OVFD") financial activity, nor were we engaged to audit the OVFD. The OVFD is a separate legal entity to the City. However, the City is the sponsoring agency. The size of OVFD is unknown, but it is understood they file a 990 federal tax return. Because the auditor has been unable to determine "imposition of will" and "financial burden or benefit" we cannot determine if the potential component unit is to be included or not.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Orland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

RT DENNIS  
ACCOUNTANCY

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, pension, and OPEB schedules on pages 39–43, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the 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 opinions on the basic financial statements are not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Orland’s basic financial statements. The following schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements:

Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) requires a Schedule of Expenditures of Federal Awards (“SEFA”).

The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information Included in the Annual Financial Report***

Management is responsible for the other information in the Annual Financial Report. The other information comprises the Combining Statements of Non-Major Governmental Funds but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024 on our consideration of City of Orland’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Orland’s internal control over financial reporting and compliance.



May 29, 2024

CITY OF ORLAND

STATEMENT OF NET POSITION  
 JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Equivalents	\$ 9,311,483	\$ 3,216,252	\$ 12,527,735
Receivables	8,057,639	470,648	8,528,287
Internal Balances	(552,313)	552,313	-
Capital Assets	11,985,413	8,313,068	20,298,481
<b>Total Assets</b>	<b>28,802,222</b>	<b>12,552,281</b>	<b>41,354,503</b>
<b>Deferred Outflows of Resources</b>	<b>3,685,000</b>	<b>766,000</b>	<b>4,451,000</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
	<b>\$ 32,487,222</b>	<b>\$ 13,318,281</b>	<b>\$ 45,805,503</b>
<b>LIABILITIES</b>			
Accrued Expenses	\$ 218,710	\$ 171,645	390,355
Unearned Revenue	6,434,239	-	6,434,239
Deposits and Retentions	42,314	-	42,314
Long-Term Liabilities, Current Portion	218,315	200,850	419,165
Long-Term Liabilities, Non-current Portion	7,680,651	3,606,981	11,287,632
<b>Total Liabilities</b>	<b>14,594,229</b>	<b>3,979,476</b>	<b>18,573,705</b>
<b>Deferred Inflows of Resources</b>	<b>3,568,000</b>	<b>839,000</b>	<b>4,407,000</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	10,588,528	4,115,380	14,703,908
Restricted for			
Impact fees	2,442,464	-	2,442,464
Assessment district	290,670	-	290,670
Unrestricted	1,003,331	4,384,425	5,387,756
<b>Total Net Position</b>	<b>14,324,993</b>	<b>8,499,805</b>	<b>22,824,798</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
	<b>\$ 32,487,222</b>	<b>\$ 13,318,281</b>	<b>\$ 45,805,503</b>

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

CITY OF ORLAND

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 2,947,095	\$ 366,368	\$ 3,392,812	\$ 812,085		\$ 812,085
Public Safety	3,912,028	22,694	449,166	(3,440,168)		(3,440,168)
Public Ways and Facilities	1,312,231	-	607,912	(704,319)		(704,319)
Library	802,842	1,030	216,234	(585,578)		(585,578)
Recreation	1,011,659	138,433	-	(873,226)		(873,226)
Debt Service	154,923	-	-	(154,923)		(154,923)
<b>Total Governmental Activities</b>	<b>10,140,778</b>	<b>528,525</b>	<b>4,666,124</b>	<b>(4,946,129)</b>		<b>(4,946,129)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Water	2,644,842	1,822,969	-		\$ (821,873)	(821,873)
Sewer	974,756	1,402,824	-		428,068	428,068
Industrial Sewer	41,768	77,949	-		36,181	36,181
Debt Service	100,078	-	-		(100,078)	(100,078)
<b>Total Business-Type Activities</b>	<b>3,761,444</b>	<b>3,303,742</b>	<b>-</b>		<b>(457,702)</b>	<b>(457,702)</b>
<b>Total</b>	<b>\$ 13,902,222</b>	<b>\$ 3,832,267</b>	<b>\$ 4,666,124</b>	<b>(4,946,129)</b>	<b>(457,702)</b>	<b>(5,403,831)</b>
General revenues						
Taxes and subventions						
Property taxes, levied for general purposes						
				1,265,305	-	1,265,305
Sales, gas, and other taxes						
				5,818,554	-	5,818,554
Federal and state aid not restricted for specific purposes						
				221,039	1,929,330	2,150,369
Interest and investment earnings						
				196,450	68,062	264,512
Miscellaneous						
				28,409	10,293	38,702
<b>Subtotal, General Revenue</b>				<b>7,529,757</b>	<b>2,007,685</b>	<b>9,537,442</b>
<b>CHANGE IN NET POSITION</b>				<b>2,464,757</b>	<b>1,668,854</b>	<b>4,133,611</b>
<b>Net Position - Beginning</b>				<b>11,860,236</b>	<b>6,830,951</b>	<b>18,691,187</b>
<b>Net Position - Ending</b>				<b>\$ 14,324,993</b>	<b>\$ 8,499,805</b>	<b>\$ 22,824,798</b>

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

CITY OF ORLAND

GOVERNMENTAL FUNDS'  
BALANCE SHEETS  
JUNE 30, 2023

	General Fund	Economic & Block Grants	IMPACT FEES	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Equivalents	\$ 2,596,067	\$ 612,716	\$ 3,254,506	\$ 2,848,194	\$ 9,311,483
Receivables	708,504	7,130,230	-	218,905	8,057,639
Due From Other Funds	407,838	-	-	-	407,838
<b>TOTAL ASSETS</b>	<b>\$ 3,712,409</b>	<b>\$ 7,742,946</b>	<b>\$ 3,254,506</b>	<b>\$ 3,067,099</b>	<b>\$ 17,776,960</b>
<b>LIABILITIES</b>					
Accrued Expenses	\$ 199,676	\$ -	\$ 8,936	\$ 10,098	\$ 218,710
Due To Other Funds	333,532	125,125	-	501,494	960,151
Unearned Revenue	-	6,413,651	-	20,588	6,434,239
Deposits and Retentions	42,314	-	-	-	42,314
<b>Total Liabilities</b>	<b>575,522</b>	<b>6,538,776</b>	<b>8,936</b>	<b>532,180</b>	<b>7,655,414</b>
<b>FUND BALANCE</b>					
Restricted Fund Balance	-	-	3,245,570	321,456	3,567,026
Assigned Fund Balance	1,557,660	1,204,170	-	2,715,424	5,477,254
Unassigned	1,579,227	-	-	(501,961)	1,077,266
<b>Total Fund Balance</b>	<b>3,136,887</b>	<b>1,204,170</b>	<b>3,245,570</b>	<b>2,534,919</b>	<b>10,121,546</b>
<b>TOTAL LIABILITIES AND</b>	<b>\$ 3,712,409</b>	<b>\$ 7,742,946</b>	<b>\$ 3,254,506</b>	<b>\$ 3,067,099</b>	<b>\$ 17,776,960</b>

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

CITY OF ORLAND

RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEETS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2023

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**Total Fund Balance - Governmental Funds** \$10,121,546

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation: 11,985,413

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Notes payable	3,508,125	
Net Pension Liability (Asset)	3,525,000	
Net OPEB Obligation	463,000	
Compensated absences payable	402,841	(7,898,966)

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Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	3,685,000
Deferred inflows of resources relating to pensions	(3,568,000)

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**Total Net Position - Governmental Activities:** \$14,324,993

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



CITY OF ORLAND

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Economic & Block Grants	IMPACT FEES	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 5,081,968	\$ -	\$ -	\$ 445,248	\$ 5,527,216
Licenses, Permits, and Franchises	592,568	-	892,335	47,636	1,532,539
Fines, Forfeitures, and Penalties	22,604	-	-	1,500	24,104
Revenue from Use of Money	84,882	186	57,456	53,926	196,450
Intergovernmental Revenue	2,079,849	1,509,585	-	1,297,729	4,887,163
Charges for Services	222,253	243,843	-	62,429	528,525
Miscellaneous Revenues	15,738	-	-	-	15,738
<b>Total Revenues</b>	<b>8,099,862</b>	<b>1,753,614</b>	<b>949,791</b>	<b>1,908,468</b>	<b>12,711,735</b>
<b>EXPENDITURES</b>					
Current					
General Government	1,065,210	1,373,350	-	219,614	2,658,174
Public Safety	3,304,943	-	-	20,166	3,325,109
Public Ways and Facilities	760,833	-	28,651	203,447	992,931
Library	584,053	-	-	45,837	629,890
Recreation	762,522	-	-	36,706	799,228
Capital Outlay	1,038,444	-	118,034	116,466	1,272,944
Debt Service	686,738	-	-	54,807	741,545
<b>Total Expenditures</b>	<b>8,202,743</b>	<b>1,373,350</b>	<b>146,685</b>	<b>697,043</b>	<b>10,419,821</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>(102,881)</b>	<b>380,264</b>	<b>803,106</b>	<b>1,211,425</b>	<b>2,291,914</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	11,630	11,630
Transfers Out	(11,630)	-	-	(118,871)	(130,501)
<b>Net Financing Sources (Uses)</b>	<b>(11,630)</b>	<b>-</b>	<b>-</b>	<b>(107,241)</b>	<b>(118,871)</b>
<b>NET CHANGE IN FUND BA</b>	<b>(114,511)</b>	<b>380,264</b>	<b>803,106</b>	<b>1,104,184</b>	<b>2,173,043</b>
<b>Beginning fund balance</b>	<b>3,251,398</b>	<b>823,906</b>	<b>2,442,464</b>	<b>1,430,735</b>	<b>7,948,503</b>
<b>Ending balance</b>	<b>\$ 3,136,887</b>	<b>\$ 1,204,170</b>	<b>\$ 3,245,570</b>	<b>\$ 2,534,919</b>	<b>\$ 10,121,546</b>

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

**CITY OF ORLAND**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Net Change in Fund Balances - Governmental Funds** \$ 2,173,043

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 1,272,944	
Depreciation expense:	(589,318)	683,626

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Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

586,622

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

CITY OF ORLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES,  
Continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported.

The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: 12,672

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and

compensated absences earned, was: (73,206)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis.

This year, the difference between accrual-basis pension costs and actual employer contributions was: (896,000)

Postemployment benefits other than pensions ("OPEB"):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis.

This year, the difference between OPEB costs and actual employer contributions was: (22,000)

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**Change in net position of Governmental Activities** \$ 2,464,757

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

CITY OF ORLAND

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Water Enterprise	Sewer Enterprise	Industrial Sewer Enterprise	Total
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and Equivalents	\$ 2,987,102	\$ 176,121	\$ 53,029	\$ 3,216,252
Receivables	165,259	288,527	16,862	470,648
Due From Other Funds	631,026	-	256,890	887,916
<b>Total current assets</b>	<b>3,783,387</b>	<b>464,648</b>	<b>326,781</b>	<b>4,574,816</b>
<b>Non-current assets</b>				
Capital Assets	4,697,648	3,578,254	37,166	8,313,068
<b>Total Assets</b>	<b>8,481,035</b>	<b>4,042,902</b>	<b>363,947</b>	<b>12,887,884</b>
<b>Deferred Outflows of Resources</b>	<b>417,000</b>	<b>349,000</b>	<b>-</b>	<b>766,000</b>
<b>TOTAL ASSETS AND DEFERRED</b>				
<b>OUTFLOWS OF RESOURCES</b>	<b>\$ 8,898,035</b>	<b>\$ 4,391,902</b>	<b>\$ 363,947</b>	<b>\$ 13,653,884</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	\$ 163,741	\$ 7,904	\$ -	\$ 171,645
Due to Other Funds	297,494	38,109	-	335,603
Current portion of long-term liabilities	146,850	54,000	-	200,850
<b>Total current liabilities</b>	<b>608,085</b>	<b>100,013</b>	<b>-</b>	<b>708,098</b>
<b>Long Term Debt</b>	<b>2,558,550</b>	<b>1,048,431</b>	<b>-</b>	<b>3,606,981</b>
<b>Total Liabilities</b>	<b>3,166,635</b>	<b>1,148,444</b>	<b>-</b>	<b>4,315,079</b>
<b>Deferred Inflows of Resources</b>	<b>457,000</b>	<b>382,000</b>	<b>-</b>	<b>839,000</b>
<b>NET POSITION</b>				
Investment in Capital Assets, net of related	3,983,569	1,591,426	37,166	5,612,161
Unrestricted Net Position	1,290,831	1,270,032	326,781	2,887,644
<b>Total Net Position</b>	<b>5,274,400</b>	<b>2,861,458</b>	<b>363,947</b>	<b>8,499,805</b>
<b>TOTAL LIABILITIES, DEFERRED</b>				
<b>INFLOWS OF RESOURCES, AND</b>				
<b>NET POSITION</b>	<b>\$ 8,898,035</b>	<b>\$ 4,391,902</b>	<b>\$ 363,947</b>	<b>\$ 13,653,884</b>

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

CITY OF ORLAND

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

	Water Enterprise	Sewer Enterprise	Industrial Sewer Enterprise	Total
<b>OPERATING REVENUE</b>				
Charges for Services	\$ 1,822,969	\$ 1,402,824	\$ 77,949	\$ 3,303,742
<b>OPERATING EXPENSE</b>				
Salaries	303,302	222,985	-	526,287
Benefits	191,290	75,832	1,188	268,310
Repairs and Maintenance	55,264	73,653	-	128,917
Supplies	638,613	121,505	2,381	762,499
Professional Services	554,815	11,993	-	566,808
Insurance	16,444	14,360	312	31,116
Travel	131	131	-	262
Administration	726,541	276,698	23,476	1,026,715
Depreciation	157,047	178,688	14,715	350,450
<b>Total operating expenses</b>	2,643,447	975,845	42,072	3,661,364
<b>OPERATING GAIN/(LOSS)</b>	(820,478)	426,979	35,877	(357,622)
<b>NON-OPERATING REVENUES/(EXPENSES)</b>				
Interest and investment revenue	58,724	3,877	5,461	68,062
Intergovernmental	1,916,089	13,241	-	1,929,330
Miscellaneous Revenue	2,610	7,683	-	10,293
Interest Expense	(62,862)	(36,468)	(750)	(100,080)
Transfers In	-	118,871	-	118,871
<b>Total non-operating revenues/(expenses)</b>	1,914,561	107,204	4,711	2,026,476
<b>CHANGE IN NET POSITION</b>	1,094,083	534,183	40,588	1,668,854
Net Position - Beginning	4,180,317	2,327,275	323,359	6,830,951
Net Position - Ending	\$ 5,274,400	\$ 2,861,458	\$ 363,947	\$ 8,499,805

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

CITY OF ORLAND

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Water Enterprise	Sewer Enterprise	Industrial Sewer Enterprise	Total
<b>Cash flows from operating activities</b>				
Cash receipts from customers	\$ 1,833,532	\$ 1,403,647	\$ 77,949	\$ 3,315,128
Cash payments to employees for services	(495,668)	(235,485)	(1,188)	(732,341)
Cash payments to suppliers for goods and services	(2,000,166)	(499,872)	(26,169)	(2,526,207)
<b>Net cash provided/(used) by operating activities</b>	(662,302)	668,290	50,592	56,580
<b>Cash flows from non-capital financing activities</b>				
Non-operating grants received	1,669,677	26,471	16,862	1,713,010
Interfund transfers in/(out)	(154,368)	127,946	(256,890)	(283,312)
<b>Net cash provided by non-capital activities</b>	1,515,309	154,417	(240,028)	1,429,698
<b>Cash flows from capital and related financing</b>				
Acquisition of capital assets	(1,301,695)	(577,850)	-	(1,879,545)
Debt service payments	(256,176)	(418,097)	-	(674,273)
Capital asset adjustment	575,692	(83,082)	(34,474)	458,136
<b>Net cash used in capital activities</b>	(982,179)	(1,079,029)	(34,474)	(2,095,682)
<b>Cash flows from investing activities</b>				
Interest received	58,724	3,877	5,461	68,062
<b>NET INCREASE/ (DECREASE) IN CASH CASH</b>	(70,448)	(252,445)	(218,449)	(541,342)
Beginning of year	3,057,550	428,566	271,478	3,757,594
End of year	\$ 2,987,102	\$ 176,121	\$ 53,029	\$ 3,216,252
<b>Reconciliation of operating loss to cash used in operating activities</b>				
Operating Gain/(Loss)	\$ (820,478)	\$ 426,979	\$ 35,877	\$ (357,622)
Adjustments to reconcile operating income to net cash provided by operating activities				
Cash flows reported in other categories:				
Depreciation expense	157,047	178,688	14,715	350,450
(Increase)/Decrease in accounts receivable	10,384	823	-	11,207
Increase/(decrease) in accounts payable	(8,358)	(1,532)	-	(9,890)
Customer deposits	179	-	-	179
Payroll related liabilities (comp. abs., pension, etc.)	(1,076)	63,332	-	62,256
<b>Net cash used by operating activities</b>	\$ (662,302)	\$ 668,290	\$ 50,592	\$ 56,580

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

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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*NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

**1 - A. Description of Financial Statements**

The accompanying financial statements of the City of Orland have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), as prescribed by the Governmental Accounting Standards Board (“GASB”). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**1 - B. Financial Reporting Entity**

The City of Orland 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.

**Related Organizations.** The Orland Volunteer Fire Department is not included in these financial statements, but the City is the sponsoring agency. There is no apparent “imposition of will” or “financial burden or benefit” and the Orland Volunteer Fire Department is fiscally independent of the City of Orland.

**Joint Powers Authority (“JPA”).** The City is associated with one JPA, the Golden State Risk Management Authority (GSRMA). The JPA does not meet the criteria for inclusion as a component unit of the City. Additional information is presented in Note 12 to the financial statements.

**1 - C. Basis of Presentation**

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (“the City”) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

NOTES TO THE FINANCIAL STATEMENTS, Continued  
JUNE 30, 2023

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**Fund Financial Statements.** The fund financial statements provide information about the City’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

*Governmental funds* are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

*Proprietary funds* are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the LEA, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

**Major Governmental Funds**

**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.

**Economic and Block Grants Fund.** The City has, in past years, participated in Housing and Economic Grant Programs where by qualifying property owners could borrow funds to improve specific properties. These loans are both amortized and deferred and may or may not accrue interest. As loans are paid back, both principal and interest, the monies received are designated for specific purposes.

**Impact Fees.** New construction projects are charges fees for impact of future services of the City. These fees are based on estimated costs of future services, such as public safety, parks and recreation, transportation and public works.

**Proprietary Funds**

**Enterprise Funds.** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. An enterprise fund is accounted for on the accrual basis. Capital assets and long-term debt (including all long-term debt obligations such as vacation pay and capital leases) are recorded in the fund. All revenues and expenses (rather than expenditures) are recorded, regardless of when they are received or paid. Depreciation of capital assets is recorded.

**Water Enterprise Fund.** The enterprise fund is used to account for activity related to providing customers with water and billing for services provided by the City.

**Sewer Enterprise Fund.** The enterprise fund is used to account for activity related to providing customers with sewer services and billing for services provided by the City.

**Industrial Sewer Enterprise Fund.** Due to the processing requirements and volume of material the “Olive Processing” portion of the sewer operations is included as a separate fund.

**1 - D. Basis of Accounting – Measurement Focus**

**Government-Wide and Proprietary Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recoded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.



NOTES TO THE FINANCIAL STATEMENTS, Continued  
JUNE 30, 2023

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Net Position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net position use.

**Governmental Funds.** Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All other revenue items are considered to be measurable and available only when the City receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Eliminating Internal Activity.** Transactions between funds that would be treated as revenues, expenditures, or expenses if they involve entities external to the City are accounted for as revenues, expenditures, or expenses in the funds. At year-end, outstanding balances between funds are reported in the fund financial statements. Amounts reported in the funds as Due to or Due from Other Funds are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

The City eliminates its internal service activity in the statement of activities. This is accomplished by eliminating the revenues and expenses of the internal service funds against each other, and then distributing the residual amount among the various functions based upon the volume of activity they had during the year with each internal service fund. Any inter-fund services provided and used were not eliminated in the functional areas in which they were incurred.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

**Estimates.** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**1 - E. Assets, Liabilities, and Net Position and Fund Balances**

**Deposits and Investments.** The cash balances of substantially all funds are pooled and some are invested in LAIF for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2023, based on market prices.

**Fair Value.** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF ORLAND

NOTES TO THE FINANCIAL STATEMENTS, Continued  
JUNE 30, 2023

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**Acquisition Value.** The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

**Receivables - 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.** Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life (Years)</u>
Buildings and improvements	15 – 50
Infrastructure	40
Vehicles	5 – 10

**Interfund Balances.** On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**Accrued Liabilities and Long-Term Obligations.** All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

**Unearned Revenue.** Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the City 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 unearned revenue is removed from the combined balance sheet and revenue is recognized.

NOTES TO THE FINANCIAL STATEMENTS, Continued  
JUNE 30, 2023

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**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 medi-care 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.

**Pensions.** For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net positions of the California Public Employee Retirement System ("CalPERS") and additions to/deductions from CalPERS' fiduciary net positions have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance.** Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Restricted* – The portion of fund balance representing resources subject to legally enforceable constraints externally imposed either by resource providers (e.g., grantors or creditors) or by law through constitutional provisions or enabling legislation.

*Assigned* – The portion of fund balance representing resources that are intended to be used for specific purposes but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the LEA's highest level of decision-making authority or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued. The constraints may be modified or removed by a process less formal than is required to remove constraints that give rise to committed fund balance. In governmental fund types other than the general fund, this is the residual fund balance classification.

*Unassigned* – In the general fund, residual fund balance in excess of amounts reported in the nonspendable, restricted, committed, or assigned fund balance classifications and net of Reserve for Economic Uncertainties. In all governmental funds including the general fund, the excess of nonspendable, restricted, and committed fund balance over total fund balance (deficits). Assigned amounts must be reduced or eliminated if a deficit exists.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTES TO THE FINANCIAL STATEMENTS, Continued  
JUNE 30, 2023

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**Net Position.** Net Position represents the difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The City has related debt outstanding as of June 30, 2023. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The entity-wide financial statements report \$2,733,134 of restricted net position.

**1 - F. Revenues, Expenditures/Expense**

**Revenues – Exchange and Non-Exchange Transactions.** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within 60 days of fiscal year-end.

The FIRST INSTALLMENT is due and payable on November 1, 2021, and will become delinquent if not paid by 5:00 p.m., or the close of business, whichever is later, on December 10, 2021; thereafter, a 10% penalty will be added. The SECOND INSTALLMENT is due on February 1, 2022, and will become delinquent if not paid by 5:00 p.m., or the close of business, whichever is later, on April 10, 2022; thereafter, a 10% penalty will be added plus the cost to prepare the delinquent tax records and to give notice of delinquency. BOTH INSTALLMENTS MAY BE PAID when the first installment is due. Mailed payments must be POSTMARKED BY THE DELINQUENT DATE to avoid late penalties.

**Expenses/Expenditures.** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

**Operating Revenues and Expenses.** Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund's principal services.

**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued  
JUNE 30, 2023**

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**2 - A. Summary of Deposit and Investment Balances**

Cash and investments as of June 30, 2023 consist of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash on hand	\$ 325	\$ -	\$ 325
Deposits in financial institutions	6,270,980	3,216,252	9,487,232
LAIF	3,040,178	-	3,040,178
<b>Total Cash and Cash Equivalents</b>	<b>\$ 9,311,483</b>	<b>\$ 3,216,252</b>	<b>\$ 12,527,735</b>

**2 - B. Policies and Practices**

<b>INVESTMENT TYPE</b>	<b>MAX. MATURITY</b>	<b>MAX % OF PORTFOLIO</b>	<b>MIN QUALITY</b>	<b>GOV'T CODE §s</b>
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% <sup>oE</sup>	None	53601(g)
Commercial Paper— Non-Pooled Funds	270 days or less	25% of the agency's money	Highest letter and number rating by an NRSRO	53601(h)(2)(C)
Commercial Paper— Pooled Funds	270 days or less	40% of the agency's money	Highest letter and number rating by an NRSRO	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% <sup>oJ</sup>	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% <sup>oK</sup>	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% <sup>oK</sup>	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None	53601(j)
Medium-Term Notes	5 years or less	30%	“A” rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple	53601(l) and 53601.6(b)
Collateralized Bank Deposits	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	“AA” rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple	53601(p)
Local Agency Investment Fund (“LAIF”)	N/A	None	None	16429.1
Voluntary Investment Program Fund	N/A	None	None	16340
Supranational Obligations	5 years or less	30%	“AA” rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

CITY OF ORLAND

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2023

2 - C. Cash Deposits

*Credit Risk.* As of June 30, 2023, are as follows:

Investment Type:	S & P Rating	Maturity (Days)	Reported Value	Fair Value Level	Fair Value
LAIF	NR	260	\$ 3,040,178	2	\$ 2,994,054

*Custodial Credit Risk.* There is a risk that, in the event of a bank failure, the City’s deposits may not be returned. The City’s deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation (“FDIC”) or are collateralized as required by Statutes of the State. As of June 30, 2023, the carrying amount of the City’s bank balances totaled \$1,290,102. Of the total bank balance, \$250,000 was insured through the FDIC.

**NOTE 3 – ACCRUED RECEIVABLES**

Receivables at June 30, 2023, were as follows:

	General Fund	Economic & Block Grants	Non-Major Governmental Funds	Governmental Activities	Water Enterprise	Sewer Enterprise	Industrial Sewer	Total Business- Type Activities
Property tax	\$ 43,951	\$ -	\$ 747	\$ 44,698	\$ -	\$ -	\$ -	\$ -
Sales tax	344,964	-	-	344,964	-	-	-	-
Sales tax Measure A	225,866	-	-	225,866	-	-	-	-
Loans	-	5,614,888	20,588	5,635,476	-	-	-	-
Local Government	-	-	-	-	-	-	-	-
Interest	18,523	798,764	-	817,287	-	-	-	-
Accounts receivable	64,560	716,578	50,360	831,498	165,259	288,527	16,862	470,648
Grant	10,640	-	147,210	157,850	-	-	-	-
<b>Total</b>	\$ 708,504	\$ 7,130,230	\$ 218,905	\$ 8,057,639	\$ 165,259	\$ 288,527	\$ 16,862	\$ 470,648

All receivables are considered by management collectible in full.

CITY OF ORLAND

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2023

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 486,096	\$ -	\$ -	\$ 486,096
Construction in progress	114,617	34,180	114,617	34,180
<b>Non-Depreciable Capital Assets</b>	600,713	34,180	114,617	520,276
Capital assets being depreciated				
Buildings & improvements	\$ 11,227,077	\$ 199,832	\$ -	\$ 11,426,909
Vehicles & equipment	3,415,679	1,153,549	9,925	4,559,303
Total Capital Assets Being Depreciated	14,642,756	1,353,381	9,925	15,986,212
Less Accumulated Depreciation	3,954,353	589,318	22,596	4,521,075
<b>Depreciable Capital Assets, net</b>	\$ 10,688,403	\$ 764,063	\$ (12,671)	\$ 11,465,137
<b>Total Capital Assets, net</b>	\$ 11,289,116	\$ 798,243	\$ 101,946	\$ 11,985,413

Depreciation was charged to the following departments:

General government	\$ 72,044
Public safety	250,599
Public ways and facilities	203,292
Library	3,952
Recreation	59,431
<b>Total depreciation</b>	<b>\$ 589,318</b>

CITY OF ORLAND

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2023

	<u>Balance</u>			<u>Balance</u>	
	<u>July 01, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>	
<b>Business-Type Activities</b>					
Capital assets not being depreciated					
Land	\$ 76,358	\$ -	\$ -	\$ 76,358	
Construction in progress	306,893	987,439	13,039	1,281,293	
Total Capital Assets not Being Depreciated	\$ 383,251	\$ 987,439	\$ 13,039	\$ 1,357,651	
Capital assets being depreciated					
Water infrastructure	\$ 3,864,309	\$ -	\$ -	\$ 3,864,309	
Sewer infrastructure	3,503,710	268,163	-	3,771,873	
Industrial sewer infrastructure	588,444	-	-	588,444	
Vehicles	976,296	636,982	73,022	1,540,256	
Total Capital Assets Being Depreciated	8,932,759	905,145	73,022	9,764,882	
Less Accumulated Depreciation	2,508,303	350,450	49,288	2,809,465	
<b>Depreciable Capital Assets, net</b>	<b>\$ 6,424,456</b>	<b>\$ 554,695</b>	<b>\$ 23,734</b>	<b>\$ 6,955,417</b>	
<b>Total Capital Assets, net</b>	<b>\$ 6,807,707</b>	<b>\$ 1,542,134</b>	<b>\$ 36,773</b>	<b>\$ 8,313,068</b>	

Depreciation was charged to the following departments:

Water	\$ 157,047
Sewer	178,688
Industrial sewer	14,715
<b>Total depreciation</b>	<b>\$ 350,450</b>

**NOTE 5 – INTERFUND BALANCES AND ACTIVITY**

**5 - A. Balances Due to/from Other Funds**

Balances due to/from other funds at June 30, 2023, consist of the following:

Due To Other Funds	<u>Due From Other Funds</u>			Total
	General Fund	Water Enterprise	Industrial Sewer	
<b>General Fund</b>	\$ -	\$ 333,532	\$ -	\$ 333,532
<b>Economic &amp; Block Grants</b>	125,125	-	-	125,125
<b>Non-Major Governmental Funds</b>	282,713	-	218,781	501,494
<b>Water Enterprise</b>	-	297,494	-	297,494
<b>Sewer Enterprise</b>	-	-	38,109	38,109
<b>Total</b>	<b>\$ 407,838</b>	<b>\$ 631,026</b>	<b>\$ 256,890</b>	<b>\$ 1,295,754</b>

The above interfund loans were a result of negative cash balances in the respective funds.



**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2023**

**5 - B. Transfers to/from Other Funds**

For the year-ended June 30, 2023, the General Fund transferred \$6,645 and \$4,985 to the Code Enforcement Fund and 87-STBG-247, respectively for program support. The ARPA Fund transferred \$118,871 to the Sewer Fund for purchase of the lift station.

**NOTE 6 – ACCRUED PAYABLES**

Payables at June 30, 2023, were as follows:

	<b>General Fund</b>	<b>IMPACT FEES</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>	<b>Water Enterprise</b>	<b>Sewer Enterprise</b>	<b>Total Business- Type Activities</b>
Payroll	\$ 2,269	\$ -	\$ -	\$ 2,269	\$ -	\$ -	\$ -
Vendors payable	157,033	8,936	10,098	176,067	157,689	4,323	162,012
Interest payable	40,374	-	-	40,374	6,052	3,581	9,633
<b>Total</b>	<b>\$ 199,676</b>	<b>\$ 8,936</b>	<b>\$ 10,098</b>	<b>\$ 218,710</b>	<b>\$ 163,741</b>	<b>\$ 7,904</b>	<b>\$ 171,645</b>

**NOTE 7 – UNEARNED REVENUES**

Unearned revenue at June 30, 2023, were as follows:

	<b>Economic &amp; Block Grants</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
87-STBG	\$ -	\$ 20,588	\$ 20,588
CDBG Reuse	2,750	-	2,750
Housing related	5,357,855	-	5,357,855
POST	1,053,046	-	1,053,046
<b>Total</b>	<b>\$ 6,413,651</b>	<b>\$ 20,588</b>	<b>\$ 6,434,239</b>

CITY OF ORLAND

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2023

**NOTE 8 – LONG-TERM LIABILITIES**

**8 - A. Long-Term Liabilities Summary**

Long-term liability activity for the year ended June 30, 2023 was as follows:

	<b>Balance</b>			<b>Balance</b>	<b>Balance Due</b>
	<b>July 01, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2023</b>	<b>in One Year</b>
<b>Governmental Activities</b>					
Notes/loans payable	\$4,094,748	\$ -	\$586,623	\$ 3,508,125	\$ 218,315
Net Pension Liability (Asset)	3,920,000	111,000	506,000	3,525,000	-
Net OPEB Obligation	441,000	22,000	-	463,000	-
Compensated absences payable	329,635	73,206	-	402,841	-
<b>Total</b>	<b>\$ 8,785,383</b>	<b>\$ 206,206</b>	<b>\$ 1,092,623</b>	<b>\$ 7,898,966</b>	<b>\$ 218,315</b>

	<b>Balance</b>			<b>Balance</b>	<b>Balance Due</b>
	<b>July 01, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2023</b>	<b>in One Year</b>
<b>Business-Type Activities</b>					
Notes/loans payable	\$ 3,366,742	\$ -	\$ 520,062	\$ 2,846,680	\$ 200,850
Net Pension Liability (Asset)	428,000	272,000	-	700,000	-
Net OPEB Obligation	124,000	6,000	-	130,000	-
Compensated absences payable	114,410	16,741	-	131,151	-
<b>Total</b>	<b>\$ 4,033,152</b>	<b>\$ 294,741</b>	<b>\$ 520,062</b>	<b>\$ 3,807,831</b>	<b>\$ 200,850</b>

CITY OF ORLAND

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2023

8 - B. Loan/Bonded Debt

	Government Activities	Business- Type Activities	Total
In April 2017 the city obtained financing in the amount of \$866,000 with an annual interest rate of 2.96% for the purchase and installation of energy efficiency upgrades and equipment	\$ 113,837	\$ 485,303	\$ 599,140
In June 2017, the City obtained financing in the amount of \$1,575,066 for the purchase and installation of solar energy equipment. The stated annual interest rate is 4.10%, with a net effective interest rate of 1.8% per annum after the Clean Renewable Energy Bonds (CREB) Federal subsidy.	196,588	838,087	1,034,675
In June 2021, the City obtained \$1,054,105 interest-free financing from the State Water Resources Control Board for well construction.	-	895,990	895,990
In September 2021 the City obtained financing in the amount \$4,060,000 with an annual interest rate of 2.95%, to remitted \$3,972,955 toward the unfunded actuarial liability related to CalPERS miscellaneous and safety pension plans.	3,197,700	627,300	3,825,000
<b>Total Loans/Bonds</b>	<b>\$ 3,508,125</b>	<b>\$ 2,846,680</b>	<b>\$ 6,354,805</b>

8 - C. Debt Service Requirements to Maturity

Year Ending June 30,	Clean Renewable		
	Principal	Interest	Total
2024	\$ 55,485	\$ 17,327	\$ 72,812
2025	57,140	15,672	72,812
2026	58,844	13,968	72,812
2027	60,598	12,214	72,812
2028	62,405	10,407	72,812
2029 - 2033	304,668	22,987	327,655
<b>Total Payments</b>	<b>\$ 599,140</b>	<b>\$ 92,575</b>	<b>\$ 691,715</b>

CITY OF ORLAND

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2023

Solar Energy

Year Ending June 30,	Principal	Interest	Total
2024	\$ 103,543	\$ 41,363	\$ 144,906
2025	104,770	37,106	141,876
2026	106,010	32,797	138,807
2027	107,266	28,438	135,704
2028	108,537	24,027	132,564
2029 - 2033	504,549	52,123	556,672
<b>Total Payments</b>	<b>\$ 1,034,675</b>	<b>\$ 215,854</b>	<b>\$ 1,250,529</b>

Well

Year Ending June 30,	Total
2024	\$ 35,137
2025	35,137
2026	35,137
2027	35,137
2028	35,137
2029 - 2033	175,684
2034 - 2038	175,684
2039 - 2043	175,684
2044 - 2048	175,684
2049	17,569
<b>Total Payments</b>	<b>\$ 895,990</b>

Pension Bonds

Year Ending June 30,	Principal	Interest	Total
2024	\$ 225,000	\$ 109,519	\$ 334,519
2025	235,000	102,734	337,734
2026	240,000	95,728	335,728
2027	250,000	88,500	338,500
2028	255,000	81,051	336,051
2029 - 2033	1,390,000	286,444	1,676,444
2034 - 2037	1,230,000	72,275	1,302,275
<b>Total Payments</b>	<b>\$ 3,825,000</b>	<b>\$ 836,251</b>	<b>\$ 4,661,251</b>

**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2023**

**8 - D. Pension Liabilities**

The City's pension activities between the Cal PERS for the year ended June 30, 2023, resulted in net pension obligations and other related balances as follows:

	<b>Government</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
NPL Safety	\$ (1,786,000)	\$ -	\$ (1,786,000)
NPL Miscellaneous	(1,739,000)	(700,000)	(2,439,000)
Total NPL	(3,525,000)	(700,000)	(4,225,000)
Deferred Outflows of Resources - Safety	1,783,000	-	1,783,000
Deferred Outflows of Resources - Miscellaneous	1,902,000	766,000	2,668,000
Total deferred outflows of resources	3,685,000	766,000	4,451,000
Deferred Inflows of Resources - Safety	(1,481,000)	-	(1,481,000)
Deferred Inflows of Resources - Miscellaneous	(2,087,000)	(839,000)	(2,926,000)
Total Deferred Inflows of Resources	(3,568,000)	(839,000)	(4,407,000)
<b>Effect on Net Position</b>	<b>\$ (3,408,000)</b>	<b>\$ (773,000)</b>	<b>\$ (4,181,000)</b>

See Note 9 for additional information regarding the pension plans and activities.

**8 - E. Other Postemployment Benefits**

The City's OPEB for the year ended June 30, 2023, resulted in an OPEB obligation of \$593,000. See Note 10 for additional information regarding the pension plans and activities.

**8 - F. 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.

**NOTE 9 – DEFINED BENEFIT PENSION**

**Plan Description.** The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (“the Plan” or “PERF C”) is administered by the California Public Employees’ Retirement System (“CalPERS”). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members. This report and CalPERS’ audited financial statements are publicly available reports that can be found on CalPERS’ website at:

<https://www.calpers.ca.gov/docs/forms-publications/acfr-2021.pdf> .

**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2023**

**Benefits and Contributions.** Per the City of Orland’s *Annual Valuation Reports as of June 30, 2019* (provided in that report is the determination of the minimum required employer contributions for fiscal year 2021-22), the following are the benefits and employee and employer contribution requirements:

<b>Benefit Provision:</b>	<b>Police Classic</b>	<b>Police and Fire PEPRA</b>	<b>Misc Classic</b>	<b>Misc PEPRA</b>
Benefit Formula	3% @ 50	2.7% @ 57	2% @ 55 & 2.7% @ 55	2% @ 62
Social Security Coverage	Yes	Yes	Yes	Yes
Full/Modified	Modified	Full	Modified	Full
Employee Contribution Rate	9.00%	13.00%	NA	6.75%
Final Average Compensation Period	Three Year	Three Year	Three Year	Three Year
Sick Leave Credit	Yes	Yes	Yes	Yes
Non-Industrial Disability	Standard	Standard	Standard	Standard
Industrial Disability	Standard	Standard	No	No
Pre-Retirement Death Benefits:				
Optional Settlement 2	Yes	Yes	Yes	Yes
1959 Survivor Benefit Level	No	No	No	No
Special	Yes	Yes	No	No
Alternate (firefighters)	No	No	No	No
Post-Retirement Death Benefits:				
Lump Sum	\$500	\$500	\$500	\$500
Survivor Allowance (PRSA)	No	No	No	No
COLA	2%	2%	2%	2%
<b>Contributions:</b>				
Employer Normal Cost Rate	22.47%	12.78%	13.13%	13.35%
Employer Amortization of Unfunded				
Accrued Liability	\$94,019	\$4,980	\$108,740	\$2,717
Total Employer Contributions	\$173,953	\$88,643	\$236,031	\$68,625

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the City reported a liability of \$4,225,000 for its proportionate share of the net pension liability. The schedule of employer allocations for components of net pension liability provides allocation factors by employer for rate plans within the miscellaneous and safety risk pools based on the following allocation methodology: The schedule of employer allocations for components of net pension liability includes two ratios:

- 1) Actuarial Accrued Liability – Determined based on the actuarial accrued liability from the most recent actuarial valuation report as of June 30, 2021 used for funding purposes.
- 2) Market Value of Assets – Determined based on the sum of the market value of assets from the most recent actuarial valuation report as of June 30, 2021 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

The schedule of employer allocations for components of net pension liability is based on actuarial valuation reports that are one year in arrears. As such, there will be a one year lag between the time an employer enters the Plan and the fiscal year the employer is first included on the schedule of employer allocations for components of net pension liability. Employers joining the Plan during the fiscal year ended June 30, 2022, will be included in the schedule of employer allocations for components of net pension liability as of and for the fiscal year ended June 30, 2023.

**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2023**

The employers' proportionate share percentages of the miscellaneous and safety risk pools were first determined at the rate plan level. The employers' total proportion of the respective miscellaneous and safety risk pools reflects the sum of the proportions of the respective miscellaneous and safety rate plans.

When applying the allocation methodology to the collective miscellaneous or safety risk pool pension amounts, employers should determine proportionate shares using the employer allocation factors as follows:

- 1) Total Pension Liability (TPL) – Allocate based on the employer's share of the actuarial accrued liability.
- 2) Fiduciary Net Position (FNP) – Allocate based on the employer's share of the market value of assets plus additional payments.
- 3) Net Pension Liability (NPL) – After completing the above calculations, subtract FNP from TPL to calculate the employer's NPL.
- 4) Deferred Outflows of Resources, Deferred Inflows of Resources – Allocate based on the employer's share of the net pension liability as noted in 3) above.
- 5) Pension Expense – After completing the above calculations, calculate the employer's share of collective pension expense based on the employer's share of changes in net pension liability, changes in deferred outflows and deferred inflows of resources, and the employer's contributions for the fiscal year ended June 30, 2021. The schedule of collective pension amounts does not reflect employer-specific amounts such as changes in proportion and employer contributions to PERF C subsequent to the measurement date. Appropriate treatment of such amounts is the responsibility of the employers.

An employers' proportionate shares of pension amounts for PERF C equals the sum of the employer's proportionate shares of pension amounts for the respective miscellaneous and safety risk pools. At June 30, 2023, the City's proportion was:

	<b>Jun. 30, 2022</b>	<b>Jun. 30, 2021</b>	<b>Difference</b>
Net Pension Liability Allocation Basis - Safety	0.0002599	0.0004772	-0.0002173
Net Pension Liability Allocation Basis - Miscellaneous	0.0005212	0.0014075	-0.0008863

For the year ended June 30, 2023, the City recognized pension expense of \$1,379,000. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total</b>
Differences between expected and actual experience	\$ 71,000	\$ -	\$ 71,000
Changes of assumptions	430,000	-	430,000
Net difference between projected and actual earnings on pension plan investments	729,000	-	729,000
Differences between Employer's Contributions and Proportionate Share of Contributions	2,577,000	588,000	1,989,000
Change in Employer's Proportion	77,000	3,819,000	(3,742,000)
City contributions subsequent to the measurement date	567,000	-	567,000
<b>Total</b>	<b>\$ 4,451,000</b>	<b>\$ 4,407,000</b>	<b>\$ 44,000</b>

**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2023**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2024	\$	83,000
2025		(329,000)
2026		(155,000)
2027		445,000
<b>Total</b>	<b>\$</b>	<b>44,000</b>

**Actuarial Methods and Assumptions.** The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.30% until Purchasing Power
Post-Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies

<sup>1</sup> The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

**Long-Term Expected Rate of Return.** In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as followed:

Asset Class <sup>1</sup>	Assumed Asst Allocation	Real Return Year 1 -10 <sup>1,2</sup>
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.



**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2023**

**Discount Rate.** The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the collective net pension liability calculated using a discount rate of 6.90%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Proportionate share of the net pension liability - Safety	\$ 3,347,000	\$ 1,786,000	\$ 511,000
Proportionate share of the net pension liability - Miscellaneous	4,496,000	2,439,000	746,000

**Pension Plan Fiduciary Net Position.** The components of the employers’ collective net pension liability related to the Plan as of June 30, 2022 are as follows (amounts in thousands):

	Miscellaneous Risk Pool	Safety Risk Pool	Total
Total pension liability	\$ 21,449,898	\$ 28,076,077	\$ 49,525,979
Less:			
Plan fiduciary net position	16,770,671	21,204,499	37,975,170
Net Pension Liability of Employers	\$ 4,679,227	\$ 6,871,578	\$ 11,550,805

**NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN**

**Plan Description.** 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 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. **No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.**

**Benefits Provided.** 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.

**Employees Covered by Benefit Terms.** At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	34
Active employees	34
<b>Total</b>	<b>68</b>

**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2023**

**Total OPEB Liability.** The City’s total OPEB liability of \$594,000 was measured in conformity with the requirements in GASB No. 75, paragraphs 225 and 226 for the alternative measurement method, as of June 30, 2023.

**Measurement Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2023 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate: 2.75%	Salary Increase: 3.25%
Discount Rate: 4%	Health Trend Rate: 8%

**Changes in the Total OPEB Liability**

<b>Balances at July 01, 2022</b>	\$	565,000
<b>Changes for the year:</b>		
Service cost		30,000
Interest		22,000
Benefit payments		(24,000)
<b>Net changes</b>		<b>28,000</b>
<b>Balances at June 30, 2023</b>	<b>\$</b>	<b>593,000</b>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate and a health trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rates:

	<b>Current Discount</b>		
	<b>1% Decrease</b>	<b>Rate</b>	<b>1% Increase</b>
City's proportionate share of the OPEB liability	\$ 664,000	\$ 593,000	\$ 534,000

  

	<b>Current Health</b>		
	<b>1% Decrease</b>	<b>Trend Rate</b>	<b>1% Increase</b>
City's proportionate share of the OPEB liability	\$ 505,000	\$ 593,000	\$ 740,000

**OPEB Expense.** For the year ended June 30, 2023, the City recognized an OPEB expense of \$29,000.

**CITY OF ORLAND**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2023**

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***NOTE 11 – COMMITMENTS AND CONTINGENCIES***

**Litigation.** The City has been named in various pending or threatened litigation, claims or assessments. The ultimate outcome/resolution of these matters is not known at this time. The City is monitoring the progress of these matters and has referred various matters to the City’s attorney for consultation and representation.

***NOTE 12 – PARTICIPATION IN A JOINT POWERS AUTHORITY***

The City is a member of the JPA GRSMA. GRSMA provides workers’ compensation, liability and property insurance. The relationship is such that the JPAs are not component units of the City for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the City are included in these financial statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2023, the City made payments of \$348,910 to GSRMA.

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*REQUIRED SUPPLEMENTARY INFORMATION*

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CITY OF ORLAND

**GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variances -
	Original	Final	Actual	Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Taxes	\$ 4,521,000	\$ 4,521,000	\$ 5,081,968	\$ 560,968
Licenses, Permits, and Franchises	446,500	446,500	592,568	146,068
Fines, Forfeitures, and Penalties	2,000	2,000	22,604	20,604
Revenue from Use of Money	66,000	66,000	84,882	18,882
Intergovernmental Revenue	633,500	633,500	2,079,849	1,446,349
Charges for Services	100,000	100,000	222,253	122,253
Miscellaneous Revenues	50,000	50,000	15,738	(34,262)
<b>Total Revenues</b>	<b>5,819,000</b>	<b>5,819,000</b>	<b>8,099,862</b>	<b>2,280,862</b>
<b>EXPENDITURES</b>				
Current				
General Government	1,218,514	1,218,514	1,065,210	153,304
Public Safety	2,766,883	2,766,883	3,304,943	(538,060)
Public Ways and Facilities	457,279	457,279	760,833	(303,554)
Library	598,142	598,142	584,053	14,089
Recreation	635,428	635,428	762,522	(127,094)
Capital Outlay	-	-	1,038,444	(1,038,444)
Debt Service	66,734	66,734	686,738	(620,004)
<b>Total Expenditures</b>	<b>5,742,980</b>	<b>5,742,980</b>	<b>8,202,743</b>	<b>(2,459,763)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	76,020	76,020	(102,881)	(178,901)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(11,630)	(11,630)
<b>NET CHANGE IN FUND BALANCE</b>	<b>76,020</b>	<b>76,020</b>	<b>(114,511)</b>	<b>(11,630)</b>
<b>Beginning fund balance</b>	<b>3,251,398</b>	<b>3,251,398</b>	<b>3,251,398</b>	
<b>Ending balance</b>	<b>\$ 3,327,418</b>	<b>\$ 3,327,418</b>	<b>\$ 3,136,887</b>	<b>\$ (190,531)</b>

CITY OF ORLAND

**ECONOMIC BLOCK & GRANT FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Revenue from Use of Money	\$ -	\$ -	\$ 186	\$ 186
Charges for Services	-	-	243,843	243,843
<b>Total Revenues</b>	-	-	1,753,614	1,753,614
<b>EXPENDITURES</b>				
Current				
General Government	-	-	1,373,350	(1,373,350)
<b>Total Expenditures</b>	-	-	1,373,350	(1,373,350)
<b>NET CHANGE IN</b>				
<b>FUND BALANCE</b>	-	-	380,264	380,264
<b>Beginning fund balance</b>	823,906	823,906	823,906	
<b>Ending balance</b>	\$ 823,906	\$ 823,906	\$ 1,204,170	\$ 380,264



**CITY OF ORLAND**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability (asset)	0.04%	0.08%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.05%
City's proportionate share of the net pension liability (asset)	\$4,225,000	\$4,348,000	\$6,749,000	\$6,224,000	\$5,742,000	\$5,761,000	\$5,003,000	\$3,919,000	\$3,151,000
City's covered payroll	\$2,404,000	\$2,564,000	\$2,318,000	\$2,196,000	\$1,970,000	\$1,984,000	\$1,741,000	\$1,851,000	\$1,799,000
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	176%	170%	291%	283%	291%	290%	287%	212%	175%
Plan fiduciary net position as a percentage of the total pension liability	77%	88%	75%	75%	75%	73%	74%	78%	82%

**The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year**

**CITY OF ORLAND**

**SCHEDULE OF CONTRIBUTIONS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 567,251	\$ 850,189	\$ 779,873	\$ 684,036	\$ 588,379	\$ 493,433	\$ 467,307	\$ 413,224	\$ 294,491
Contributions in relation to the contractually required contribution	(567,251)	(4,823,144)	(779,873)	(684,036)	(588,379)	(493,433)	(467,497)	(413,224)	(294,491)
Contribution deficiency	\$ -	\$ (3,972,955)	\$ -	\$ -	\$ -	\$ -	\$ (190)	\$ -	\$ -
City's covered payroll	\$ 2,536,216	\$ 2,404,302	\$ 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 payroll	22%	35%	30%	30%	27%	25%	24%	24%	16%

CITY OF ORLAND

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

	2023	2022	2021	2020	2019
<b>Total OPEB Liability</b>					
<b>Changes for the year:</b>					
Service cost	\$ 30,000	\$ 29,000	\$ 28,240	\$ 26,495	\$ 28,234
Interest	22,000	22,000	16,036	15,998	13,904
Changes in assumptions or other inputs	-	(18,225)	11,283	8,325	(24,450)
Benefit payments	(24,000)	(22,000)	(22,424)	(28,674)	(18,593)
<b>Net Changes in Total OPEB Liability</b>	28,000	10,775	33,135	22,144	(905)
<b>Total OPEB Liability - Beginning</b>	565,000	554,225	521,090	498,946	499,851
<b>Total OPEB Liability - Ending</b>	\$ 593,000	\$ 565,000	\$ 554,225	\$ 521,090	\$ 498,946
<b>Covered Payroll</b>	\$ 2,536,216	\$ 2,404,302	\$ 2,455,076	\$ 2,253,165	\$ 2,210,307
<b>Total OPEB liability as a percentage of covered payroll</b>	23%	23%	23%	23%	23%

City Has No Assets Accumulated in a Trust to Pay Related Benefits

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*SUPPLEMENTARY INFORMATION*

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CITY OF ORLAND

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Assistance Listing Number ("ALN")	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through the CA State Water Resources Control Board			
Community Facilities Loans and Grants	10.766	04-011-532934947	\$ 196,700
Disaster Grant	10.766	04-011-532934947	77,000
<b>Total U. S. Department of Agriculture</b>			<b>273,700</b>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Home Investment Partnerships Program [1]	14.239	19-HOME-15980	1,247,781
Home Investment Partnerships Program [1]	14.239	07-HOME-3902	2,473,181
Home Investment Partnerships Program [1]	14.239	08-HOME-4730	501,692
Home Investment Partnerships Program [1]	14.239	04-HOME-Orland Apt	1,725,583
Home Investment Partnerships Program [1]	14.239	05-HOME-1685	218,827
Home Investment Partnerships Program [1]	14.239	09-HOME-6205	437,571
HOME Subtotal			6,604,635
Community Development Block Grant [1]	14.218	1987 STBG	20,588
Community Development Block Grant [1]	14.218	CDBG Reuse Post 1992 CDBG Program	2,750
Community Development Block Grant [1]	14.218	Program	1,053,046
			1,076,384
<b>Total U. S. Department of Housing and Urban Development</b>			<b>7,681,019</b>
U. S. DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction (Federal-Aid High	20.205		125,571
U. S. DEPARTMENT OF THE TREASURY			
Coronavirus Relief Fund	21.019		31,069
Coronavirus State and Local Fiscal Recovery Fund	21.027		391,563
<b>Total U. S. Department of the Treasury</b>			<b>422,632</b>
<b>Total Federal Expenditures</b>			<b>\$ 8,502,922</b>

[1] - Major Program

DF - Direct Funded

No amount provided to subrecipients

CITY OF ORLAND

COMBINING BALANCE SHEET  
JUNE 30, 2023

	Library Funds	Police Dept Grants	P.O.S.T.	Covid Relief	ARPA	Gen Plan Surch	Libr Bld Forwar	GAS TAX	STIP- PAPST AVE	Tehama - STIP	Code Enforc.	RMRA, SB 1	Sixth St 2020	Assessment District
<b>ASSETS</b>														
Cash and Equivalents	\$ 136,928	\$ 37,072	\$ 34,274	\$ -	\$ 1,046,303	\$ 127,808	\$ 124,892	\$ 235,006	\$ -	\$ -	\$ 1,112	\$ 294,791	\$ -	\$ 632,229
Receivables	-	-	-	-	-	-	-	165,240	-	-	-	32,330	-	747
<b>TOTAL ASSETS</b>	<b>\$ 136,928</b>	<b>\$ 37,072</b>	<b>\$ 34,274</b>	<b>\$ -</b>	<b>\$ 1,046,303</b>	<b>\$ 127,808</b>	<b>\$ 124,892</b>	<b>\$ 400,246</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,112</b>	<b>\$ 327,121</b>	<b>\$ -</b>	<b>\$ 632,976</b>
<b>LIABILITIES</b>														
Accrued Expenses	\$ 212	\$ -	\$ -	\$ 467	\$ 2,360	\$ -	\$ -	\$ 3,690	\$ -	\$ -	\$ -	\$ 3,369	\$ -	\$ -
Due To Other Funds	-	-	-	30,601	-	-	-	-	2,460	216,321	-	-	76,858	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>212</b>	<b>-</b>	<b>-</b>	<b>31,068</b>	<b>2,360</b>	<b>-</b>	<b>-</b>	<b>3,690</b>	<b>2,460</b>	<b>216,321</b>	<b>-</b>	<b>3,369</b>	<b>76,858</b>	<b>-</b>
<b>FUND BALANCE</b>														
Restricted Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	321,456
Assigned Fund Balance	136,716	37,072	34,274	-	1,043,943	127,808	124,892	396,556	-	-	1,112	323,752	-	311,520
Unassigned	-	-	-	(31,068)	-	-	-	-	(2,460)	(216,321)	-	-	(76,858)	-
<b>Total Fund Balance</b>	<b>136,716</b>	<b>37,072</b>	<b>34,274</b>	<b>(31,068)</b>	<b>1,043,943</b>	<b>127,808</b>	<b>124,892</b>	<b>396,556</b>	<b>(2,460)</b>	<b>(216,321)</b>	<b>1,112</b>	<b>323,752</b>	<b>(76,858)</b>	<b>632,976</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 136,928</b>	<b>\$ 37,072</b>	<b>\$ 34,274</b>	<b>\$ -</b>	<b>\$ 1,046,303</b>	<b>\$ 127,808</b>	<b>\$ 124,892</b>	<b>\$ 400,246</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,112</b>	<b>\$ 327,121</b>	<b>\$ -</b>	<b>\$ 632,976</b>



87-STBG- 247	Parks Pass	Wdwrđ Fam Aprts	Liberty Bell CY	SB-2 Planning	LEAP Grant	Rec Trail Grant	Community Center	CA BSCC GRANT	USBR Park Meters	Downtown Signs	Arts Commis.	Nomlaki Dontation	Streetscape	SAFETY FUND	Tree Comm Trust	Non-Major Govt Funds
\$ -	\$ -	\$ 1,720	\$ -	\$ -	\$ -	\$ -	\$ 1,413	\$ 5,933	\$ 51,106	\$ 3,762	\$ 36,959	\$ 656	\$ -	\$ 71,965	\$ 4,265	\$ 2,848,194
20,588	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	218,905
\$ 20,588	\$ -	\$ 1,720	\$ -	\$ -	\$ -	\$ -	\$ 1,413	\$ 5,933	\$ 51,106	\$ 3,762	\$ 36,959	\$ 656	\$ -	\$ 71,965	\$ 4,265	\$ 3,067,099
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,098
-	5,833	-	2,904	76,179	18,509	41,115	-	-	-	-	-	-	30,714	-	-	501,494
20,588	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,588
20,588	5,833	-	2,904	76,179	18,509	41,115	-	-	-	-	-	-	30,714	-	-	532,180
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	321,456
-	-	1,720	-	-	-	-	1,413	5,933	51,106	3,762	36,959	656	-	71,965	4,265	2,715,424
-	(5,833)	-	(2,904)	(76,179)	(18,509)	(41,115)	-	-	-	-	-	-	(30,714)	-	-	(501,961)
-	(5,833)	1,720	(2,904)	(76,179)	(18,509)	(41,115)	1,413	5,933	51,106	3,762	36,959	656	(30,714)	71,965	4,265	2,534,919
\$ 20,588	\$ -	\$ 1,720	\$ -	\$ -	\$ -	\$ -	\$ 1,413	\$ 5,933	\$ 51,106	\$ 3,762	\$ 36,959	\$ 656	\$ -	\$ 71,965	\$ 4,265	\$ 3,067,099

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

	Library Funds	Police Dept Grants	P.O.S.T.	Covid Relief	ARPA	Gen Plan Surch	Libr Bld Forwar	GAS TAX	STIP- PAPST AVE	Tehama - STIP	Code Enforc.	RMRA, SB 1	Sixth St 2020	Assessment District
<b>REVENUES</b>														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 354,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,659
Licenses, Permits, and Franchises	-	-	-	-	-	47,636	-	-	-	-	-	-	-	-
Fines, Forfeitures, and Penalties	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from Use of Money	2,502	687	362	-	23,421	1,894	1,765	3,971	-	-	-	4,157	-	11,801
Intergovernmental Revenue	6,076	-	30,835	-	936,192	-	123,127	-	-	-	-	184,499	-	-
Charges for Services	22,067	-	116	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>32,145</b>	<b>687</b>	<b>31,313</b>	<b>-</b>	<b>959,613</b>	<b>49,530</b>	<b>124,892</b>	<b>358,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188,656</b>	<b>-</b>	<b>102,460</b>
<b>EXPENDITURES</b>														
Current														
General Government	-	-	-	30,601	153,620	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Ways and Facilities	-	-	-	-	-	-	-	128,181	-	-	-	8,901	-	64,654
Library	23,004	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	467	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	64,265	-	-	52,201	-	-	-	-	-	-
Debt Service	-	-	-	-	54,807	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>23,004</b>	<b>-</b>	<b>-</b>	<b>31,068</b>	<b>272,692</b>	<b>-</b>	<b>-</b>	<b>180,382</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,901</b>	<b>-</b>	<b>64,654</b>
<b>Excess (Deficiency) of Revenues</b>														
<b>Over Expenditures</b>	<b>9,141</b>	<b>687</b>	<b>31,313</b>	<b>(31,068)</b>	<b>686,921</b>	<b>49,530</b>	<b>124,892</b>	<b>178,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179,755</b>	<b>-</b>	<b>37,806</b>
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers In	-	-	-	-	-	-	-	-	-	-	6,645	-	-	-
Transfers Out	-	-	-	-	(118,871)	-	-	-	-	-	-	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(118,871)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,645</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>														
<b>BEGINNING FUND BALANCE</b>	<b>127,575</b>	<b>36,385</b>	<b>2,961</b>	<b>-</b>	<b>475,893</b>	<b>78,278</b>	<b>-</b>	<b>218,378</b>	<b>(2,460)</b>	<b>(216,321)</b>	<b>(5,533)</b>	<b>143,997</b>	<b>(76,858)</b>	<b>595,170</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 136,716</b>	<b>\$ 37,072</b>	<b>\$ 34,274</b>	<b>\$ (31,068)</b>	<b>\$ 1,043,943</b>	<b>\$ 127,808</b>	<b>\$ 124,892</b>	<b>\$ 396,556</b>	<b>\$ (2,460)</b>	<b>\$ (216,321)</b>	<b>\$ 1,112</b>	<b>\$ 323,752</b>	<b>\$ (76,858)</b>	<b>\$ 632,976</b>

87-STBG- 247	Parks Pass	Wdwrd Fam Aprts	Liberty Bell CY	SB-2 Planning	LEAP Grant	Rec Trail Grant	Community Center	CA BSCC GRANT	USBR Park Meters	Downtown Signs	Arts Commis.	Nomlaki Dontation	Streetscape	SAFETY FUND	Tree Comm Trust	Non-Major Govt Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 445,248
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,636
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500
-	-	33	-	-	-	-	26	110	947	70	733	13	-	1,355	79	53,926
-	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,297,729
-	-	-	-	-	-	-	-	-	-	-	40,246	-	-	-	-	62,429
-	17,000	33	-	-	-	-	26	110	947	70	40,979	13	-	1,355	79	1,908,468
-	-	-	-	-	514	34,879	-	-	-	-	-	-	-	-	-	219,614
-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,166	-	20,166
-	-	444	1,267	-	-	-	-	-	-	-	-	-	-	-	-	203,447
-	22,833	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,837
-	-	-	-	-	-	5,936	-	-	-	-	30,303	-	-	-	-	36,706
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,466
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54,807
-	22,833	444	1,267	-	514	40,815	-	-	-	-	30,303	-	-	20,166	-	697,043
-	(5,833)	(411)	(1,267)	-	(514)	(40,815)	26	110	947	70	10,676	13	-	(18,811)	79	1,211,425
4,985	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,630
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(118,871)
4,985	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(107,241)
4,985	(5,833)	(411)	(1,267)	-	(514)	(40,815)	26	110	947	70	10,676	13	-	(18,811)	79	1,104,184
(4,985)	-	2,131	(1,637)	(76,179)	(17,995)	(300)	1,387	5,823	50,159	3,692	26,283	643	(30,714)	90,776	4,186	1,430,735
\$ -	\$ (5,833)	\$ 1,720	\$ (2,904)	\$ (76,179)	\$ (18,509)	\$ (41,115)	\$ 1,413	\$ 5,933	\$ 51,106	\$ 3,762	\$ 36,959	\$ 656	\$ (30,714)	\$ 71,965	\$ 4,265	\$ 2,534,919

**CITY OF ORLAND**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**Schedule of Expenditures of Federal Awards**

NOTE A – BASIS OF PRESENTATION The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of Orland, California (the City) under programs of the federal government for year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the City’s operations, it is not intended to be and does not present the financial position, changes in financial position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Expenses reported on the Schedule are reported on the modified accrual basis of accounting, save for the accounts receivable balances, which are not current year expenditures. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST ALLOCATION PLAN The City did not elect to use the 10 percent de minimis indirect costs as covered in CFR 200.414.

NOTE E – LOAN PROGRAMS The outstanding balances of loan programs, with a continuing compliance requirement, carried balances as of June 30, 2023, as follows:

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>ALN</b>	<b>Loans Outstanding as of June 30, 2023</b>
Home Investment Partnerships Program		
07-HOME-3902	14.239	\$ 2,473,181
08-HOME-4730	14.239	501,692
04-HOME-Orland Apt	14.239	1,725,583
05-HOME-1685	14.239	218,827
09-HOME-6205	14.239	437,571
<b>Total HOME</b>		<b>5,356,854</b>
Community Development Block Grant		
1987 STBG	14.218	\$ 20,588
CDBG Reuse	14.218	2,750
Post 1992 CDBG Program	14.218	1,053,046
<b>Total CDBG</b>		<b>1,076,384</b>
<b>Total Loans Outstanding</b>		<b>\$ 6,433,238</b>

**Combining Statements – Non-Major Governmental Funds**

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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*OTHER INDEPENDENT AUDITOR'S REPORT*

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees  
City of Orland  
Orland, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Orland as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Orland's basic financial statements, and have issued our report thereon dated May 29, 2024.

***REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the financial statements, we considered City of Orland's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Orland's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Orland's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***REPORT ON COMPLIANCE AND OTHER MATTERS***

As part of obtaining reasonable assurance about whether City of Orland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. The reported noncompliance are the proposed audit adjustments, which were accepted by the City.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads 'RT Dennis Accountancy'.

May 29, 2024

RT DENNIS  
ACCOUNTANCY





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees  
City of Orland  
Orland, California

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

***Opinion on Each Major Federal Program***

We have audited City of Orland's compliance with the types of compliance requirements<sup>1</sup> identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Orland's major federal programs for the year ended June 30, 2023. City of Orland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Orland complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Orland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Orland's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Orland's federal programs.

RT DENNIS  
ACCOUNTANCY

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Orland's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Orland's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- ❖ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ❖ Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Orland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ❖ Obtain an understanding of City of Orland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Orland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.<sup>5</sup>



May 29, 2024

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*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

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**CITY OF ORLAND**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>Yes</u>

**FEDERAL AWARDS**

Internal control over major federal program(s):	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>ALN</u>	<u>Name of Federal Program of Cluster</u>
14.239	Home Investment Partnerships Program
14.218	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**CITY OF ORLAND**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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No Financial Statement Findings were noted in the current year.



**CITY OF ORLAND**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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No Federal Award Findings were noted in the current year.

**CITY OF ORLAND**

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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There were no findings noted in the prior fiscal year.