



City of
Orange
City Council



Mark A. Murphy
Mayor



Kim Nichols
Mayor pro tem



Chip Monaco
Councilmember, At large



Arianna Barrios
Councilmember, District 1



Jon Dumitru
Councilmember, District 2



Kathy Tavoularis
Councilmember, District 3



Ana Gutierrez
Councilmember, District 5



City of Orange

C a l i f o r n i a

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

Prepared by:
FINANCE DEPARTMENT

Will Kolbow
Assistant City Manager/Administrative Services Director

Elected Officials



CITY TREASURER
RICHARD A. ROHM



CITY CLERK
PAMELA COLEMAN

Introductory Section



**CITY OF ORANGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021**

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CITY OF ORANGE

FINANCE DEPARTMENT

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December 13, 2021

To the Honorable Mayor, City Council and City Manager of the City of Orange, California:

The Annual Comprehensive Financial Report (ACFR) of the City of Orange (City), as prepared by the City's Finance Department, is hereby presented for your information. State law requires that every general-purpose local government issue within six months of the close of each fiscal year, a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2021.

Responsibility for preparation of the ACFR rests with the City's management. In addition, management assumes full responsibility for the accuracy, completeness, and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City of Orange. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have also been included.

The independent accounting firm of Lance Soll & Lunghard, LLP (Auditors) performed the annual financial audit, which was designed to meet the requirements of Government Auditing Standards. The Auditors have issued an unmodified opinion on the City's financial statements for the year ended June 30, 2021. The Independent Auditors' Report on the ACFR is included at the front of the financial section of this report.

The Management Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF ORANGE

The City of Orange, with a present population estimated at 137,366 is situated in central Orange County, approximately 32 miles southeast of Los Angeles. The City's land area is 24 square miles. Its planning area or "sphere of influence" is 62 square miles.



The City was incorporated in 1888 under the general laws of the State of California. Under a council-manager form of government, a mayor is elected every two years and, beginning with the November 2020 election, six council members are elected by district to four-year terms alternating on a two-year basis. The City Manager, who is the administrative official of the City, is appointed by the City Council.

The City provides a full range of services for its citizens. These services include police, fire, paramedic, emergency transportation, library, recreation and parks, senior services, planning and development, street improvements and lighting, and general administration. The City also operates a water utility and contracts for refuse collection services. In addition, the City provides aid to its citizens in the form of residential and commercial rehabilitation loans and economic development.

The former Orange Redevelopment Agency was a component unit of the City until the implementation of AB IX 26, which dissolved California Redevelopment Agencies effective January 31, 2012 (dissolution date). All funds remaining as of that date were transferred to the Successor Agency public trust fund. The City, per Resolution No. 10625, is the Successor Agency to the former Redevelopment Agency. The Successor Agency's (City Council) approvals are subject to review and confirmation by the Oversight Board (OB) and State Department of Finance (DOF). All transactions effective from the dissolution date and through the "wind-down" period, will be reported in the Successor Agency trust fund.

The annual budget is adopted by July 1st for all funds of the City on a basis consistent with generally accepted accounting principles. The budget is monitored to ensure compliance with legal provisions embodied in the appropriated budget as approved or amended by the City Council throughout the year. City staff is responsible for monitoring the appropriated budgets for all funds. The budget is prepared by fund, department (e.g. police), and activity (e.g. patrol). Transfers of appropriations between funds, between departments within a fund, and between capital outlay or debt service and another object group classification within a department, require City Council approval. All other transfers of appropriations can be made with City management approval.

LOCAL ECONOMY

The local economy in the City of Orange has continued to improve since the Great Recession. Several key indicators of economic activity, including property tax, transient occupancy tax, licenses and permits, and fees for services, ended the year above budget. The City's largest revenue source, sales tax, increased by \$9.2 million, or 21.2%, in the General Fund from the prior Fiscal Year (FY). County allocations for online sales trended upward as customers increased their spending on online shopping. Strong performances in auto sales and business to business also contributed to this increase. However, some of the overall increase is related to the State allowing businesses to delay payment of sales taxes, which had the effect of shifting some sales tax from FY 20 to FY 21.

General Fund property tax revenue, increased \$1.4 million over the prior year. Assessed valuations continue to climb following the decreases during the Recession, and a robust real estate market has resulted in the revaluation of properties as they are transferred to new owners. In addition, the General Fund will continue to see an increase in residual revenues as a result of the dissolution of the Redevelopment Agency and as activities of the Successor Agency "wind-down".

Interest rates decreased dramatically in FY 21 with investments earning an average yield of only .71%. Rates are expected to increase slightly in the second half of FY 22.

RELEVANT FINANCIAL POLICIES

In FY 21, the City Council adopted Resolution No. 11304, establishing a Financial Reserve Policy and a Pension Funding Policy. These policies were adopted to establish adequate reserves to continue to meet its financial obligations in the event of economic uncertainty, catastrophes, or other unforeseen circumstances; and to establish a method to proactively manage future unfunded pension liabilities.

In the General Fund, this policy provides for a year-end “commitment” of fund balance of a minimum of 16.6% of annual General Fund expenditures. In addition, it provides for a year-end “assignment” of fund balance equal to the carryover of encumbered and unencumbered appropriations and the fund balances of certain funds within the General Fund reporting group.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Pursuant to the California Public Employees’ Pension Reform Act of 2013 (PEPRA) and related statutory changes, the City implemented a two-tiered retirement system with the California Public Employees Retirement System (CalPERS). This system provides for a second tier of reduced retirement benefits, effective for employees hired after January 1, 2013 who are also new to CalPERS. It includes a retirement benefit of 2% at 62 for miscellaneous employees and 2.7% at 57 for safety employees, and requires employee contribution rates of 6.75% and 12%, respectively. Over the long term, this reduced benefit tier is designed to decrease retirement costs for the City. As of June 30, 2021, there are 280 of the City’s 620 employees (45%) at this lower tier of retirement benefits.

Sales Tax Sharing Program: In May 2013, the City Council adopted Ordinance No. 4-13 establishing a Sales Tax Sharing Program as a new economic development incentive to promote business growth and job creation, and to enhance the economic base through increased sales tax revenue in the City of Orange. Under the Sales Tax Sharing Program, the City may enter into a Participation Agreement with the owners of existing or new local businesses that generate sales tax revenue to provide for economic development incentives. Currently, the City has Participation Agreements with one entity.

Providing for Internal Service Funding (ISF): The City maintains several Internal Service Funds (ISF). The City continues to reduce reserves in the Workers’ Compensation and General Liability funds as it strives to close out a number of older claims. Allocations to other ISFs, including the Employee Accrued Liability Fund (see below), Equipment Maintenance, Equipment Replacement, Information Systems, and Computer Replacement funds, ensure adequate future funding for each of those respective functions.

Retirement Cost Increases and Pension Obligation Bond Issuance: As part of their plan to fully fund all retirement plans within 30 years, CalPERS established a plan to dramatically increase contribution rates over a five-year period, beginning in FY 16. In addition, changes in actuarial assumptions based on life expectancy have increased retirement costs for all agencies. In FY 13, City Council established a contingency reserve in the Employee Accrued Liability Fund which set-aside

monies to be used to offset future retirement costs. Of the \$6.2 million set aside as of June 30, 2020, \$2.0 million was utilized to help offset FY21 revenue shortfalls related to the Covid-19 pandemic.

On March 15, 2021, the City successfully issued 2.7% Pension Obligation Bonds (POBs), in the amount of \$286.5 million, to effectively refinance the City's Unfunded Accrued Liability (UAL) with CalPERS as of that date. The UAL represented ongoing expenditures with a 7% interest/discount rate, coupled with increasing annual contributions to reduce the overall balance. The overall projected savings in FY 22 is an estimated \$4.8 million, or a net decrease compared to FY 21 General Fund expenditures of \$2.7 million.

ACKNOWLEDGEMENTS

The preparation of the ACFR could not have been accomplished without the efficient and dedicated service of the Finance Department staff. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report, particularly the Accounting division's financial reporting team. We also appreciate the assistance and support received from the Investment Advisory Committee and City departments in planning and conducting the financial operations of the City during this fiscal year, as well as the Mayor and Councilmembers for their steadfast support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



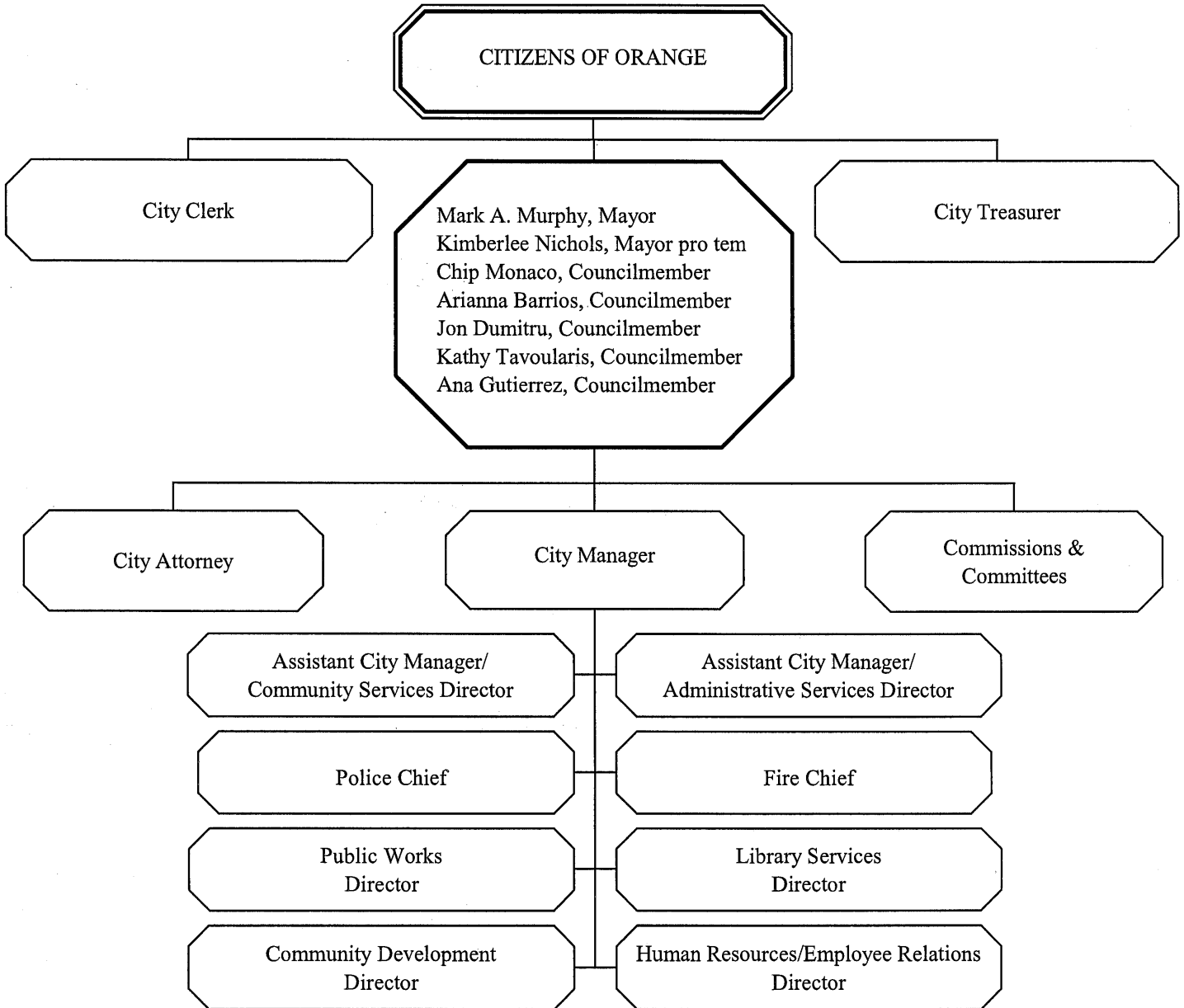
William M. Kolbow
Assistant City Manager
Director of Administrative Services



Katrin O. Bandhauer, CPA
Assistant Finance Director

CITY OF ORANGE

Organization Chart at June 30, 2021



ELECTED POSITIONS

Mark A. Murphy Mayor
Kimberlee NicholsMayor Pro Tem
Chip MonacoCouncil Member at Large
Arianna BarriosCouncil Member District 1
Jon DumitruCouncil Member District 2
Kathy TavoularisCouncil Member District 3
Ana GutierrezCouncil Member District 5
Richard A. Rohm..... City Treasurer
Pamela Coleman..... City Clerk

ADMINISTRATIVE PERSONNEL

Rick Otto..... City Manager
Gary Sheatz..... City Attorney
Will Kolbow.....Assistant City Manager/
Administrative Services Director
Bonnie Hagan..... Assistant City Manager/
Community Services Director
Tom Kisela..... Police Chief
Christopher Cash..... Public Works Director
Sean Demetropolis Fire Chief
Susan Galvan.....Interim Community Development Director
Monica Espinoza.....Human Resources Director
Dave F. Curtis.....Library Services Director

Financial Section





INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Orange, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orange, California, (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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





To the Honorable Mayor and Members of the City Council
City of Orange, California

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 opinion. 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 the 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 the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison schedules for the General Fund and Proposition 172, Federal, State and Local Grants, Housing Successor, and Measure M special revenue funds; the required pension-related schedules; and the required other post-employment benefits-related schedules, as listed in the table of contents 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.



To the Honorable Mayor and Members of the City Council
City of Orange, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section of the Annual Comprehensive Financial Report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does 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 December 13, 2021 on our consideration of the City'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 the City's 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 the City's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
December 13, 2021

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Management's Discussion and Analysis



MANAGEMENT’S DISCUSSION AND ANALYSIS

The purpose of this Management’s Discussion and Analysis is to interpret and summarize the financial changes in the City of Orange Financial Statements for Fiscal Year 2020-21. This analysis will focus on the significant changes in an effort to explain the City’s overall financial condition. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our Letter of Transmittal, Notes to the Financial Statements, and the Statistical Section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s Basic Financial Statements, which are comprised of three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements; and (3) Notes to the Financial Statements. In addition to the Basic Financial Statements and required information, this report also contains other supplementary information.

Government-wide Financial Statements. The Government-wide Financial Statements are designed to provide readers with a broad overview of the City’s financial position, in a manner similar to that of a private-sector business. These statements are reported on the full accrual basis of accounting. Thus, revenues and expenses are reported for some items that will not affect cash flows until future fiscal periods.

The Government-wide Financial Statements separate **Governmental Activities** that are principally supported by taxes and revenues from other agencies, from **Business-type Activities** that are intended to recover all, or a significant portion, of their costs through user fees and charges. The Governmental Activities of the City include General Government, Public Safety, Public Works, Community Development, Parks and Library, Economic Development, and Interest on Long-Term Debt, when applicable. The City’s two Business-type Activities are Water and Sanitation.

The Statement of Net Position presents information on all of the City’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources; the difference between the four is reported as net position. Total assets include all capital items including infrastructure. Evaluating increases or decreases in net position over time will serve as a useful indicator of whether the financial position of the City is improving or declining.

The Statement of Activities presents information on the net cost of each governmental function (activity) during the fiscal year. This statement also identifies the amount of general revenues needed to fully fund each governmental function.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds (General Fund, Special Revenue, Debt Service and Capital Projects Funds) are used to account for the same functions reported as Governmental Activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Fund Financial Statements focus on short-term inflows and outflows of spendable resources. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information is useful in evaluating the City's short-term financing requirements.

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The governmental fund Balance Sheets and the Statement of Revenues, Expenditures, and Changes in Fund Balance, require a reconciliation to facilitate the comparison between the Fund Statements and the Government-wide Statements. This reconciliation is required because the Government-wide Statements are prepared on the full accrual basis of accounting while the Fund Statements are prepared on the modified accrual basis of accounting. These reconciliations can be found in the Fund Financial Statements on pages 25 and 28.

Proprietary Funds are Enterprise and Internal Service Funds. The City uses Enterprise Funds to account for its Water Utility and Sanitation services. Internal Service Funds are used to accumulate and allocate costs internally to various functions. The City uses Internal Service Funds to allocate equipment expenses, equipment replacements, major building improvements, information systems, computer replacements, employee accrued liability, and workers' compensation, liability and dental self-insurance costs.

All of the Internal Service Funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements found on pages 128-133.

Fiduciary Funds (Custodial and Private-Purpose Trust Funds) are used to account for resources held for the benefit of parties outside of the City such as the collection and fees for various assessment districts for which the City acts as an agent for debt service activity. The Fiduciary Fund resources are not available to support City programs. Fiduciary Funds are reported in Fiduciary Fund Statements of the basic Financial Statements section and are also reported in the Supplementary Schedules section.

Notes to the Financial Statements. The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other Information. In addition to the Basic Financial Statements and accompanying notes, this report also presents certain Supplementary Information such as Budgetary Comparison Schedules for the General Fund and all Major Special Revenue Funds, Schedules of Changes in the Net Pension Liability and Related Ratios and Schedules of Plan Contributions (Required Supplementary Information). In addition, Budgetary Comparison Schedules for all of the Non-Major Special Revenue, Capital Projects Funds, and Combining Non-Major Statements are provided (Supplementary Schedules). The Statistical Section provides users with statistical information covering five categories, including financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS AND ANALYSIS

City of Orange Net Position

(expressed in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	20-21	19-20	20-21	19-20	20-21	19-20
Current and other assets	\$ 182,245	151,444	37,527	34,383	219,772	185,827
Capital assets	685,927	676,537	131,444	129,727	817,371	806,264
Total assets	<u>868,172</u>	<u>827,981</u>	<u>168,971</u>	<u>164,110</u>	<u>1,037,143</u>	<u>992,091</u>
Deferred outflows of resources	<u>303,613</u>	<u>39,142</u>	<u>25,313</u>	<u>3,320</u>	<u>328,927</u>	<u>42,462</u>
Long-term liabilities outstanding	328,446	17,022	21,828	480	350,274	17,502
Net pension liability	264,782	251,068	21,243	19,975	286,025	271,043
Total OPEB liability	34,888	30,873	8,832	7,816	43,720	38,689
Other liabilities	17,317	28,290	9,247	8,699	26,564	36,989
Total liabilities	<u>645,433</u>	<u>327,253</u>	<u>61,150</u>	<u>36,970</u>	<u>706,583</u>	<u>364,223</u>
Deferred inflows of resources	<u>1,346</u>	<u>6,261</u>	<u>51</u>	<u>480</u>	<u>1,397</u>	<u>6,741</u>
Net Investment in capital assets	685,927	674,673	131,444	129,357	817,371	804,030
Restricted	44,321	42,194	-	-	44,322	42,194
Unrestricted	<u>(205,242)</u>	<u>(183,258)</u>	<u>1,639</u>	<u>623</u>	<u>(203,603)</u>	<u>(182,635)</u>
Total net position	<u>\$ 525,006</u>	<u>533,609</u>	<u>133,083</u>	<u>129,980</u>	<u>658,090</u>	<u>663,589</u>

Governmental Activities:

Assets and deferred outflows exceeded liabilities and deferred inflows at the close of the fiscal year by \$525 million. The majority of this excess is due to the capitalization of the City's infrastructure per GASB Statement No. 34, including streets, sidewalks, rights-of-way, street lights, traffic signals, sewer system, storm drain system, wells and bridges.

Total increase in assets from \$828 million to \$868 million, is due mainly to an increase in cash with fiscal agent from the proceeds of a bond issue to fund city infrastructure improvements.

Total liabilities increased \$318 million from prior year due mainly to the issuance of two bonds in FY 2021, one for city infrastructure improvements and the other to pay off the City's unfunded accrued pension obligation.

The restricted portion of the City's net position (\$44.3 million) represents resources that are subject to legal outside restrictions by law, constitution, or enabling legislation, and funds committed by City Council for specific purposes.

Business Type Activities:

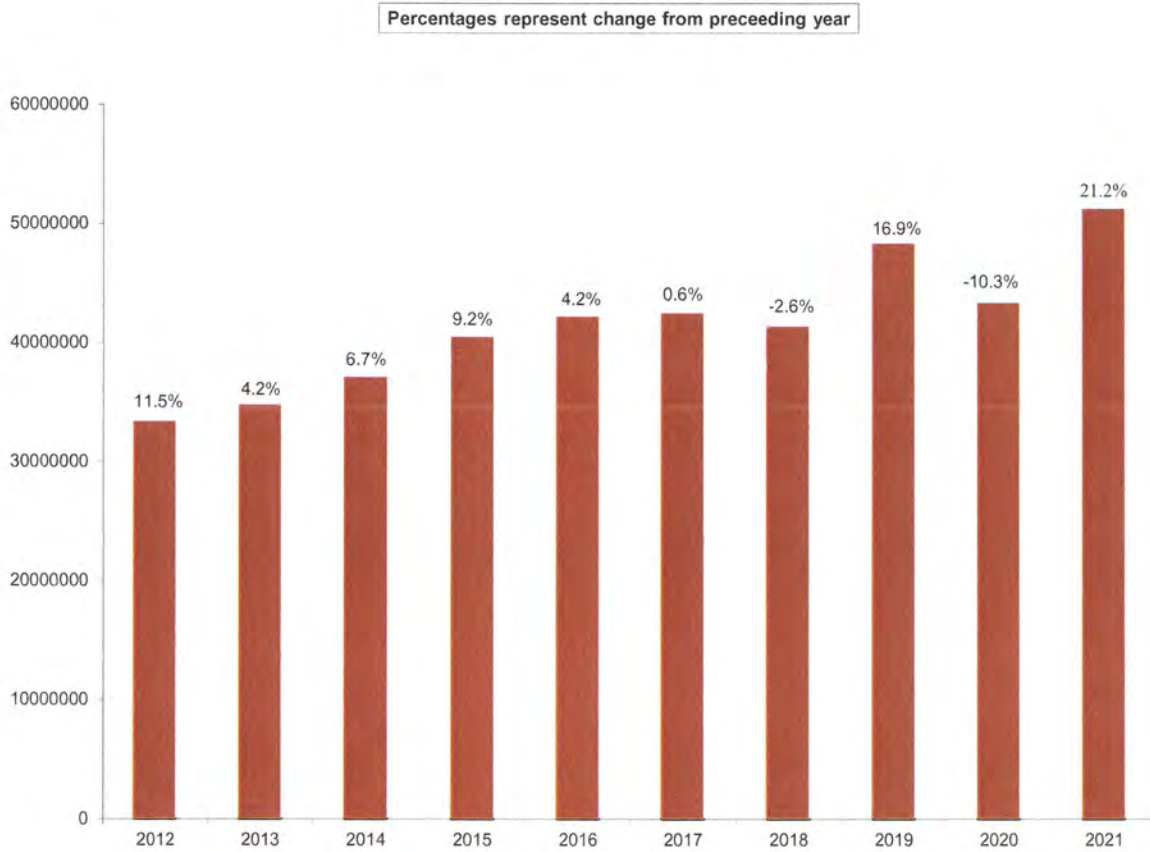
Total Assets increased \$4.9 million from last year due to increased revenue from water sales and services.

Total liabilities increased \$24.2 million from prior year due mainly to the issuance of Pension Obligation Bonds in FY 2021.

City of Orange
Changes in Net Position
(expressed in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	20-21	19-20	20-21	19-20	20-21	19-20
Program Revenue						
Charges for services	\$ 18,307	26,283	46,912	43,180	65,219	69,463
Operating grants and contributions	19,359	5,650	-	-	19,359	5,650
Capital grants and contributions	12,631	8,026	-	-	12,631	8,026
General Revenues						
Property Taxes	48,273	46,275	-	-	48,273	46,275
Sales Taxes	56,578	47,215	-	-	56,578	47,215
Other Taxes	1,865	4,014	-	-	1,865	4,014
Franchise Fees	2,791	2,820	-	-	2,791	2,820
Other	6,013	8,007	35	665	6,048	8,672
Total Revenues	<u>165,817</u>	<u>148,290</u>	<u>46,947</u>	<u>43,845</u>	<u>212,764</u>	<u>192,135</u>
Expenses						
General government	18,961	19,427	-	-	18,961	19,427
Public Safety	102,188	106,839	-	-	102,189	106,839
Public Works	25,265	14,683	-	-	25,265	14,683
Community dev.	5,281	5,175	-	-	5,281	5,175
Parks and library	17,161	17,049	-	-	17,161	17,049
Economic dev.	466	849	-	-	466	849
Interest on L/T debt	3,097	-	-	-	3,097	-
Cost of issuance	2,000	-	-	-	2,000	-
Sanitation	-	-	7,861	8,486	7,861	8,486
Water	-	-	35,983	35,010	35,983	35,010
Total Expenses	<u>174,420</u>	<u>164,022</u>	<u>43,844</u>	<u>43,496</u>	<u>218,264</u>	<u>207,518</u>
Change in net position	(8,603)	(15,732)	3,103	349	(5,500)	(15,383)
Net position at beginning of year	<u>533,609</u>	<u>549,341</u>	<u>129,980</u>	<u>129,631</u>	<u>663,589</u>	<u>678,972</u>
Net position at end of year	<u>\$525,006</u>	<u>533,609</u>	<u>133,083</u>	<u>129,980</u>	<u>658,089</u>	<u>663,589</u>

GENERAL FUND SALES TAX REVENUE Fiscal Years 2012-2021



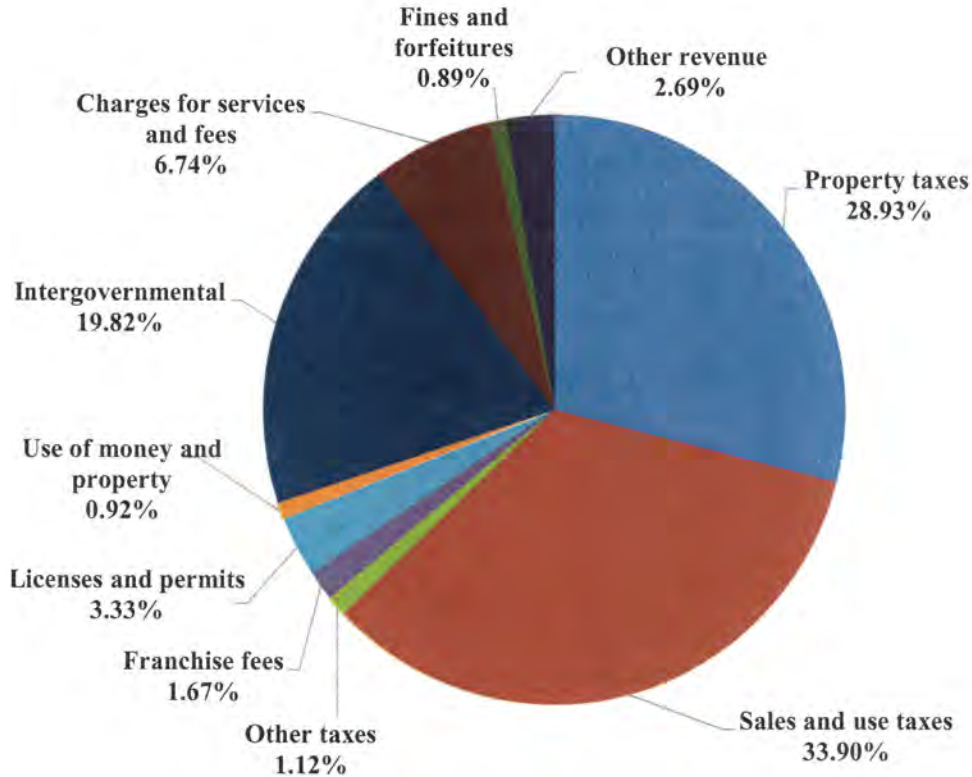
Sales tax is the City's largest revenue source and is directly related to general economic conditions within the City. The historical change in General Fund sales tax revenue, excluding Measure M and Proposition 172 sales tax revenues (which are restricted for transportation and public safety purposes), is presented in the bar graph above.

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GOVERNMENTAL FUND HIGHLIGHTS AND ANALYSIS

GOVERNMENTAL FUNDS REVENUES

The graph below shows a summary of Governmental Fund type revenues. This includes revenues from the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds for the Fiscal Year ended June 30, 2021.



REVENUE SOURCE			INCREASE (DECREASE) FROM 19-20	
	20-21 AMOUNT	19-20 AMOUNT	AMOUNT	%
Property taxes	\$ 48,272,714	46,274,506	1,998,208	4.3
Sales and use taxes	56,577,610	47,215,228	9,362,382	19.8
Other taxes	1,864,912	4,013,628	(2,148,716)	(53.5)
Franchise fees	2,791,170	2,819,979	(28,809)	(.1)
Licenses and permits	5,550,237	5,780,011	(229,774)	(4.0)
Use of money and property	1,533,906	4,121,085	(2,587,179)	(62.8)
Intergovernmental	33,085,279	13,638,969	19,446,310	142.6
Charges for services and fees	11,243,519	18,699,180	(7,455,661)	(40.0)
Fines and forfeitures	1,485,230	1,772,867	(287,637)	(16.2)
Other revenues	4,483,183	3,661,149	822,034	22.5
TOTAL	\$166,887,760	147,996,602	18,891,158	12.8

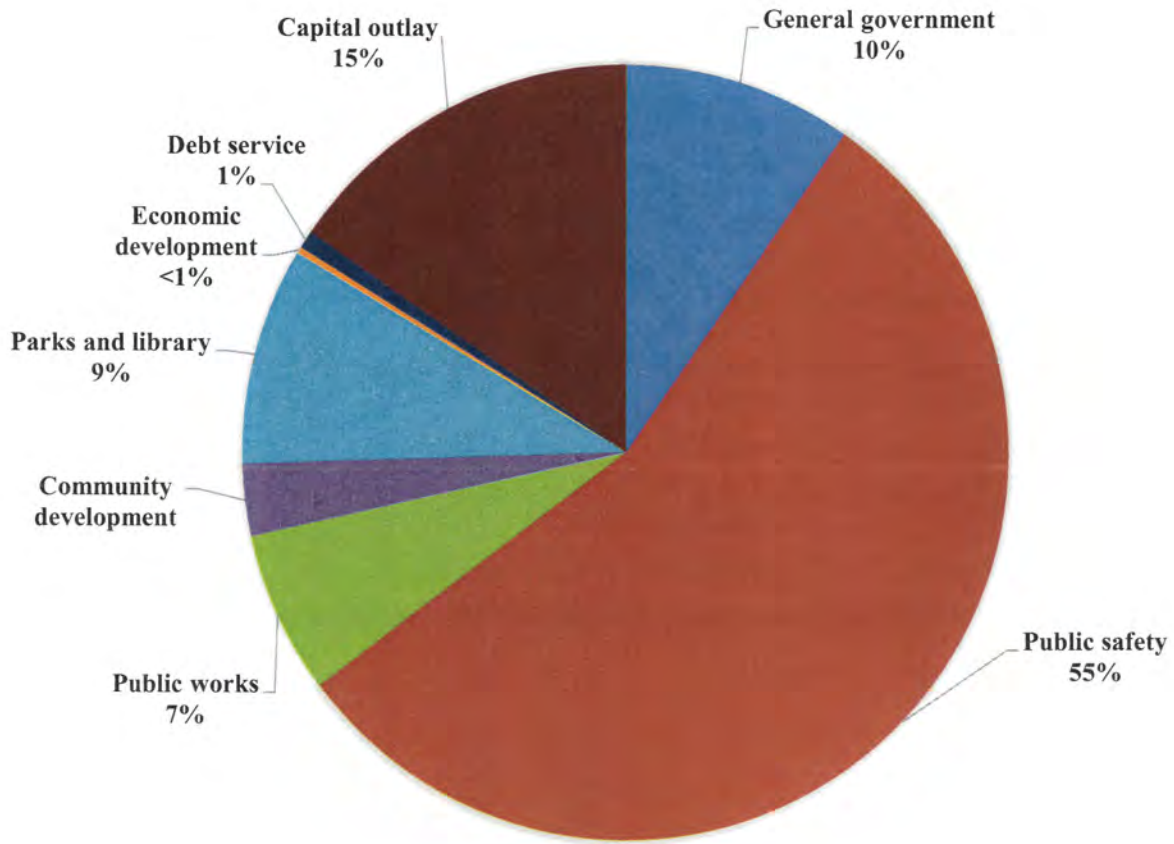
Despite decreases in several revenue categories as a result of the impact of Covid-19, our overall revenues increased 12.8%. This increase was due mainly to the receipt in Intergovernmental revenues of various Covid-19 relief grants. These relief funds helped to offset the loss of revenue in Other taxes (transient occupancy tax), Charges for services and fees and Fines and forfeitures, all of which decreased as a result of the impacts of Covid-19.

Additionally, sales tax payments, which had been delayed in the prior year due to issues related to Covid-19, returned to a more timely payment schedule in 2021. Also contributing to the increase in sales tax revenue was an increase in online sales, resulting in a larger share of sales tax for the City.

The decrease of 62.8% in Use of money and property is attributed to the decrease in interest rates and in the loss on investment compared to the prior year.

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GOVERNMENTAL FUNDS EXPENDITURES



FUNCTION	20-21 AMOUNT	19-20 AMOUNT	INCREASE (DECREASE) FROM 19-20	
			AMOUNT	%
General government	\$15,518,693	16,680,796	(1,162,103)	(7.0)
Public safety	88,567,963	85,168,745	3,399,218	4.0
Public works	10,901,569	11,062,997	(161,428)	(1.5)
Community development	4,844,971	4,842,271	2,700	<.1
Parks and library	14,581,024	14,763,471	(182,447)	(1.2)
Economic development	420,264	435,243	(14,979)	(3.4)
Debt service	1,185,561	237,778	947,783	400.0
Capital outlay	24,762,286	17,107,265	7,655,021	44.8
TOTAL	\$160,782,331	150,298,566	10,483,765	7.0

Overall expenditures increased 7% from the prior fiscal year. This increase is due mainly to Capital outlay expenditures related to the construction of the new fire facility. Increases in Public safety expenditures for salaries and newly formed homelessness related programs also contributed to this increase. General government expenditures decreased 7% generally due to a slowdown in most general government activities as a result of Covid-19.

FUND BALANCE ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the statements presenting the City's governmental funds is to provide information on the short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's current financial requirements. In particular, unassigned fund balance may serve as a useful measurement of a government's net resources available for spending during the subsequent fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$147 million, an increase of \$38 million as compared to the prior fiscal year's fund balances. The receipt of the city infrastructure bond proceeds in the capital projects fund and the Covid-19 relief grant funds in the general fund are the main contributing factors to this increase in fund balance.

The General Fund is the major operating fund of the City. The total fund balance of the General Fund was \$46.9 million, an increase of \$14.5 million in the 2020-21 Year.

Other General Fund highlights include:

- Unassigned fund balance of \$46.8 million was 37.4% of total General Fund expenditures.
- Actual General Fund revenues increased \$22 million. This increase is due mainly to the increase in sales tax and the receipt of Covid-19 relief grants, as noted earlier in this report.
- The General Fund's original expenditure budget was increased throughout the year by City Council actions totaling \$37.8 million or 32%. This increase was mainly to appropriate Covid-19 relief grant funds received to police and fire salary expenditures.
- General Fund actual expenditures totaled \$125.1 million as compared with the ending amended budget of \$156.3 million; a savings of \$31.2 million, primarily due unspent appropriations of the Covid-19 relief grant funds to police and fire salaries. The unused balance of the grant funds will be carried over to cover public safety salaries in future years in accordance with the grant agreement.

Major Special Revenue Funds highlights include:

- The Proposition 172 Fund deficit fund balance is the result of a loan from the Capital Improvement Fund in FY 2016-17 to provide cash for replacement of public safety radio equipment. The loan is to be paid back over a 5-year period with future Prop 172 sales tax revenues.

PROPRIETARY FUND HIGHLIGHTS AND ANALYSIS

The Proprietary Funds of the City consist of the Enterprise Funds (Water Fund and Sanitation Fund) and the Internal Service Funds. The Enterprise Funds are reported as Business-Type Activity on the Government-wide Financial Statements. The Internal Service Funds are Governmental Activities and as such, are combined with other Governmental Activities (Governmental Funds) when presented on the Government-wide Financial Statements. The following are highlights of the Proprietary Funds:

Enterprise Fund – Revenues and Expenses. Operating revenues increased 8.6% due to a rate increase and increased consumption from prior year. Expenditures remained even.

Enterprise Fund - Net Position. The increase in revenue and stability of expenses resulted in an increase to Net position of \$3.1 million in Fiscal Year 2020-21.

Internal Service Funds - Revenues. During Fiscal Year 2020-21, the Internal Service Funds had total operating revenues of \$13.2 million. This represents a decrease of \$1.2 million over the prior year, mainly due to decreases in charges to user funds for equipment maintenance and liability self-insurance funding. On the expense side, increases in Workers compensation claims, Employee accrued liabilities, and Information systems costs were largely responsible for an overall increase in expenses of \$2.8 million (17%).

Internal Service Funds - Net Position. Net position decreased by \$4.5 million from 2019-20 to 2020-21 largely as a result of the above referenced decreases in revenues and in increases in expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City’s Five Year Capital Improvement Plan estimates spending another \$121.6 million in Fiscal Years 2021-22 through 2025-26. Funding will come from current fund balances, projected revenues over the next seven years, grants, and private donations. The following chart shows capital assets at June 30, 2021.

Capital Assets (shown in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	20-21	19-20	20-21	19-20	20-21	19-20
Land	\$ 80,404	80,404	2,647	2,647	83,051	83,051
Rights of way	347,108	347,219	-	-	347,108	347,219
Infrastructure	137,278	134,608	-	-	137,278	134,608
Structures/improvements	90,943	90,619	54,968	55,663	145,911	146,282
Furniture/fixtures/equip	17,239	17,820	9,173	7,514	26,412	25,334
Construction in Progress	12,955	5,867	2,206	1,385	15,161	7,252
Sewer	-	-	27,647	25,930	27,647	25,930
Storm drains	-	-	34,803	36,588	34,803	36,588
Total	<u>\$685,927</u>	<u>676,537</u>	<u>131,444</u>	<u>129,727</u>	<u>817,371</u>	<u>806,264</u>

More detailed information on the City's capital asset activity can be found in note 3 on pages 52 through 54.

Long-Term Liabilities

The long-term liabilities of the City consist of loan agreements with Southern California Edison for LED retrofit, lease revenue bonds for city infrastructure improvements, pension obligation bonds to pay off unfunded pension liabilities, and liabilities for compensated absences and insurance claims. The following is a reconciliation of these liabilities for the year ended June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Amounts Due Beyond One Year
Governmental activities:						
Direct borrowing:						
Loans Payable	\$ 779,235	-	237,778	541,457	237,778	303,679
Lease revenue bonds	-	29,930,000	-	29,930,000	520,000	29,410,000
Premium on lease						
revenue bonds	-	4,375,452	145,848	4,229,604	145,848	4,083,756
Pension obligation bonds	-	265,478,776	-	265,478,776	7,017,926	258,460,850
Other liabilities:						
Compensated absences	9,092,621	4,491,624	4,191,779	9,392,466	4,330,010	5,062,456
Claims payable	17,800,183	3,244,586	2,170,751	18,874,018	5,713,107	13,160,911
Total Govt. activities	27,672,039	307,520,438	6,746,156	328,446,321	17,964,669	310,481,652
Business-type activities						
Compensated absences	685,013	297,584	160,393	822,204	190,962	631,242
Pension obligation bonds	-	21,006,224	-	21,006,224	677,074	20,329,150
Total Business activities	685,013	21,303,808	160,393	21,828,428	868,036	20,960,392
Total	\$28,357,052	328,824,246	6,906,549	350,274,749	18,832,705	331,442,044

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. This financial report can also be found on the City's website at www.cityoforange.org. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Department, City of Orange, 300 East Chapman Avenue, Orange, California 92866.

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Government-wide Financial Statements



CITY OF ORANGE
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Totals
ASSETS:			
Cash and investments (note 2)	\$ 108,716,442	28,589,156	137,305,598
Cash and investments with fiscal agt. (note 2)	30,849,590	834	30,850,424
Receivables (net of allowance for uncollectibles)			
Accounts	4,692,478	8,278,758	12,971,236
Taxes (note 4)	12,120,822	699	12,121,521
Interest	93,111	26,817	119,928
Inventories	512,530	631,465	1,143,995
Prepaid items	41,500	-	41,500
Loans receivable (net of allowance for NPV) (note 12)	25,218,810	-	25,218,810
Capital assets, undepreciated (note 3)	440,467,440	4,853,147	445,320,587
Capital assets, net (note 3)	245,459,605	126,590,471	372,050,076
Total assets	<u>868,172,328</u>	<u>168,971,347</u>	<u>1,037,143,675</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension related items (note 6)	296,793,774	23,585,941	320,379,715
Deferred OPEB related items (note 8)	6,819,986	1,726,579	8,546,565
Total deferred outflows of resources	<u>303,613,760</u>	<u>25,312,520</u>	<u>328,926,280</u>
LIABILITIES:			
Accounts payable	5,588,611	9,010,165	14,598,776
Accrued items	4,702,117	-	4,702,117
Interest payable	2,148,997	-	2,148,997
Deposits payable	175,146	137,110	312,256
Contracts payable	282,775	-	282,775
Due to other agencies	3,376,887	-	3,376,887
Unearned revenue	1,043,103	99,333	1,142,436
Noncurrent liabilities (note 9):			
Long term liabilities due within one year	17,964,669	868,036	18,832,705
Long term liabilities due in more than one year	310,481,652	20,960,392	331,442,044
Net pension liability (note 6)	264,781,513	21,242,946	286,024,459
Total OPEB liability (note 8)	34,887,939	8,832,388	43,720,327
Total liabilities	<u>645,433,409</u>	<u>61,150,370</u>	<u>706,583,779</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension related items (note 6)	1,146,540	-	1,146,540
Deferred OPEB related items (note 8)	199,564	50,522	250,086
Total deferred inflows of resources	<u>1,346,104</u>	<u>50,522</u>	<u>1,396,626</u>
NET POSITION:			
Invested in capital assets	685,927,045	131,443,618	817,370,663
Restricted for special projects and programs	44,321,446	-	44,321,446
Unrestricted	(186,982,262)	1,639,357	(185,342,905)
Total net position	<u>\$ 543,266,229</u>	<u>133,082,975</u>	<u>676,349,204</u>

See accompanying notes to the financial statements

CITY OF ORANGE
Statement of Activities
Year ended June 30, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 18,961,388	6,586,029	18,122,549	4,107,086
Public safety	102,189,315	7,233,973	712,462	1,770
Public works	25,264,533	603,225	66,708	7,833,145
Community development	5,280,546	2,973,252	110,448	-
Parks and library	17,161,257	910,760	346,349	689,484
Economic development	465,809	-	-	-
Interest on long-term debt	5,097,209	-	-	-
Total governmental activities	<u>174,420,057</u>	<u>18,307,239</u>	<u>19,358,516</u>	<u>12,631,485</u>
Business-type activities:				
Water	35,983,197	38,899,703	-	-
Sanitation	7,860,697	8,012,849	-	-
Total business-type activities	<u>43,843,894</u>	<u>46,912,552</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 218,263,951</u>	<u>65,219,791</u>	<u>19,358,516</u>	<u>12,631,485</u>

General revenues:

Taxes:

 Property taxes

 Sales taxes

 Transient occupancy taxes

 Franchise taxes

 Other taxes

Use of money and property

Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

See accompanying notes to the financial statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Totals
9,854,276	-	9,854,276
(94,241,110)	-	(94,241,110)
(16,761,455)	-	(16,761,455)
(2,196,846)	-	(2,196,846)
(15,214,664)	-	(15,214,664)
(465,809)	-	(465,809)
(5,097,209)	-	(5,097,209)
(124,122,817)	-	(124,122,817)
	2,916,506	2,916,506
-	152,152	152,152
-	3,068,658	3,068,658
(124,122,817)	3,068,658	(121,054,159)
48,272,714	-	48,272,714
56,577,610	-	56,577,610
1,834,447	-	1,834,447
2,791,170	-	2,791,170
30,466	-	30,466
1,534,758	34,791	1,569,549
4,478,646	-	4,478,646
115,519,811	34,791	115,554,602
(8,603,006)	3,103,449	(5,499,557)
533,609,581	129,979,526	663,589,107
\$ 525,006,575	133,082,975	658,089,550

See accompanying notes to the financial statements

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Fund Financial Statements



Governmental Funds

Major Governmental Funds

Individual funds whose assets, liabilities, revenues or expenditures are at least 10% of the total assets, liabilities, revenues or expenditures of the governmental funds and at least 5% of the total assets, liabilities, revenues or expenditures of the governmental and enterprise funds combined, will be classified as major funds.

General Fund must be classified as a major fund and is used to account for revenues and expenditures that are not required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes. The following Special Revenue Funds have been classified as major funds in the accompanying financial statements:

- Proposition 172
- Federal, State and Local Grants
- Housing Successor
- Measure M

Capital Projects Funds are used to account for the acquisition and construction of capital facilities. The following Capital Projects Funds have been classified as major funds in the accompanying financial statements:

- Capital Improvement
- Park Acquisition Development & Maintenance

Non-Major Governmental Funds

Other Governmental Funds – These funds constitute all other governmental funds that do not meet the major fund test described above. These funds include Special Revenue Funds and several smaller Capital Projects Funds.

CITY OF ORANGE
Balance Sheet
Governmental Funds
June 30, 2021

	General	Special Revenue Funds		
		Proposition 172	Federal, State & Local Grants	Housing Successor
ASSETS:				
Cash and investments (note 2)	\$ 41,522,433	70,144	1,481,578	2,594,041
Cash and investments with fiscal agent (note 2)	10,382	-	-	-
Receivables (net of allowance for estimated uncollectibles):				
Accounts	2,358,831	-	855,085	25
Taxes (note 4)	11,019,346	89,944	-	-
Interest	51,782	420	2,083	2,247
Advances to other funds (note 13)	-	-	-	-
Due from other funds (note 14)	998,249	-	-	-
Inventories	101,737	-	-	-
Loans receivable (net of allowance for net present value (note 12))	-	-	3,740,229	18,618,277
Total assets	<u>56,062,760</u>	<u>160,508</u>	<u>6,078,975</u>	<u>21,214,590</u>
LIABILITIES:				
Accounts payable	3,395,048	4,968	38,484	-
Accrued items	4,222,271	-	-	-
Deposits payable	172,006	-	-	-
Contracts payable	-	-	24,276	-
Due to other agencies	355,115	-	13,173	-
Advances from other funds (note 13)	-	939,133	-	-
Unearned revenue	521,159	-	-	-
Due to other funds (note 14)	-	-	-	-
Total liabilities	<u>8,665,599</u>	<u>944,101</u>	<u>75,933</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	538,304	-	-	-
FUND BALANCES:				
Nonspendable:				
Inventories	101,737	-	-	-
Restricted for:				
Special revenue projects (note 18)	-	-	6,003,042	21,214,590
Committed	18,259,654	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Carryover appropriations	2,038,454	-	-	-
Bldg. Records Mgmt./Business Investment	890,326	-	-	-
Unassigned:	25,568,686	(783,593)	-	-
Total fund balances	<u>46,858,857</u>	<u>(783,593)</u>	<u>6,003,042</u>	<u>21,214,590</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 56,062,760</u>	<u>160,508</u>	<u>6,078,975</u>	<u>21,214,590</u>

See accompanying notes to the financial statements

Special Revenue Funds	Capital Project Funds			Totals
	Capital Improvement	Park Acquisition Development & Maintenance	Other Governmental Funds	
Measure M				
3,647,523	13,106,119	9,634,270	18,015,895	90,072,003
-	30,839,041	-	-	30,849,423
-	1,275,349	1,902	117,349	4,608,541
529,201	-	-	482,332	12,120,823
3,789	6,134	9,785	16,871	93,111
-	939,133	-	-	939,133
-	-	-	-	998,249
-	-	-	-	101,737
-	-	-	2,860,304	25,218,810
<u>4,180,513</u>	<u>46,165,776</u>	<u>9,645,957</u>	<u>21,492,751</u>	<u>165,001,830</u>
18,814	1,217,266	22,704	393,543	5,090,827
-	-	475,959	-	4,698,230
1,450	-	-	1,690	175,146
34,952	132,315	29,472	61,761	282,776
-	3,008,599	-	-	3,376,887
-	-	-	-	939,133
-	521,944	-	-	1,043,103
-	-	-	998,249	998,249
<u>55,216</u>	<u>4,880,124</u>	<u>528,135</u>	<u>1,455,243</u>	<u>16,604,351</u>
-	923,336	-	-	1,461,640
-	-	-	-	101,737
4,125,297	-	-	12,978,517	44,321,446
-	-	-	4,740,268	22,999,922
-	40,362,316	9,117,822	3,391,763	52,871,901
-	-	-	-	2,038,454
-	-	-	-	890,326
-	-	-	(1,073,040)	23,712,053
<u>4,125,297</u>	<u>40,362,316</u>	<u>9,117,822</u>	<u>20,037,508</u>	<u>146,935,839</u>
<u>4,180,513</u>	<u>46,165,776</u>	<u>9,645,957</u>	<u>21,492,751</u>	<u>165,001,830</u>

See accompanying notes to the financial statements

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CITY OF ORANGE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Fund balances of governmental funds		\$ 146,935,839
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity:		
Capital assets less accumulated depreciation		685,927,045
Less capital assets (net) included in internal service funds (below)		(13,125,703)
Long-term liabilities applicable to City governmental activities are not due and payable the current period and as such are not reported in governmental fund activities:		
Loans payable		(541,458)
City infrastructure lease revenue bonds:		
Bond principal	(30,129,533)	
Bond unamortized premium	(4,229,604)	(34,359,137)
Pension obligation bonds payable:		
Principal	(261,277,531)	
Interest	(1,949,464)	(263,226,995)
Compensated absences are not included in governmental fund activity		(9,392,466)
Items related to net pension liability and net other post employment benefits (OPEB) liability (excluding Internal Service Funds liabilities):		
Net Pension and Total OPEB related debt applicable to City governmental activities are not due and payable in the current period and accordingly are not reported as liabilities. Deferred outflows/(inflows) of resources related to pension and OPEB liabilities are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities.		
Pension and OPEB Liabilities:		
Pension	(260,532,923)	
OPEB	(33,121,461)	(293,654,384)
Pension and OPEB Deferred Outflows:		
Pension	292,076,587	
OPEB	6,474,670	298,551,257
Pension and OPEB Deferred Inflows:		
Pension	(1,146,540)	
OPEB	(189,459)	(1,335,999)
Certain revenues in the governmental funds are recorded as unavailable revenue using the modified accrual basis and are recognized as revenue under the full accrual basis for reporting in the Government-wide Financial Statements.		
		1,461,640
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the Statement of Net Position because they are not included within the Balance Sheet of the Governmental Funds.		
		<u>7,766,935</u>
Net position of governmental activities		<u>\$ 525,006,574</u>

See accompanying notes to the financial statements

CITY OF ORANGE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2021

	Special Revenue Funds			
	General	Proposition 172	Federal, State & Local Grants	Housing Successor
REVENUES:				
Taxes (note 4)	\$ 101,602,320	1,056,635	-	-
Franchise fees	2,541,744	-	-	-
Licenses and permits	5,479,863	-	-	-
Use of money and property	793,144	893	106,329	466,761
Intergovernmental	16,835,997	-	2,490,044	-
Charges for services and fees	7,976,427	-	85,801	-
Fines and forfeitures	1,485,230	-	-	-
Other revenues (note 5)	3,618,576	-	39,942	563,862
Total revenues	<u>140,333,301</u>	<u>1,057,528</u>	<u>2,722,116</u>	<u>1,030,623</u>
EXPENDITURES:				
Current:				
General government	14,321,557	28,753	-	28,729
Public safety	84,549,654	561,614	134,747	-
Public works	7,566,001	-	-	-
Community development	4,509,489	-	-	60,901
Parks and library	13,593,895	-	-	-
Economic development	223,442	-	161,730	32,550
Debt service:				
Principal (note 9)	237,778	-	-	-
Interest	-	-	-	-
Capital outlay	83,836	42,977	2,138,214	-
Total expenditures	<u>125,085,652</u>	<u>633,344</u>	<u>2,434,691</u>	<u>122,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,247,649</u>	<u>424,184</u>	<u>287,425</u>	<u>908,443</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	261,277,531	-	-	-
Payment to pension	(259,566,751)	-	-	-
Cost of issuance	(1,700,399)	-	-	-
Transfers in (note 15)	4,100,000	-	-	-
Transfers out (note 15)	(4,900,000)	-	-	-
Total other financing sources (uses)	<u>(789,619)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	14,458,030	424,184	287,425	908,443
Fund balances, beginning of year	<u>32,400,827</u>	<u>(1,207,777)</u>	<u>5,715,617</u>	<u>20,306,147</u>
Fund balances, end of year	<u>\$ 46,858,857</u>	<u>(783,593)</u>	<u>6,003,042</u>	<u>21,214,590</u>

See accompanying notes to the financial statements

Special Revenue Funds	Capital Project Funds			Other Governmental Funds	Totals
	Capital Improvement	Park Acquisition Development & Maintenance			
Measure M					
3,017,313	-	-	1,038,968	106,715,236	
-	-	-	249,426	2,791,170	
-	-	-	70,374	5,550,237	
16,883	(18,616)	79,340	89,172	1,533,906	
136,747	7,031,934	-	6,590,557	33,085,279	
14,860	3,660	590,350	2,572,421	11,243,519	
-	-	-	-	1,485,230	
-	16,635	-	244,168	4,483,183	
<u>3,185,803</u>	<u>7,033,613</u>	<u>669,690</u>	<u>10,855,086</u>	<u>166,887,760</u>	
-	283,227	-	856,427	15,518,693	
-	-	-	3,321,948	88,567,963	
291,556	15,354	-	3,028,658	10,901,569	
-	48,327	-	226,254	4,844,971	
138,266	5,726	-	843,137	14,581,024	
-	-	-	2,542	420,264	
-	-	-	-	237,778	
-	-	-	947,783	947,783	
2,006,743	14,037,412	2,068,554	4,384,550	24,762,286	
<u>2,436,565</u>	<u>14,390,046</u>	<u>2,068,554</u>	<u>13,611,299</u>	<u>160,782,331</u>	
<u>749,238</u>	<u>(7,356,433)</u>	<u>(1,398,864)</u>	<u>(2,756,213)</u>	<u>6,105,429</u>	
-	34,305,452	-	-	295,582,983	
-	-	-	-	(259,566,751)	
-	(300,030)	-	-	(2,000,429)	
-	-	-	1,747,783	5,847,783	
-	(3,127,783)	-	-	(8,027,783)	
-	<u>30,877,639</u>	-	<u>1,747,783</u>	<u>31,835,803</u>	
749,238	23,521,206	(1,398,864)	(1,008,430)	37,941,232	
3,376,059	16,841,110	10,516,686	21,045,938	108,994,607	
<u>4,125,297</u>	<u>40,362,316</u>	<u>9,117,822</u>	<u>20,037,508</u>	<u>146,935,839</u>	

See accompanying notes to the financial statements

CITY OF ORANGE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 37,941,232
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the net of capital outlays, disposals and depreciation. This number excludes Internal Service Fund capital outlays, disposals and depreciation.	9,034,034
Governmental funds report loan payments as debt service expenditures. However, in the Statement of Activities, these payments reduce the liability,	237,778
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change in the current period.	(299,845)
Certain revenues in governmental funds are unavailable using the modified accrual basis and must be recognized as revenue under full accrual basis for reporting in the Government-wide Financial Statements. This is the net change in unavailable revenue for the current period.	(1,070,709)
Other post employee benefits expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(1,884,548)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the Internal Service Funds are reported with governmental activities.	(4,488,736)
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	(10,052,831)
New debt issued is recorded as revenue and repayment of debt as an expenditure in governmental funds. In the Statement of Net Assets, they are changes to long-term liabilities.	
Lease revenue bonds issued	(34,359,137)
Pension obligation bonds issued	(261,277,531)
Pension contributions subsequent to the measurement date	259,566,751
Interest payable - pension obligation bonds	(1,949,464)
Net change in net position of governmental activities	\$ (8,603,006)

See accompanying notes to the financial statements

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

	Business Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sanitation	Water	Totals	
ASSETS:				
Current assets:				
Cash and investments (note 2)	\$ 9,379,274	19,209,882	28,589,156	18,644,439
Cash and investment with fiscal agent	250	584	834	167
Accounts receivable	774,318	7,504,440	8,278,758	83,937
Interest receivable	8,241	18,576	26,817	-
Taxes receivable (note 4)	699	-	699	-
Inventories	-	631,465	631,465	410,793
Prepaid items	-	-	-	41,500
Total current assets	<u>10,162,782</u>	<u>27,364,947</u>	<u>37,527,729</u>	<u>19,180,836</u>
Noncurrent assets:				
Capital assets, undepreciated (note 3)	-	4,853,147	4,853,147	-
Capital assets, net (note 3)	62,449,774	64,140,697	126,590,471	13,125,703
Total noncurrent assets	<u>62,449,774</u>	<u>68,993,844</u>	<u>131,443,618</u>	<u>13,125,703</u>
Total assets	<u>72,612,556</u>	<u>96,358,791</u>	<u>168,971,347</u>	<u>32,306,539</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred OPEB (note 8)	517,974	1,208,605	1,726,579	345,316
Deferred pension related items (note 6)	7,075,782	16,510,159	23,585,941	4,717,187
Total deferred outflows of resources	<u>7,593,756</u>	<u>17,718,764</u>	<u>25,312,520</u>	<u>5,062,503</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	684,054	8,326,111	9,010,165	497,784
Accrued expenses	-	-	-	3,887
Deposits payable	-	137,110	137,110	-
Claims payable (note 7)	-	-	-	5,713,107
Unearned revenue	99,333	-	99,333	-
Compensated absences	73,368	117,594	190,962	-
Total current liabilities	<u>856,755</u>	<u>8,580,815</u>	<u>9,437,570</u>	<u>6,214,778</u>
Long-term liabilities :				
Claims payable (note 7)	-	-	-	13,160,911
Compensated absences	164,078	467,164	631,242	-
Penion obligation bond	6,301,867	14,704,357	21,006,224	4,201,245
Net OPEB liability (note 8)	2,649,716	6,182,672	8,832,388	1,766,478
Net pension liability (note 6)	6,372,884	14,870,062	21,242,946	4,248,590
Total long-term liabilities	<u>15,488,545</u>	<u>36,224,255</u>	<u>51,712,800</u>	<u>23,377,224</u>
Total liabilities	<u>16,345,300</u>	<u>44,805,070</u>	<u>61,150,370</u>	<u>29,592,002</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred OPEB (note 8)	15,157	35,365	50,522	10,105
NET POSITION:				
Invested in capital assets	62,449,774	68,993,844	131,443,618	13,125,703
Unrestricted	1,396,081	243,276	1,639,357	(5,358,768)
Total net position	<u>\$ 63,845,855</u>	<u>69,237,120</u>	<u>133,082,975</u>	<u>7,766,935</u>

See accompanying notes to the financial statements

CITY OF ORANGE
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2021

	Business Type Activities - Enterprise Fund		Totals	Governmental Activities - Internal Service Funds
	Sanitation	Water		
OPERATING REVENUES:				
Water sales and services	\$ -	38,616,687	38,616,687	-
Charges for services and fees	7,936,644	163,310	8,099,954	12,593,526
Other revenues	76,205	119,706	195,911	633,373
Total operating revenues	<u>8,012,849</u>	<u>38,899,703</u>	<u>46,912,552</u>	<u>13,226,899</u>
OPERATING EXPENSES:				
Salaries and wages	1,802,389	4,424,061	6,226,450	4,650,424
Pension expense	1,157,408	2,758,530	3,915,938	988,622
Cost of issuance (pension obligation bonds)	41,013	95,696	136,709	27,340
Maintenance and operations	51,409	19,692,513	19,743,922	3,012,719
Contractual services	1,295,018	3,657,917	4,952,935	2,280,456
Depreciation	2,483,044	2,083,494	4,566,538	1,748,783
Interfund charge for administrative services	752,579	1,949,482	2,702,061	-
Insurance claims and charges	-	-	-	7,207,447
Other expenses	277,837	1,321,504	1,599,341	-
Total operating expenses	<u>7,860,697</u>	<u>35,983,197</u>	<u>43,843,894</u>	<u>19,915,791</u>
Operating income (loss)	<u>152,152</u>	<u>2,916,506</u>	<u>3,068,658</u>	<u>(6,688,892)</u>
NONOPERATING REVENUES (EXPENSES):				
Use of money and property	(3,844)	38,635	34,791	-
Gain (loss) on retirement of assets	-	-	-	20,156
Total nonoperating revenues/(expenses)	<u>(3,844)</u>	<u>38,635</u>	<u>34,791</u>	<u>20,156</u>
Income (loss) before capital contributions and transfers	148,308	2,955,141	3,103,449	(6,668,736)
Transfers in (note 15)	-	-	-	4,834,000
Transfers out (note 15)	-	-	-	(2,654,000)
Change in net position	148,308	2,955,141	3,103,449	(4,488,736)
Net position, beginning of year	63,697,547	66,281,979	129,979,526	12,255,671
Net position, end of year	<u>\$ 63,845,855</u>	<u>69,237,120</u>	<u>133,082,975</u>	<u>7,766,935</u>

See accompanying notes to the financial statements

CITY OF ORANGE
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2021

	Business Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sanitation	Water	Totals	
Cash flows from operating activities:				
Cash received from customers	\$ 7,932,918	38,083,237	46,016,155	-
Cash received from user departments			-	13,211,608
Cash payments to suppliers for goods and services	(1,695,554)	(23,695,722)	(25,391,276)	(11,059,975)
Cash payments to employees for services	(2,713,305)	(6,567,909)	(9,281,214)	(5,502,648)
Cash received (paid) for other activities	(752,579)	(1,949,482)	(2,702,061)	(973,992)
Net cash provided by (used for) operating activities	<u>2,771,480</u>	<u>5,870,124</u>	<u>8,641,604</u>	<u>(4,325,007)</u>
Net cash flows from noncapital financing activities:				
Net transfers to/from other funds	-	-	-	2,180,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,180,000</u>
Cash flows from capital and related financing:				
Acquisition and construction of capital assets	(2,414,494)	(3,868,590)	(6,283,084)	(2,084,716)
Net cash used for capital and related financing activities	<u>(2,414,494)</u>	<u>(3,868,590)</u>	<u>(6,283,084)</u>	<u>(2,084,716)</u>
Cash flows from investing activities:				
Interest and dividends on investments	14,837	72,747	87,584	-
Net cash provided by investing activities	<u>14,837</u>	<u>72,747</u>	<u>87,584</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	371,823	2,074,281	2,446,104	(4,229,723)
Cash and cash equivalents at beginning of year	9,007,701	17,136,185	26,143,886	22,874,329
Cash and cash equivalents at end of year	<u>\$ 9,379,524</u>	<u>19,210,466</u>	<u>28,589,990</u>	<u>18,644,606</u>
Cash flows from operating activities:				
Operating income (loss)	\$ 152,152	2,916,506	3,068,658	(6,688,892)
Adjustments to reconcile operating income/(loss) to net cash provided by (used for) operating activities:				
Depreciation	2,483,044	2,083,494	4,566,538	1,748,783
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(76,732)	(816,467)	(893,199)	95,620
(Increase) decrease in inventory		141,830	141,830	(58,253)
Increase (decrease) in accounts payable	(71,823)	827,556	755,733	(680,511)
Increase (decrease) in compensated absences	27,624	109,567	137,191	-
Increase (decrease) in OPEB liability	304,966	711,589	1,016,555	203,311
Increase (decrease) in pension obligation bond	6,301,867	14,704,357	21,006,224	4,201,245
Increase (decrease) in net pension liability	380,417	887,639	1,268,056	253,611
Increase (decrease) in deferred inflows	(128,943)	(300,869)	(429,812)	(85,962)
Increase (decrease) in deferred outflows	(6,597,892)	(15,395,081)	(21,992,973)	(4,398,594)
Increase (decrease) in unearned revenue	(3,199)		(3,199)	-
Increase (decrease) in claims payable	-	-	-	1,084,635
Total adjustments	<u>2,619,329</u>	<u>2,953,615</u>	<u>5,572,944</u>	<u>2,363,885</u>
Net cash provided by (used for) operating activities	<u>\$ 2,771,481</u>	<u>5,870,121</u>	<u>8,641,602</u>	<u>(4,325,007)</u>

See accompanying notes to the financial statements

CITY OF ORANGE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds	Private-Purpose Trust Fund
	Community Facilities Districts	Successor Agency Trust Funds
ASSETS:		
Cash and investments (notes 2 and 19a)	\$ 3,720,210	5,855,657
Cash and investments with fiscal agent (note 2)	3,407,822	2,498
Accounts receivable	-	1,424
Interest receivable	3,884	3,553
Due from other agencies (note 19c)	-	3,363,713
Taxes receivable	41,987	-
Loans receivable (net of forgiveness and net present value allocation) (note 19b)	-	95,735
Total assets	7,173,903	9,322,580
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred pension related items (note 6)	-	135,864
Deferred OPEB related items (note 8)	-	86,327
Deferred loss on bond refunding	-	182,305
Total deferred outflows of resources	-	404,496
LIABILITIES:		
Accounts payable	1,968	135
Interest payable	455,283	559,385
Non current liabilities:		
Net pension liability (note 6)	-	1,062,149
Total OPEB liability (note 8)	-	441,619
Due in one year (notes 10 and 19d)	40,695,000	4,529,387
Due in more than one year (notes 10 and 19d)	1,995,000	34,108,901
Total liabilities	43,147,251	40,701,576
DEFERRED INFLOWS OF RESOURCES:		
Deferred OPEB related items (note 8)	-	2,525
NET POSITION		
Held in trust	\$ (35,973,348)	(30,977,025)

See accompanying notes to the financial statements

CITY OF ORANGE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds	Private-Purpose Trust Fund
	Community Facilities Districts	Successor Agency Trust Funds
ADDITIONS:		
Property tax	\$ 3,863,950	
Other	-	22,414
Interest	(132,136)	1,315
County revenue - RPTTF	-	5,146,965
Total additions	<u>3,731,814</u>	<u>5,170,694</u>
DEDUCTIONS:		
Interest expense	2,310,789	1,148,895
Administrative expenses	20,964	107,281
Maintenance and operations expenses	-	4,043
Contractual services	-	13,035
Total deductions	<u>2,331,753</u>	<u>1,273,254</u>
Changes in net position	1,400,061	3,897,440
Net position - beginning of year, restated (note 17)	<u>(37,373,409)</u>	<u>(34,874,465)</u>
Net position - end of year	<u>\$ (35,973,348)</u>	<u>(30,977,025)</u>

See accompanying notes to the financial statements

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Notes to the Financial Statements



CITY OF ORANGE
 In Order of Presentation
 Year ended June 30, 2020

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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1. Significant Accounting Policies

Description of the Reporting Entity

The City of Orange (City) was incorporated in April 1888 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, public works, community development and redevelopment, parks and library, sanitation, and general administrative services.

Changes in Accounting Principles and New GASB Pronouncements

The City implemented Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during fiscal year 2020-21. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The change in accounting principle resulted in a prior period adjustment in the amount of (\$37,373,409) being reported for the custodial funds in the Statement of Changes in Fiduciary Net Position.

The City early adopted GASB Statement No. 98, the *Annual Comprehensive Financial Report*, which establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

1. Significant Accounting Policies (continued)

Government-wide Financial Statements

Government-wide Financial Statements display information about the reporting government as a whole, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The Government-wide statements include separate columns for the governmental and business-type activities of the primary government. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City. Also, certain eliminations have been made in regards to interfund transfers, payables, and receivables. Internal service fund activity has been eliminated and net balances are included in the governmental activities. Interfund services provided and used, if any, are not eliminated in the consolidation process.

Government-wide Financial Statements are presented using the *economic resources measurement focus* and the *full accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the Government-wide Financial Statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include charges for services, operating grants and contributions, capital grants and contributions, special assessments, and payments made by parties outside of the reporting government's citizenry, if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirement of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the Government-wide Financial Statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the Government-wide Financial Statements, rather than as an "other financing source". Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and

1. Significant Accounting Policies (continued)

expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund Financial Statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the Fund Financial Statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available*. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 120 days for grant revenue and 60 days for all other revenues. Major revenue sources that are susceptible to accrual are sales tax, property tax, motor vehicle in-lieu fees, franchise fees, license and permit fees, charges for services and interest earnings.

Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Reimbursement grants are those grants for which the recipient government must first incur allowable costs in order to qualify for the reimbursement. For these grants, funds received in advance of incurring the allowable costs are recorded as *unearned revenue* in both the *Fund Financial Statements* and the *Government-wide Financial Statements*. A receivable (and related revenue) is recorded for costs incurred during the year for which reimbursement has not yet been received. In the Fund Financial Statements of governmental funds, however, *unavailable revenue* (rather than revenue) is recorded at the establishment of this receivable if the amount of the reimbursement is not expected to be received during the recipient's availability period.

Allocations are voluntary non-exchange transactions received from other governments that are not in the form of reimbursement grants. The entitlement of the recipient government for

1. Significant Accounting Policies (continued)

the receipt of these funds is not based upon the recipient government first incurring allowable expenditures. These amounts are recorded as revenue when the recipient government becomes entitled to the allocation. Unearned revenue is not recorded in either the Fund Financial Statements or in the Government-wide Financial Statements for receipt of allocations prior to the recording of related expenditures. In some cases the amounts not spent within a specified number of years (the *spending period*) must be returned to the providing agency. The requirement to return unspent funds within the spending period is not considered to be a requirement pertaining to the eligibility of funding and does not affect the recognition of revenue for this funding. This is because there is no requirement to spend the allocated resources in specific amounts or proportions for each of the fiscal years covered by the spending period. The entire allocation may be spent in any of the fiscal years covered by the spending period. Any amounts returned at the end of the spending period are required by generally accepted accounting principles to be recorded at that time as an *expenditure*.

In the Fund Financial Statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus and are offset by restricted fund balance. In addition, certain loans have a forgiveness component and/or have a repayment term greater than that of conventional loans. For these loans, an allowance has been recorded to more accurately present the net present value of these receivables.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect fund balance, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary and Fiduciary Funds

The City’s Enterprise Funds (Water and Sanitation) and Internal Service Funds are proprietary funds. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a

1. Significant Accounting Policies (continued)

Statement of Cash Flows. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-wide Financial Statements.

In the Fund Financial Statements, proprietary funds and fiduciary funds are presented using the *full accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the Fund Financial Statements, proprietary funds and fiduciary funds are presented using the *economic resources measurement focus*. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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, taxes, and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses include the cost of sales, maintenance, administration and depreciation on capital assets which are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Amounts paid to acquire capital assets are capitalized as assets in both the Proprietary and Fiduciary Fund Financial Statements, rather than reported as an expense. Also in these funds, proceeds of long-term debt are recorded as a liability rather than as an “other financing source” and amounts paid to reduce long-term indebtedness are reported as a reduction of the related liability, rather than as an expenditure.

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. Generally, however, once a fund has met the criteria for becoming a major fund, it will continue to be reported as a major fund by management, regardless of its calculation, in order to provide consistency and comparability between the years. The City reports the following major governmental funds:

General Fund. This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

Special Revenue Funds

Proposition 172 Fund. This fund is used to account for sales tax restricted by voter mandate for public safety service enhancements. The primary source of revenue in this fund is sales tax

1. Significant Accounting Policies (continued)

Federal, State, and Local Grants Fund. This fund is used to account for grant programs such as Community Development Block Grant, Housing and Urban Development Grant, California Parklands Grant, Citizens Option for Public Safety (COPS) Grant, Traffic Safety Grant, Justice Assistance Grant and others. The major source of revenue for these funds is proceeds from various federal, state and local grants.

Housing Successor Fund. This fund is used to account for low and moderate housing activities as of February 1, 2012, when the City became the successor housing agency to the former Redevelopment Agency, upon its dissolution. Prior to that, these activities were accounted for in the Redevelopment Agency Housing Fund. The primary source of revenue for these funds is principal housing loan repayments.

Measure M Fund. This fund is used to account for receipts and expenditures relating to transportation improvement projects and programs, funded by local ½ cent sales tax.

Capital Projects Funds

Capital Improvement Fund. This fund is used to account for general-purpose capital improvement and cooperatively funded projects.

Park Acquisition Development & Maintenance Fund. This fund is used to account for the acquisition, development and maintenance of parks that are financed by developer fees.

The City reports the following major enterprise funds:

Water Fund. This fund is used to account for the provision of water services to residential, commercial and industrial customers.

Sanitation Fund. This fund is used to account for the provision of sanitation and sewer services to residential, commercial and industrial customers.

The City's fund structure also includes the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for a specified purpose. These funds include

Debt Service Fund. This fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Capital Project Funds. These funds are used to account for financial resources segregated for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds).

1. Significant Accounting Policies (continued)

Internal Service Funds. These funds are used to account for the financing of special activities that provide services within the City. Such activities include: equipment maintenance, equipment replacement, major building improvements, information systems, computer replacement, employee accrued liability, and dental and workers' compensation self-insurance costs.

Private-Purpose Trust Fund. This fund accounts for the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the former Redevelopment Agency. Tax increment revenue, which was formerly allocated by the County to the Redevelopment Agency, is now allocated to the Successor Agency Private-Purpose Trust Fund to fund payments of enforceable obligations until obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

Custodial Funds. These funds are used to account for money and property held by the City as trustee or custodian. These funds include various assessment districts for which the City acts as an agent for debt service activity.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considered cash and cash equivalents (investments with maturities of three months or less at the time of purchase) as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling the cash and investments of all funds, including the City's Enterprise and Internal Service Funds and Fiduciary Funds, except for assets held by fiscal agents. As amounts are available to these funds on demand, all cash and investments are considered to be cash and cash equivalents for Statement of Cash Flows purposes.

Changes in fair value that occur during a fiscal year are recognized as revenues from use of money reported for that fiscal year. Use of money and property includes interest earnings, changes in fair value (realized/unrealized), gains or losses realized upon the liquidation, maturity, or sale of investments, and rental income.

The City pools cash and investments for all funds, except for assets held by fiscal agents. Each fund's share in the pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated monthly to the various funds based on each fund's prior month-end cash and investment balance.

Inventories and Prepaids

Inventories of office supplies, gasoline and oil are maintained by the General and Internal Service Funds. The inventory maintained by the Water Utility Enterprise Fund consists primarily of water meters, water pipe, valves and fittings. Proprietary Fund inventories are

1. Significant Accounting Policies (continued)

priced at the lower of cost or market, determined on a first-in, first-out basis, utilizing the consumption method of accounting for inventories. The General Fund and Internal Service Funds inventories are valued at cost, determined on a weighted average basis utilizing the consumption method of accounting for inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid, utilizing the consumption method.

Loans Receivable

Non-current portions of long-term receivables due are reported on the Governmental, Government-wide and Fiduciary financial statements. For loans that have a forgiveness component and/or a repayment term greater than that of conventional loans, an allowance is recorded to more accurately present the net present value of these receivables. The City's June 30 effective rate of return of 1.93% on investments is used to discount these receivables to their net present value.

Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their acquisition value at the date of contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of two years or more.

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, storm drains, bridges and right-of-way within the City. The City has valued and recorded all infrastructure assets, in excess of \$50,000, in their entirety as of June 30, 2021.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide Financial Statements and in the Fund Financial Statements of the Enterprise Funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheets. The lives used for depreciation purposes for each capital asset class are:

Structures and improvements	20-50 years
Infrastructure	30-65 years
Wells, reservoirs and tanks	40 years
Reservoirs and tanks	60 years
Water lines/pipelines	60 years
Pumps & booster pumps	60 years
Vehicles and other equipment	2-25 years

1. Significant Accounting Policies (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position 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.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four types of items in this category. All four relate to Pension and/or OPEB liabilities. 1) Deferred outflows from changes in the net pension liability/total OPEB liability are the results of contributions made after the measurement period, which are applied against the related net/total liability in the following year; 2) Changes of Assumptions is an amount that is deferred and amortized using an Expected Average Remaining Service Lifetime (EARSL); 3) Differences between expected and actual experience are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans; and 4) Net difference between expected and actual earnings on pension plan investments. Deferred outflows are reported only in the statement of net position, arising under the full accrual basis of accounting.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this category. The first item, unavailable revenues from various sources: taxes and grant monies, is reported only in the governmental funds balance sheet, and arises under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become

1. Significant Accounting Policies (continued)

available. The other three items relate to inflows from changes in net pension liability and total OPEB liability, and are reported only in the statement of net position, arising under the full accrual basis of accounting. These inflows related to pension and OPEB liabilities are the result of:

- Differences between Expected and Actual Experiences are deferred and amortized using an EARSL.
- Changes in assumptions is an amount that is deferred and amortized using an Expected Average Remaining Service Lifetime (EARSL)
- Net difference between Projected and Actual Earnings on Pension Plan Investments is deferred and amortized on a straight-line basis over 5 years

Compensated Absences

The employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances. The employees' entitlement to these balances is attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) that is outside the control of the City and the employee.

These leave balances are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three captions. These captions apply only to net position, which is determined only at the government-wide level and in the proprietary funds and fiduciary funds. These captions are described on the following pages.

Net investment in capital assets: the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted: the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received

1. Significant Accounting Policies (continued)

for use on capital projects, debt service requirements, funds restricted for low-and moderate housing, grant funds and legally restricted sales tax revenues.

Unrestricted: the portion of net position which does not meet the definition of “net investment in capital assets” or “restricted net position”.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When a fund consists of both restricted and unrestricted resources, expenses are considered to be applied first to the restricted, then to the unrestricted.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When a fund consists

of a combination of resources, expenses are considered paid first from restricted resources, then from committed resources, followed by assigned resources. Unassigned fund balance is applied last.

Fund Equity

In the fund financial statements, government funds report the following fund balance classifications:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance

1. Significant Accounting Policies (continued)

commitment is through the City's budget, which is adopted annually through a City Council Resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. By reporting particular amounts that are not restricted or committed in a particular fund, the government has assigned those amounts to the purposes of the respective funds. The formal action that is required to be taken to establish, modify, or rescind a fund balance assignment is through the City's budget, which is adopted annually through a City Council Resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes. Any negative amounts in governmental funds are reported in unassigned fund balance. Only the General Fund can have a positive unassigned fund balance.

Use of Estimates

The preparation of basic 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 reported amounts of assets, liabilities and deferred inflow/outflows of resources at the reporting date and revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Cash and investments are presented in the accompanying statements as follows:

Statement of Net Position:	
Cash and investments	\$ 137,305,598
Cash and investments with fiscal agent	30,850,424
Statement of Fiduciary Net Position:	
Cash and investments	9,575,867
Cash and investments with fiscal agent	<u>3,410,320</u>
Total cash and investments	<u>\$ 181,142,209</u>

Cash and investments at June 30, 2020 consisted of the following:

Petty Cash	\$ 12,200
Bank balances (net of outstanding checks and timing differences)	(450,668)
Investments	<u>181,580,677</u>
Total	<u>\$ 181,142,209</u>

2. Cash and Investments (continued)

Investments Authorized by the California Government Code and the City's Investment Policy

Under the provisions of the City's investment policy as amended periodically by Council, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- United States Treasury notes, bonds, bills or certificates of indebtedness, or other securities for which the full faith and credit of the United States are pledged for the payment of principal and interest (Limits: Maximum time to maturity at purchase 5 years).
- Obligations or other instruments issued by any federal agency, or United States government-sponsored enterprise (Limits: Maximum time to maturity at purchase 5 years; maximum concentration 75% of portfolio with no more than 35% of total portfolio in any single agency at time of purchase; and excluding Government National Mortgage Association bonds).
- Money market mutual funds that invest only in securities and obligations of the United States government (Limits: Maximum 90 days weighted average maturity; maximum \$15 million or 20% of portfolio, whichever is less).
- State of California Local Agency Investment Fund with no limits.
- Certificates of Deposit approved by the California AB 2011 (Limits: maximum concentrate of 30% of total portfolio).
- Commercial Paper of prime quality having the highest ranking or the highest letter and number rating provided by a national rating agency (Limits: Maximum maturity of 270 days or less, maximum 20% of portfolio and no more than 5% of the book value of the portfolio to a single issuer at time of purchase).
- Medium-term notes issued by corporations or depository institutions organized and operating within the United States (Limits: Maximum time to maturity at purchase 5 years; maximum concentration 20% of portfolio and no more than 5% of the book value of the portfolio finds to a single issuer at time of purchase; must be rated "A" or better by a nationally recognized rating agency).

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. The LAIF investment portfolio consists primarily of U.S. treasuries, federal agency securities, certificates of deposit, time deposits, and commercial paper.

2. Cash and Investments (continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The investments authorized by these debt agreements include Money Market Mutual Funds, Federal Agencies with maturity dates not to exceed 5 years, Treasury Bonds and Guaranteed Investment Contracts and have maturity dates of up to 30 years.

Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires, at the time of the purchase (investment), at least 15% of the City's investment portfolio be invested from one to 365 days; no more than 50% of the portfolio be invested from 366 to 730 days; no more than 35% of the portfolio be invested from 731 to 1,095 days; no more than 30% of the portfolio be invested from 1,096 to 1,460 days; and no more than 30% of the portfolio be invested from 1,461 to 1,825 days.

At June 30, 2021 the City Treasury had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				
		<1	1 to 2	2 to 3	3 to 5	>5
Federal Home Loan Bank	\$ 14,979,096	-	-	4,984,535	9,994,561	-
Federal National Mtg. Assn.	19,888,687	-	-	14,961,526	4,927,161	-
Federal Home Loan Mtg. Corp.	20,915,099	-	-	-	20,915,099	-
Medium Term Note:						
Apple	4,967,036	2,000,151	-	-	2,966,885	-
HSBC USA	6,500,954	-	-	6,500,954	-	-
Coca-Cola	3,119,130	-	-	-	3,119,130	-
Toyota	4,957,400	-	-	-	4,957,400	-
Local Agency Investment Fund	66,505,518	66,505,518	-	-	-	-
Money Market Mutual Funds	5,487,013	5,487,013	-	-	-	-
Held by trustee:						
Money Market Mutual Funds	32,658,475	32,658,475	-	-	-	-
U.S. Treasury Bond	1,602,269	-	-	-	-	1,602,269
Total	<u>\$181,580,677</u>	<u>106,651,157</u>	<u>-</u>	<u>26,447,015</u>	<u>46,880,236</u>	<u>1,602,269</u>

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to limit its investments to the investment types with ratings identified under the *Authorized Investments* sections above.

2. Cash and Investments (continued)

At June 30, 2021 the City's credit risks, expressed on a percentage basis, are as follows:

<u>Investment Type</u>	<u>Minimum Rating</u>	<u>S&P Rating</u>	<u>% of investments</u>
Federal Home Loan Bank	Not applicable	AA+	8.25%
Federal National Mtg. Assn.	Not applicable	AA+	10.95%
Federal Home Loan Mtg. Corp.	Not applicable	AA+	11.52%
Medium Term Note:			
Apple	A	AA+	2.74%
HSBC USA	A	A-	3.58%
Coca-Cola	A	A+	1.72%
Toyota	A	A+	2.73%
Local Agency Investment Fund	Not rated	Not rated	36.62%
Money Market Mutual Funds	Not applicable	AAA	3.02%
Held by trustee:			
Money Market Mutual Funds	Not applicable	AAA	17.99%
U.S. Treasury Bond	Exempt	Exempt	0.88%
Total			<u>100.00%</u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The City's policy as to limitations on the amount that can be invested in any one issuer is identified under the *Authorized Investments* section above. Investments in any one issuer (excluding U.S. Treasury securities and external investment pools which are exempt) can be identified in the table above under *Credit Risk*.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a city's deposits. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. Cities may waive collateral requirements for deposits that are fully insured up to \$250,000 by federal depository insurance. The City has not waived this requirement.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's policy is for all securities owned by the City to be held in safekeeping by the

City's custodial bank, a third party bank trust department, acting as agent for the City under the terms of a custody agreement.

2. Cash and Investments (continued)

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal or other agents under provisions of the U.S. Department of Housing and Urban Development or provisions of bond indentures.

Fair Value Measurements

The City categorizes its fair value measurement 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 assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Home Loan Bank	\$ -	14,979,096	-	14,979,096
Federal National Mtg. Assn.	-	19,888,687	-	19,888,687
Federal Home Loan Mtg. Corp.	-	20,915,099	-	20,915,099
Medium Term Note:	-	-	-	-
Apple	-	4,967,036	-	4,967,036
HSBC USA	-	6,500,954	-	6,500,954
Coca-Cola	-	3,119,130	-	3,119,130
Toyota	-	4,957,400	-	4,957,400
Held by trustee:				
U.S. Treasury Bond	-	1,602,269	-	1,602,269
Total Leveled Investments	\$ -	\$ 76,929,671	-	\$ 76,929,671
Local Agency Investment Fund*				66,505,518
Money Market Mutual Funds*				5,487,013
Held by Trustee:				
Money Market Mutual Funds*				32,658,475
Total Investment Portfolio				<u>\$ 181,580,677</u>

*Not subject to fair value measurements

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3. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 80,404,147	-	-	80,404,147
Rights of way	347,219,496	500	111,900	347,108,096
Construction in progress	5,867,040	13,046,320	5,958,163	12,955,197
Total capital assets, not being depreciated	433,490,683	13,046,820	6,070,063	440,467,440
Capital assets, being depreciated:				
Infrastructure	223,916,625	7,651,116	2,302,154	229,265,587
Structures and improvements	130,572,164	3,371,382	-	133,943,546
Furniture, fixtures and equipment	48,258,587	6,852,333	5,990,020	49,120,900
Total capital assets, being depreciated	402,747,376	17,874,831	8,292,174	412,330,033
Less accumulated depreciation for:				
Infrastructure	89,308,863	3,989,140	1,310,518	91,987,485
Structures and improvements	39,953,410	3,047,340	-	43,000,750
Furniture, fixtures and equipment	30,438,863	2,893,948	1,450,618	31,882,193
Total accumulated depreciation	159,701,136	9,930,428	2,761,136	166,870,428
Total capital assets, being depreciated, net	243,046,240	7,944,403	5,531,038	245,459,605
Governmental activities capital assets, net	\$ 676,536,923	20,991,223	11,601,101	685,927,045

3. Capital Assets (continued)

Business-type activities:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,646,932	-	-	2,646,932
Construction in Progress	1,384,984	1,994,912	1,173,681	2,206,215
Total capital assets, not being depreciated	4,031,916	1,994,912	1,173,681	4,853,147
Capital assets, being depreciated:				
Bldgs and structures	3,741,395	158,653	-	3,900,048
Improvements other than buildings:				
Wells	10,600,617	-	-	10,600,617
Water tanks	15,969,668	148,500	-	16,118,168
Water lines	104,137,222	866,528	550	105,003,200
Sewer	69,349,106	2,414,494	-	71,763,600
Storm drains	112,751,142	-	-	112,751,142
Machinery and Equipment	10,415,423	1,873,678	-	12,289,101
Total capital assets being depreciated	326,964,573	5,461,853	550	332,425,876
Less accumulated depreciation for:				
Bldgs and structures	1,859,582	222,608	-	2,082,190
Improvements other than buildings:				
Wells	3,267,400	254,736	-	3,522,136
Water tanks	8,104,833	248,703	-	8,353,536
Water Lines	65,554,214	1,143,299	550	66,696,963
Sewer	43,418,871	697,913	-	44,116,784
Storm drains	76,163,053	1,785,131	-	77,948,184
Machinery and Equipment	2,901,464	214,148	-	3,115,612
Total accumulated Depreciation	201,269,417	4,566,538	550	205,835,405
Total capital assets, being depreciated, net	125,695,156	895,315	-	126,590,471
Business-type activities capital assets, net	\$ 129,727,072	2,890,227	1,173,681	131,443,618

3. Capital Assets (continued)

As of June 30, 2021, the City had the following outstanding purchase commitments:

Project:	Capital Projects	Special Revenue	Internal Service	Enterprise	Total
Fire HQ construction	\$ 14,880,962	-	-	-	14,880,962
Pumper Fire Engine	-	-	905,065	-	905,065
Defibrillator, AED & Battery Repl	1,160,610	-	-	-	1,160,610
North Tustin Specific Plan	206,077	108,026	-	-	314,103
Pavement Management Program	-	3,167,032	-	-	3,167,032
Access Control System	527,900	-	-	-	527,900
Handy Park Maintenance	1,093,450	-	-	-	1,093,450
Annual Sewer Line Maint. & Repl.	-	-	-	748,765	748,765
Wells	-	-	-	2,753,834	2,753,834
Total	\$ 17,868,999	3,275,058	905,065	3,502,599	25,551,721

Depreciation expense was charged to the following functions in the Statement of Activities:

	Governmental Activities	Business-Type Activities
General government	\$ 474,133	-
Public safety	1,227,479	-
Public works	4,664,005	-
Parks and library	1,693,278	-
Economic development	122,750	-
Internal Service Funds	1,748,783	-
Water	-	2,083,494
Sanitation	-	2,483,044
Total	\$9,930,428	4,566,538

4. Taxes

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10.

Any unpaid amounts at the end of the fiscal year are recorded as taxes receivable in accordance with the City's accrued revenue policy as stated in Note 1. The County of Orange bills and collects the property taxes and subsequently remits the amount due to the City of Orange in installments during the year. Historically, the City has received substantially all of the taxes levied within two years from the date they are levied.

The County is permitted by State Law (Article XIII A of the California Constitution) to levy property taxes at one percent (1%) of full market value at time of purchase and can increase the property's value no more than two percent (2%) per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

4. Taxes (continued)

The City entered into a participation agreement to abate sales tax with a local business under the City of Orange Municipal Code Section 3.25 Sales Tax Sharing Program. Under the code, the City may grant sales tax abatements of the amount of sales tax a business generates within the City, for the purpose of attracting or retaining businesses within their jurisdictions. For the year ended June 30, 2021, the City abated sales taxes totaling \$5,117,624.

5. Other Revenues

Other revenues in the General Fund consist mainly of reimbursement for the Annual Street Fair and reimbursements from other agencies for emergency services provided.

6. Retirement Plan

Plan Description, Benefits Provided and Employees Covered

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan (the Plan). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and memoranda of understanding with employee bargaining units. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the CalPERS June 30, 2019 Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Employers.

The Plan provides benefits for two membership classifications, Miscellaneous and Safety, and those benefits are tiered based upon date of CalPERS membership. Safety membership is extended to those in active law enforcement and fire suppression, while all others are classified as Miscellaneous members. Assembly Bill (AB) 340, also known as the Public Employees' Pension Reform Act (PEPRA), created new benefit formulas and a final compensation period as well as new contribution requirements for new employees. For the purpose of PEPRA, "new employees" are those hired on or after January 1, 2013, and had never been a member of CalPERS previously. All employees hired prior to January 1, 2013, or whom, regardless of their hire date had previously been a member of CalPERS, will continue to be covered under the pre-PEPRA plan. All "new employees", per PEPRA, will not be eligible for this plan, and instead will be covered under the PEPRA tiered plan. A summary of the plan benefits in effect at June 30, 2021 is provided on the following page.

6. Retirement Plan (continued)

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates:		
Normal cost rate	11.543%	11.543%
Payment of unfunded liability	\$ 10,331,501	-

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% - 2.7%
Required employee contribution rates	9%	11%
Required employer contribution rates:		
Normal cost rate	19.306%	19.306%
Payment of unfunded liability	\$ 16,811,365	-

At the June 30, 2020 measurement date, the following employees were covered by the benefit terms of the Plan:

	<u>Misc.</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	696	464
Inactive employees entitled to but not yet receiving benefits	512	118
Active employees	<u>368</u>	<u>268</u>
Total	<u>1,576</u>	<u>850</u>

Contribution Description

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

6. Retirement Plan (continued)

the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefits Increase	(3)	(3)

(1) Depending on age, service and type of employment

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assump-

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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.

6. Retirement Plan (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class(1)	Assumed Asset Allocation (1)	Real Return Years 1 - 10 (2)	Real Return Years 11+ (3)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)
Total	100.00%		

- (1) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period
- (3) An expected inflation of 2.92% used for this period

Subsequent Events

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

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency

6. Retirement Plan (continued)

reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Changes in the Net Pension Liability-Miscellaneous Plan

The following table shows the changes in net pension liability for the Miscellaneous Plan recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2019 (Measurement Date)	\$ 365,659,533	\$ 265,785,074	\$ 99,874,459
Changes Recognized for the Measurement Period:			
Service Cost	5,189,996	-	5,189,996
Interest on the Total Pension Liability	25,659,248	-	25,659,248
Difference between Expected and Actual Experience	753,998	-	753,998
Contribution from the Employer	-	10,335,791	(10,335,791)
Contributions from Employees	-	2,175,496	(2,175,496)
Net Investment Income	-	13,126,364	(13,126,364)
Benefit Payments including Refunds of Employee Contributions	(20,275,870)	(20,275,870)	-
Administrative Expense		(374,692)	374,692
Net Changes During 2019-20	11,327,372	4,987,089	6,340,283
Balance at: 6/30/2020 (Measurement Date)	\$ 376,986,905	\$ 270,772,163	\$ 106,214,742

Sensitivity of the Miscellaneous Plan Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Miscellaneous Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/(Assets)	\$ 153,863,338	\$ 106,214,742	\$ 66,771,802

6. Retirement Plan (continued)

Changes in the Net Pension Liability-Safety Plan

The following table shows the changes in net pension liability for the Safety Plan recognized over the measurement period.

Balance at: 6/30/2019 (Measurement Date)	\$557,981,770	\$385,815,087	\$ 172,166,683
Changes Recognized for the Measurement Period:			
Service Cost	9,008,558	-	9,008,558
Interest on the Total Pension Liability	39,162,098	-	39,162,098
Difference between Expected and Actual Experience	(876,533)	-	(876,533)
Contribution from the Employer	-	16,809,199	(16,809,199)
Contributions from Employees	-	3,158,214	(3,158,214)
Net Investment Income	-	19,165,432	(19,165,432)
Benefit Payments including Refunds of Employee Contributions	(27,775,755)	(27,775,755)	-
Administrative Expense		(543,905)	543,905
Net Changes During 2019-20	19,518,368	10,813,185	8,705,183
Balance at: 6/30/2020 (Measurement Date)	\$577,500,138	\$396,628,272	\$ 180,871,866

Sensitivity of the Safety Plan Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Safety Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/(Assets)	\$ 258,438,738	\$ 180,871,866	\$ 117,155,986

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

6. Retirement Plan (continued)

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

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for the Miscellaneous Plan for the 2019-20 measurement period is 2.4 years, which was obtained by dividing the total service years of 3,802 (the sum of remaining service lifetimes of the active employees) by 1,568 (the total number of participants: active, inactive, and retired).

The EARSL for the Safety Plan for the 2019-20 measurement period is 3.7 years, which was obtained by dividing the total service years of 3,126 (the sum of remaining service lifetimes of the active employees) by 838 (the total number of participants: active, inactive, and retired).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2019), the net pension liability is \$99,874,459 for the Miscellaneous Plan and \$172,166,683 for the Safety Plan.

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6. Retirement Plan (continued)

For the measurement period ending June 30, 2020 (the measurement date), the City of Orange incurred a pension expense of \$12,374,288 for the Miscellaneous Plan and \$27,604,901 for the Safety Plan, allocated as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Totals
Miscellaneous Plan	\$ 9,775,688	\$ 2,474,857	\$ 123,743	\$ 12,374,288
Safety Plan	27,604,901	-	-	27,604,901
Total Pension Expense	\$ 37,380,589	\$ 2,474,857	\$ 123,743	\$ 39,979,189

As of the end of the measurement period (June 30, 2020) and as presented in the June 30, 2021 Statement of Net Position, the net pension liability is \$106,214,742 for the Miscellaneous Plan and \$180,871,866 for the Safety Plan, allocated as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Totals
Miscellaneous Plan	\$ 83,909,647	\$ 21,242,946	\$ 1,062,149	\$ 106,214,742
Safety Plan	180,871,866	-	-	180,871,866
Total Net Pension Liability	\$ 264,781,513	\$ 21,242,946	\$ 1,062,149	\$ 287,086,608

As of the fiscal year ended June 30, 2021, the City of Orange has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date:	
Current year pension contributions	\$ 11,230,178
Payoff of Pension Obligation	104,343,401
Differences between Expected and Actual Experiences	481,026
Net Difference between Projected and Actual	
Earnings on Pension Plan Investments	1,875,095

6. Retirement Plan (continued)

Safety Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date:		
Current year pension contribution	\$ 18,409,102	\$ -
Payoff of Pension Obligation	180,265,767	
Change of Assumptions	-	(506,908)
Differences between Expected and Actual Experiences	890,050	(639,632)
Net Difference between Projected and Actual		-
Earnings on Pension Plan Investments	3,020,960	-
	\$ 202,585,879	\$ (1,146,540)

\$27,142,866 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as shown on the following page.

Fiscal Year ended June 30:	Miscellaneous Plan	Safety Plan
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2022	\$ (903,676)	\$ (1,648,130)
2023	\$ 779,962	\$ 948,501
2024	\$ 1,369,508	\$ 1,840,668
2025	\$ 1,110,327	\$ 1,623,431
2026	-	-
Thereafter	-	-

At June 30, 2021, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

7. Insurance Programs

The City is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, road and walkway design hazards, vehicle accidents, and natural disasters for which the City maintains various insurance programs. The City has entered into contracts with outside vendors to supervise and administer these programs. In addition, the City completes an annual actuarial analysis for the Workers' Compensation and Liability Funds to determine appropriate funding levels.

General Liability

The City is self-insured for General and Auto Liability claims up to \$350,000 per occurrence. For amounts in excess of \$350,000 and up to \$3,000,000 the City participates in a public entity risk pool maintained through the California Insurance Pool Authority (CIPA). CIPA is a consortium of California cities under one joint powers authority agreement, which was established to pool resources, share risks, purchase excess insurance, and to share costs for professional risk management and claims administration. For amounts in excess of \$3,000,000, the pool purchases commercial insurance and has coverage up to \$33,000,000.

Workers' Compensation

The City has a self-insurance program for any liability to City employees arising under the Workers' Compensation laws of the State of California. The City pays up to \$500,000 per occurrence. For amounts in excess of \$500,000 and up to \$2,000,000, the City participates in CIPA. For amounts in excess of \$2,000,000, the pool purchases commercial insurance and has coverage up to \$52,000,000 per occurrence. There were no changes in insurance coverage from the prior year.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The liability for claims and judgments is reported in the appropriate Internal Service Fund. An amount for current claims payable is calculated based on the current year expenses and the remainder is shown as noncurrent claims payable. There were no claims paid in excess of insurance coverage. Changes in claims payable for the year ended June 30, 2020 and June 30, 2021 are outlined on the following page.

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7. Insurance Programs (continued)

	General Liability	Workers' Compensation	Totals
Unpaid claims, July 1, 2019	\$ 2,285,858	15,642,812	17,928,670
Incurred claims	594,395	2,598,277	3,192,672
Less claim payments	(811,071)	(2,510,088)	(3,321,159)
Unpaid claims, June 30, 2020	2,069,182	15,731,001	17,800,183
Less current portion of unpaid claims	1,007,610	5,054,569	6,062,179
Noncurrent unpaid claims, June 30, 2020	\$ 1,061,572	10,676,432	11,738,004
Unpaid claims, July 1, 2020	2,069,182	15,731,001	17,800,183
Incurred claims	442,186	2,802,400	3,244,586
Less claims payments	(745,323)	(1,425,428)	(2,170,751)
Unpaid claims, June 30, 2021	1,766,045	17,107,973	18,874,018
Less current portion of unpaid claim	985,620	4,727,487	5,713,107
Noncurrent unpaid claims, June 30, 2021	\$ 780,425	12,380,486	13,160,911

8. Other Post Employment Benefits (OPEB)

Plan Description

The City administers a single-employer defined benefit post-employment healthcare plan for eligible City retirees and their dependents through the California Public Employees' Retirement System (CalPERS). Retirees from the City enrolled in the Public Employees Medical and Hospital Insurance Program (PEMHCA), who retire at age 50 or later and have at least 5 years of service in the CalPERS system are eligible for these benefits. These health insurance benefits are authorized through City Resolutions/Memorandas of Understanding defining health care benefits and contribution levels and through the contractual agreement between the City and CalPERS. The City currently contributes \$143 per month for each retiree and the retiree is responsible for the balance of the premium amount. There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 75.

Employees Covered

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

Inactive employees or beneficiaries currently receiving benefits	438
Active employees	<u>622</u>
Total	<u>1,060</u>

8. Other Post Employment Benefits (OPEB) (continued)

Total OPEB Liability

The City's OPEB liability of \$44,161,946 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal , Level % of Salary
Actuarial Assumptions:	
Discount Rate	2.45%
Inflation	2.50%
Projected Salary Increase	2.75%; Additional merit based increases based on CalPERS Merit Salary Increase Table
Expected Long Term Investment Rate of Return	3.50%
Health Care Cost Trend Rates	6.0% (Pre-Medicare)/4.0% (Medicare) in first year, trending down to 3.84% over 54 years
Pre-retirement Turnover	Derived from CalPERS OPEB Assumption Model, revised May 14, 2018
Mortality Rate	Derived from CalPERS OPEB Assumption Model, revised May 14,2018

The discount rate used to measure the total OPEB liability is 2.45%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax exempt, high-quality 20-year municipal bonds, as of the measurement date.

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8. Other Post Employment Benefits (OPEB) (continued)

Changes in Total OPEB Liability

The changes in the OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019 (Measurement Date)	\$39,079,172
Changes in the Year:	
Service Cost	1,679,816
Interest on the total OPEB liability	1,252,988
Differences between expected and actual experience	(25,507)
Changes in assumptions	3,630,272
Contribution – employer	(486,947)
Implicit subsidy fulfilled	(967,848)
Net Changes	<u>6,589,147</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$44,161,946</u>

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

The following presents the total OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	Discount Rate – 1% (1.45%)	Current Discount Rate (2.45%)	Discount Rate + 1% (3.45%)
Total OPEB Liability	<u>\$50,481,980</u>	<u>\$44,161,946</u>	<u>\$39,680,056</u>

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage rate higher than the current healthcare cost trend rates:

	1% Decrease 5.00% Decreasing to 2.84%	Current Healthcare Cost Trend Rates 6.00% Decreasing to 3.84%	1% Increase 7.00% Decreasing to 4.84%
Total OPEB Liability	<u>\$37,651,954</u>	<u>\$44,161,946</u>	<u>\$52,418,191</u>

8. Other Post Employment Benefits (OPEB) (continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$1,853,947
Changes in assumptions	5,229,631
Contributions subsequent to measurement date	<u>1,549,314</u>
Total Deferred Outflows	<u>\$8,632,892</u>

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$(22,150)
Changes in assumptions	<u>(230,461)</u>
Total Deferred Inflows	<u>\$(252,611)</u>

The \$1,549,314 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2021	\$ 1,129,240
2022	1,129,240
2023	1,129,240
2024	1,129,240
2025	1,133,944
Thereafter	1,180,063

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9. Long-Term Liabilities

Following is a reconciliation of long-term liabilities for the year ended June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Amounts Due Beyond One Year
Governmental activities:						
Direct borrowing:						
Loans Payable	\$ 779,235	-	237,778	541,457	237,778	303,679
Lease revenue bonds	-	29,930,000	-	29,930,000	520,000	29,410,000
Premium on lease revenue bonds	-	4,375,452	145,848	4,229,604	145,848	4,083,756
Pension obligation bonds	-	265,478,776	-	265,478,776	7,017,926	258,460,850
Other liabilities:						
Compensated absences	9,092,621	4,491,624	4,191,779	9,392,466	4,330,010	5,062,456
Claims payable	17,800,183	3,244,586	2,170,751	18,874,018	5,713,107	13,160,911
Total Govt. activities	<u>27,672,039</u>	<u>307,520,438</u>	<u>6,746,156</u>	<u>328,446,321</u>	<u>17,964,669</u>	<u>310,481,652</u>
Business-type activities						
Compensated absences	685,013	297,584	160,393	822,204	190,962	631,242
Pension obligation bonds	-	21,006,224	-	21,006,224	677,074	20,329,150
Total Business activities	<u>685,013</u>	<u>21,303,808</u>	<u>160,393</u>	<u>21,828,428</u>	<u>868,036</u>	<u>20,960,392</u>
Total	<u>\$28,357,052</u>	<u>328,824,246</u>	<u>6,906,549</u>	<u>350,274,749</u>	<u>18,832,705</u>	<u>331,442,044</u>

In April 2018 and May 2019, the City entered into a series of loan agreements with Southern California Edison for LED retrofit of city-owned streetlights. The loans total \$1,126,322 and carry a zero percent interest rate. The outstanding balance at June 30, 2021 is \$547,457. The annual payments are as follows:

Year Ending	Principal
June 30	
2021-22	\$ 237,778
2022-22	156,440
2023-24	70,095
2024-25	49,772
2025-26	<u>27,372</u>
Total	<u>\$ 547,457</u>

On July 16, 2020, the City of Orange Public Facilities Financing Authority issued Lease Revenue Bonds Series 2020A in the amount of \$29,930,000. Proceeds of the bonds will be used to: (i) finance the construction of a new Fire Headquarters and Station No. 1, roof replacement and other improvements to the City's Police Headquarters and the City's other fire stations; and installation of security improvements at various City facilities; and (ii) pay costs of issuance of the Bonds. Interest rate on the bonds is 4%. The bonds are payable in annual installments of \$520,000 to \$1,680,000 and are scheduled to mature in 2051.

The annual debt service payments for these bonds are made from the General Fund and are shown on the following page.

9. Long-Term Liabilities (continued)

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>
2022	\$ 520,000	1,186,800	145,848
2023	550,000	1,165,400	145,848
2024	570,000	1,143,000	145,848
2025	595,000	1,119,700	145,848
2026	620,000	1,095,400	145,848
2027-2031	3,490,000	5,077,000	729,242
2032-2036	4,260,000	4,304,400	729,242
2037-2041	5,205,000	3,360,900	729,242
2042-2046	6,355,000	2,208,900	729,242
2047-2051	7,765,000	801,500	583,394
Total	<u>\$ 29,930,000</u>	<u>21,463,000</u>	<u>4,229,602</u>

On March 3, 2021, the City issued 2021 Taxable Pension Obligation Bonds in the amount of \$286,485,000. Proceeds of the bonds were used to (i) pay all of the City's currently unamortized, unfunded accrued actuarial liability to the California Public Employees Retirement System with respect to the City's defined benefit retirement plans for City employees; (ii) to pay the premium for a municipal bond insurance policy for the Insured Bonds; and (iii) pay costs of issuance of the Bonds. Interest on the bonds ranges from .291% to 2.82%. The bonds are payable in annual installments of \$7,695,000 to \$12,455,000 and are scheduled to mature in 2044. The annual debt service payments for these bonds are paid through the Debt Service fund, with funds transferred in from General Government funds and Enterprise funds.

Year Ending June 30	<u>Principal</u>	<u>Interest</u>
2022	\$ 7,695,000	8,063,295
2023	10,120,000	6,635,374
2024	11,155,000	6,595,804
2025	11,225,000	6,530,325
2026	11,330,000	6,420,993
2027-2031	59,460,000	29,299,162
2032-2036	66,590,000	22,172,747
2037-2041	75,460,000	12,222,604
2042-2044	33,450,000	1,974,131
Total	<u>\$286,485,000</u>	<u>99,914,435</u>

Loans payable are paid for from the General Fund. Compensated absences are paid from the Employee Accrued Liability Fund and claims payable are paid from the Workers' Compensation Fund and the Liability Fund.

10. Community Facilities and Assessment Districts and Other Revenue Bond Issues

In February 2004, Community Facilities District No. 91-2 issued refunding bonds in the amount of \$37,530,000 to finance the acquisition and/or construction of public improvements. In April 2013, bonds in the amount of \$28,810,000 were issued to refund these bonds. The interest rate on the debt is variable, ranging from 2% to 5%. The bonds outstanding at June 30, 2021 are \$20,925,000 and are scheduled to mature in October 2030.

In March 2015, Community Facilities District 06-1 issued 2015 Special Tax Refunding Bonds in the amount of \$23,920,000. Proceeds of the bonds were used to a) refund all of the outstanding Community Facilities District No. 06-1 2010 Special Tax Bonds, which were originally issued to finance the acquisition of a park site and construction of public improvements, b) make a deposit into the Reserve Fund established under the Fiscal Agent Agreement and c) pay costs of issuance. The interest rate on the debt is variable, ranging from 2% to 5%. The bonds outstanding at June 30, 2021 are \$21,765,000 and are scheduled to mature in October 2034.

The City has no obligation or duty to pay any delinquency out of any available funds of the City. The City is only acting as an agent for the property owners in collecting the assessments and then seeing that the debt service payments are made, and neither the faith and credit, nor the taxing power of the City, is pledged to the payment of the bonds.

11. Joint Ventures

The City is a participant in the Anaheim-Garden Grove-Orange Fire Training Facility Authority, a joint powers authority created to finance fire training. These cities have one representative each on the Authority's three-member Board of Directors. The City's share of the Authority's costs is included in the accompanying financial statements as expenditures of the General Fund and is immaterial to the operations of the City. Separate financial statements may be obtained for the Fire Training Facility Authority from the City of Garden Grove.

In addition to the Fire Training Facility Authority, the Cities of Orange, Anaheim, Fountain Valley, Fullerton, Garden Grove, Brea, Huntington Beach and Newport Beach have formed a regional dispatch operation to provide dispatch services for those cities.

The City of Orange's share of costs for these dispatch services is immaterial to the operations of the City. The financial management and administration of this operation is the responsibility of the City of Anaheim. Separate financial statements may be obtained for the Metro Cities Fire Authority from the City of Anaheim.

12. Loans Receivable

With the dissolution of the Redevelopment Agency effective January 31, 2012, the City Council adopted a resolution authorizing the City to become the Successor Housing Agency and enabling the City to retain housing assets and functions of the Redevelopment Agency.

12. Loans Receivable (continued)

The Successor Housing Agency provides housing loans for the rehabilitation and expansion of housing for low and moderate-income families in the City. Housing rehabilitation loans are for the purpose of rehabilitating and upgrading existing housing due to structural deficiencies. Housing loans also assist in the construction of new multi-family housing projects or the rehabilitation of existing multi-family units.

Additionally, the former Redevelopment Agency issued several promissory notes, pursuant to and in implementation of the “Affordable Housing Resale Restrictions Option to Designate Eligible Purchaser with Alternative Option to Purchase and Option to Purchase Upon Default”. These notes do not actually represent cash paid to the borrowers, but represent the subsidy constructively received by the borrower as a result of borrowers’ purchase of the property at a price below its fair market value. No repayment of these notes is due by the borrower until the Affordable Term of the loan date (45 years commencing from the loan date), or upon sale of the property or default, as described in the note. At June 30, 2021, the outstanding amount for these loans was \$465,000. Due to the length of the deferral and the uncertainty of repayment on these loans, the outstanding balance is offset by an allowance for the full amount of the note.

In May 2013, the City entered into a Refinancing Agreement that provides for the Developer of the Serrano Woods Affordable Housing Project to restructure the permanent financing for the Serrano Woods project while maintaining compliance with affordable housing requirements. This Refinancing Agreement provided for a City loan from the In-lieu Housing funds in the amount of \$4,300,000. The balance of the loan at June 30, 2021, net of allowance for net present value, is \$2,860,304.

Under the HOME and CDBG programs, the City provides housing loans to eligible City of Orange residents and low income housing projects.

Outstanding loan balances, net of allowances for net present value, for these housing loans at June 30, 2021 are comprised of the following:

	<u>Short-term</u>	<u>Long-term</u>	<u>Total</u>
Housing successor loans	\$ 39,882	18,578,395	18,618,277
In-lieu loan	-	2,860,304	2,860,304
HOME loans	15,412	3,228,778	3,244,190
CDBG loans	-	496,039	496,039
	<hr/>	<hr/>	<hr/>
Total Loans	\$ 55,294	25,163,516	25,218,810
	<hr/>	<hr/>	<hr/>

13. Advances to/from Other Funds

As part of the City’s commitment in its participation in the Orange County 800 MHz Countywide Coordinated Communication System (CCCS), the City is required to replace a majority of its current public safety radio inventory. This inventory replacement is to be funded with Prop 172 funds. Because there were insufficient funds available in the Prop 172 funding FY 2016-17, an inter-fund loan was made from the Capital Improvement Fund to the Prop 172 fund in the amount of \$2,770,119. Repayment of the loan, and accrued interest at the rate of the State’s Local Agency Investment Fund yield, are being made from Prop 172 revenues over a period of 6 years, beginning in fiscal year 2017-18. The balance of this advance as of June 30, 2021, including accrued interest, is \$939,133.

14. Due to/from Other Funds

A transfer was made from the General fund to the EMT fund in the amount of \$224,731 and to the SB2 Building Home & Jobs Act fund in the amount of \$773,518 to cover deficit cash balances as of June 30, 2021.

15. Transfers

Transfers Out	Transfers In				Total
	General	Debt Service	Special Revenue	Internal Service	
General ⁽¹⁾			800,000	4,100,000	\$4,900,000
Capital Improvement ⁽²⁾	\$2,000,000	947,783		180,000	3,127,783
Internal Service ⁽⁴⁾	2,100,000				2,100,000
Total	\$4,100,000	947,783	800,000	4,280,000	\$10,127,783

The above transfers were made to provide funds for (1) the shortfall in special revenue funds, and in the internal service fund for vehicle replacement and maintenance costs, computer replacement and maintenance costs, and liability costs; (2) the shortfall in the general fund due to Covid-19, city infrastructure bond debt service payment, and anticipated facility maintenance; (3) reimbursement of prior year costs related to new fire station design and engineering; and (4) the shortfall in general fund due to Covid-19 and .

16. Deficit Equity Balances

The Proposition 172 Fund ended the fiscal year in a fund balance deficit of \$783,593. This deficit is a result of a commitment to replace certain public safety radio equipment with Proposition 172 funds, which will not be available until future years. A loan from the Capital Improvement Fund was made to the Proposition 172 Fund to provide cash to pay this commitment. This deficit will be eliminated over the next couple of years, as sales tax revenues are received and are used to pay off the loan.

16. Deficit Equity Balances (continued)

In the non-major Special Revenue funds, the SB2 Building Home & Jobs Act fund ended the fiscal year in a deficit fund balance of \$834,218. This deficit is due to the expenditure of State of California grant revenue allocated on a reimbursement basis. The reimbursement for these expenditures will be received in a future year. The EMT Transport fund deficit fund balance of \$238,822 is due to the fact that budgeted revenue receipts were higher than amounts actually received.

In the Internal Service funds, the Equipment Maintenance Fund had a deficit net position of \$4.1 million, due to the implementation of GASB 68, which requires the recording of the fund's unfunded net pension liability of \$4.2 million and GASB 75, which requires the recording of the fund's total Other Post-Employment Benefits liability of \$1.8 million. The Workers' Compensation Fund and the Liability Fund had deficit net positions of \$13.1 million and \$.2 million, respectively, due the year-end recording of actuarial determined future claims payable. It is the City's policy not to fund these deficits, as these items do not represent tangible expenses.

17. Restatement of Beginning Net Position

The accompanying Statement of Changes in Fiduciary Net Position reflect a restatement of Net position-beginning of year in the Custodial Funds. This restatement is a result of the implementation of GASB 84, which establishes specific criteria for identifying activities that should be reported as fiduciary activities. The following summarizes the effects of the prior period adjustments:

Fiduciary Funds Statements:

Custodial Fund	Beginning Net Position as Previously Reported	Adjustment for Changes in Accounting Principles	Beginning Net Position as Restated
Net Position	\$0	37,373,409	37,373,409

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18. Breakdown of “Restricted” Governmental Fund Balances

	Fed., State & Local Grants	Housing Successor	Measure M	Other Governmental	Total
Restricted for:					
Federal & state grants	\$ 6,003,042	-	-	-	6,003,042
Housing		21,214,590	-	-	21,214,590
Streets/roads/transportation improv.	-	-	4,125,297	-	4,125,297
Highway construction and maint.	-	-	-	1,167,352	1,167,352
Air quality	-	-	-	155,893	155,893
Asset forfeiture operations	-	-	-	3,054,303	3,054,303
Assessment district landscape maint.	-	-	-	1,501,640	1,501,640
Govt access/local access programming	-	-	-	273,689	273,689
Affordable housing units	-	-	-	3,221,046	3,221,046
Traning/certifying building. inspectors	-	-	-	287,786	287,786
Maint./construction of city streets	-	-	-	3,316,808	3,316,808
Total	\$ 6,003,042	21,214,590	4,125,297	12,978,517	44,321,446

19. Contingencies

The City is involved in pending lawsuits of a nature common to many similar jurisdictions. City Management estimates that these potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial position of the City.

20. Successor Agency Trust for Assets of Former Redevelopment Agency

A. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 5,855,657
Cash and investments with fiscal agent	<u>2,498</u>
Total Cash	<u>\$ 5,858,155</u>

B. Loans receivable

Commercial loans were issued to private businesses to fund development projects within the former Orange Merged and Amended Redevelopment Project Area through a variety of commercial rehabilitation loan programs. The loans bear interest rates ranging from 0% to 7.5% per annum and are to be repaid in installments over an established time period, if not fully or partially forgiven. The majority of loans are repaid in monthly or yearly installments. In addition, loans were issued under the Small Business Assistance (SBA) Programs. The programs are intended to promote and encourage property owners and tenants to rehabilitate commercial, retail and/or industrial properties located within the former Orange Merged and Amended Redevelopment Project Area. The SBA Programs are comprised of seven loan

20. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

programs designed to provide incentives to property owners and tenants to upgrade signage, enhance landscaping, improve exterior facades, and other property improvements.

The seven SBA programs are as follows:

- Landscape Incentive - interest-free, 50/50 matching loan up to \$60,000, 50% of which can be forgiven upon meeting certain performance conditions.
- Signage Incentive - interest-free, 50/50 matching loan up to \$30,000, 50% of which can be forgiven upon meeting certain performance conditions.
- Restaurant Equipment Incentive - loans up to \$30,000 to install grease interceptors in restaurants, 50% of which can be forgiven upon meeting certain performance conditions.
- Property Improvement - interest-free loan up to \$250,000 to upgrade building facades, parking, lighting, and related improvements. Upon timely repayment of the first 75% of the loan balance, the remaining 25% is forgiven.
- Old Towne Retail - a 3% interest loan up to \$100,000 to bring older buildings into conformance with the current Uniform Building Code, 50% of which can be forgiven upon meeting certain performance conditions.
- Hotel Rehabilitation Loan – loan to assist in the retention, attraction and expansion of hospitality uses seeking to upgrade existing and/or construct new facilities in the Project Area.

The outstanding balance of these loans, net of allowances for forgiveness and net present value, at June 30, 2021 is \$95,735.

C. Due from Other Agencies

In April 2008, the former Redevelopment Agency Board entered into a Promissory Note with the City of Orange to finance a portion of the cost of construction of the Santiago Creek Gymnasium/Sports Center in the amount of \$4,250,000. Effective January 31, 2012, with the dissolution of the Redevelopment Agency, this Promissory Note is now between the Successor Agency and the City. The balance outstanding at June 30, 2021 is \$3,008,599, plus accrued interest of \$355,114.

D. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2020, follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
Other debt:						
Tax allocation bonds	\$ 38,765,000	-	3,720,000	35,045,000	3,915,000	31,130,000
Unamortized Bond Premium	4,207,675	-	614,387	3,593,288	614,387	2,978,901
Total	<u>\$ 42,972,675</u>	<u>-</u>	<u>4,334,387</u>	<u>38,638,288</u>	<u>4,529,387</u>	<u>34,108,901</u>

20. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

Tax Allocation Bonds

To provide funds to refund the Tustin Street Redevelopment Project 1997 Taxable Tax Allocation Parity Bonds, Series B, the Agency sold Orange Merged and Amended Redevelopment Project Area 2008 Taxable Tax Allocation Refunding Bonds, Series B, on May 1, 2008, in the amount of \$6,180,000 maturing September 1, 2027. The initial bonds were issued for redevelopment purposes. The current issue is comprised of serial bonds and term bonds. The serial bonds are payable in annual installments of \$85,000 to \$395,000 and mature in the years prior to 2020. The term bonds are payable in annual installments of \$410,000 to \$635,000 and mature in the years 2021 to 2027. Interest rates on the refunding bonds range from 5.00% to 6.20%. Funds are maintained in a cash reserves account sufficient to cover the maximum annual debt service. The bonds outstanding at June 30, 2021 were \$3,690,000.

In December 2014, to provide funds to a) advance refund the outstanding Tustin Street Redevelopment Project 1997 Tax Allocation Parity Bonds, Series A, issued by the Former Agency in the original principal amount of \$3,280,000 and the outstanding Orange Merged and Amended Redevelopment Project Area 2003 Tax Allocation Refunding Bonds, Series A issued by the former Agency in the original principal amount of \$45,915,000, b) acquire a debt service reserve fund surety bond for the debt service reserve account under the Indenture, and c) provide for the cost of issuing the 2014 bonds, the Successor Agency issued Orange Merged and Amended Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series A in the amount of \$28,850,000. The 2014 bonds are payable in annual installments of \$2,745,000 to \$3,845,000 and mature 2023. Interest rates on the bonds range from 3.00% to 5.0%. In lieu of cash funding the Reserve Account, The Successor Agency purchased the Reserve Fund Insurance Policy to satisfy the "Reserve Requirement" as defined in the Indenture. The bonds outstanding at June 30, 2021 were \$10,980,000.

In July 2018, to provide funds to a) advance refund the outstanding Orange Merged and Amended Redevelopment Project Area 2008 Tax Allocation Bonds, Series A, issued by the Former Agency in the original principal amount of \$33,450,000, b) acquire a debt service reserve fund surety bond for the debt service reserve account under the Indenture, and c) provide for the cost of issuing the 2018 bonds, the Successor Agency issued Orange Merged and Amended Redevelopment Project Area 2018 Tax Allocation Refunding Bonds, Series A in the amount of \$20,375,000. The 2018 bonds are payable in annual installments of \$750,000 to \$2,265,000 and mature 2036. Interest rates on the bonds range from 4.00% to 5.00%. The Successor Agency completed the refunding to reduce its total debt service payments over the next 20 years by more than \$3.7 million, resulting in an economic gain (difference between the present value of the old and new debt service payments) of approximately \$2.6 million. The bonds outstanding at June 30, 2021 were \$20,375,000.

Annual requirements to amortize all tax allocation bonds, notes payable, leases payable, and certificates of participation outstanding as of June 30, 2021 are shown on the following page.

20. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

Year Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2022	\$ 3,915,000	1,579,737
2023	4,120,000	1,376,866
2024	4,335,000	1,162,506
2025	1,265,000	1,021,635
2026	1,330,000	958,020
2027-2031	7,820,000	3,666,980
2032-2036	9,995,000	1,526,225
2037	2,265,000	45,300
Total	\$ 35,045,000	11,337,269

E. Insurance

The Successor Agency of the former RDA is covered by insurance policies of the City of Orange as of June 30, 2021.

21. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 13, 2021, the date the financial statements were available to be issued.

No other events or transactions were identified that required recognition or disclosure.

***Required Supplementary
Information***



General Fund

General Fund – This fund has been classified as a major fund and is used to account for revenues and expenditures that are not required to be accounted for in another fund.

Special Revenue Fund

Proposition 172 – This fund is used to account for sales tax restricted by voter mandate for public safety service enhancements.

Federal, State and Local Grants – This fund is used to account for grant programs such as Community Development Block Grant, Housing and Urban Development Grant, California Parklands Grant, Citizens Option for Public Safety (COPS) Grant, Traffic Safety Grant, Justice Assistance Grant and others.

Housing Successor – This fund is used to account for low and moderate housing activities as of February 1, 2012, when the City became the successor housing agency to the former Redevelopment Agency, upon its dissolution. Prior to that, these activities were accounted for in the Redevelopment Agency Housing fund.

Measure M – This fund is used to account for receipts and expenditures relating to transportation improvement projects and programs, funded by local ½ cent sales tax.

CITY OF ORANGE
 Budgetary Comparison Schedule
 General Fund
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 87,157,545	87,157,545	101,602,320	14,444,775
Franchise fees	2,290,532	2,290,532	2,541,744	251,212
Licenses and permits	4,694,693	4,755,179	5,479,863	724,684
Use of money and property	1,621,670	1,625,343	793,144	(832,199)
Intergovernmental	1,103,833	31,259,869	16,835,997	(14,423,872)
Charges for services and fees	8,226,802	8,229,687	7,976,427	(253,260)
Fines and forfeitures	1,940,009	1,940,009	1,485,230	(454,779)
Other revenues	665,419	3,342,427	3,618,576	276,149
Total revenues	<u>107,700,503</u>	<u>140,600,591</u>	<u>140,333,301</u>	<u>(267,290)</u>
EXPENDITURES:				
General government:				
City council	7,152	7,152	6,696	456
City manager	4,811,013	7,801,162	7,780,765	20,397
City attorney	944,162	1,417,548	923,733	493,815
City clerk	583,866	743,866	671,175	72,691
Finance	3,286,364	3,404,160	3,347,588	56,572
Human Resources	1,492,230	1,591,550	1,591,600	(50)
Public safety:				
Police	49,869,746	68,950,921	50,709,961	18,240,960
Fire	30,247,034	44,315,204	33,839,693	10,475,511
Public works	8,017,712	7,737,512	7,566,001	171,511
Community development	4,797,900	4,979,845	4,509,489	470,356
Parks and library:				
Library	5,130,676	5,352,951	4,984,093	368,858
Community services	9,096,446	9,399,333	8,609,802	789,531
Economic development	219,959	223,382	223,442	(60)
Debt service-principal	-	237,778	237,778	-
Capital outlay	47,432	155,431	83,836	71,595
Total expenditures	<u>118,551,692</u>	<u>156,317,795</u>	<u>125,085,652</u>	<u>31,232,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,851,189)</u>	<u>(15,717,204)</u>	<u>15,247,649</u>	<u>30,964,853</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	4,100,000	4,100,000	4,100,000	-
Transfers (out)	(4,100,000)	(4,900,000)	(4,900,000)	-
Other financing source - bond proceed	-	261,277,531	261,277,531	-
Cost of issuance	-	(1,700,399)	(1,700,399)	-
Other financing uses - PERS payoff	-	(259,566,751)	(259,566,751)	-
Total other financing sources (uses)	<u>-</u>	<u>(789,619)</u>	<u>(789,619)</u>	<u>-</u>
Net change in fund balances	<u>(10,851,189)</u>	<u>(16,506,823)</u>	<u>14,458,030</u>	<u>30,964,853</u>
Fund balances, beginning of year	<u>32,400,827</u>	<u>32,400,827</u>	<u>32,400,827</u>	<u>-</u>
Fund balances, end of year	<u>\$ 21,549,638</u>	<u>15,894,004</u>	<u>46,858,857</u>	<u>30,964,853</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Proposition 172
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 872,200	872,200	1,056,635	184,435
Use of money and property	1,689	1,689	893	(796)
Total revenues	<u>873,889</u>	<u>873,889</u>	<u>1,057,528</u>	<u>183,639</u>
EXPENDITURES:				
Current:				
City manager	20,390	20,390	28,753	(8,363)
Public safety:				
Police	381,472	477,437	477,437	-
Fire	86,256	86,256	84,177	2,079
Capital outlay	191,600	267,530	42,977	224,553
Total expenditures	<u>679,718</u>	<u>851,613</u>	<u>633,344</u>	<u>218,269</u>
Net change in fund balances	194,171	22,276	424,184	401,908
Fund balances (deficit), beginning of year	<u>(1,207,777)</u>	<u>(1,207,777)</u>	<u>(1,207,777)</u>	-
Fund balances (deficit), end of year	<u><u>\$ (1,013,606)</u></u>	<u><u>(1,185,501)</u></u>	<u><u>(783,593)</u></u>	<u><u>401,908</u></u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Federal, State and Local Grants
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 21,750	21,750	106,329	84,579
Intergovernmental	2,196,308	3,333,813	2,490,044	(843,769)
Charges for services	47,800	47,800	85,801	38,001
Other revenues	-	-	39,942	39,942
Total revenues	<u>2,265,858</u>	<u>3,403,363</u>	<u>2,722,116</u>	<u>(681,247)</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	157,926	157,926	134,747	23,179
Economic development	191,215	421,016	161,730	259,286
Capital outlay	1,470,093	4,496,513	2,138,214	2,358,299
Total expenditures	<u>1,819,234</u>	<u>5,075,455</u>	<u>2,434,691</u>	<u>2,640,764</u>
Net change in fund balances	446,624	(1,672,092)	287,425	1,959,517
Fund balances, beginning of year	5,715,617	5,715,617	5,715,617	-
Fund balances, end of year	<u>\$ 6,162,241</u>	<u>4,043,525</u>	<u>6,003,042</u>	<u>1,959,517</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Housing Successor
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 105,798	105,798	466,761	360,963
Other revenues	-	-	563,862	563,862
Total revenues	<u>105,798</u>	<u>105,798</u>	<u>1,030,623</u>	<u>924,825</u>
EXPENDITURES:				
Current:				
General government:				
City manager	146	146	146	-
Finance	27,876	27,876	28,583	(707)
Community development	60,684	60,684	60,901	(217)
Economic development	32,558	32,558	32,550	8
Capital outlay	-	1,250,000	-	1,250,000
Total expenditures	<u>121,264</u>	<u>1,371,264</u>	<u>122,180</u>	<u>1,249,084</u>
Net change in fund balances	(15,466)	(1,265,466)	908,443	2,173,909
Fund balances, beginning of year	<u>20,306,147</u>	<u>20,306,147</u>	<u>20,306,147</u>	<u>-</u>
Fund balances, end of year	<u>\$ 20,290,681</u>	<u>19,040,681</u>	<u>21,214,590</u>	<u>2,173,909</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Measure M
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 2,491,137	2,491,137	3,017,313	526,176
Use of money and property	50,063	50,063	16,883	(33,180)
Intergovernmental	116,160	116,160	136,747	20,587
Charges for services and fees	-	-	14,860	14,860
Total revenues	<u>2,657,360</u>	<u>2,657,360</u>	<u>3,185,803</u>	<u>528,443</u>
EXPENDITURES:				
Current:				
Public works	339,350	395,114	291,556	103,558
Parks and library	204,300	376,890	138,266	238,624
Capital outlay	2,825,000	5,244,661	2,006,743	3,237,918
Total expenditures	<u>3,368,650</u>	<u>6,016,665</u>	<u>2,436,565</u>	<u>3,580,100</u>
Net change in fund balances	(711,290)	(3,359,305)	749,238	4,108,543
Fund balances, beginning of year	3,376,060	3,376,060	3,376,060	-
Fund balances, end of year	<u><u>\$ 2,664,770</u></u>	<u><u>16,755</u></u>	<u><u>4,125,298</u></u>	<u><u>4,108,543</u></u>

CITY OF ORANGE
Schedule of Changes in the Total OPEB Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years (*)

Fiscal year ended	2021	2020	2019	2018
Measurement period	2020	2019	2018	2017
TOTAL OPEB LIABILITY				
Service Cost	\$ 1,679,816	1,358,445	1,360,032	1,322,024
Interest	1,252,988	1,201,679	1,119,120	1,087,864
Difference between expected and actual experience	(25,507)	2,516,073	-	-
Changes in assumptions (see table below for details)	3,630,272	2,818,825	(371,560)	-
Benefit payments, including refunds of employee contributions	(486,947)	(1,305,875)	(1,207,876)	(1,148,907)
Implicit subsidy fulfilled	(967,848)			
Net Change in Total OPEB Liability	5,082,774	6,589,147	899,716	1,260,981
Total OPEB Liability - Beginning	39,079,172	32,490,025	31,590,309	30,329,328
Total OPEB Liability - Ending	44,161,946	39,079,172	32,490,025	31,590,309
 Covered-Employee Payroll	 \$ 52,413,430	 \$ 49,778,287	 59,649,993	 58,053,521
 Total OPEB liability as % of covered-employee payroll	 84.26%	 78.51%	 54.47%	 54.42%
 Assumptions:				
Discount rate	2.45%	3.13%	3.62%	3.50%
Inflation	2.50%	2.50%	2.50%	2.75%
Healthcare Cost Trend rates	6.00%	6.50%	6.50%	6.50%
Salary increases	2.75%	2.75%	2.75%	2.875%
Mortality rates		Per CalPERS tables		

*Fiscal Year 2018 was the first year of implementation, therefore only four years are shown.

CITY OF ORANGE
Miscellaneous Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years*

Fiscal year ended	2021	2020	2019	2018
Measurement period	2020	2019	2018	2017
TOTAL PENSION LIABILITY				
Service Cost	\$ 5,189,996	5,067,666	5,267,383	5,177,802
Interest	25,659,248	24,866,459	24,067,324	23,418,521
Difference Between expected and Actual Experience	753,998	315,824	(1,306,394)	(5,876,562)
Changes in Assumptions	-	-	(1,376,690)	18,989,623
Benefit Payments, Including Refunds of employee Contributions	(20,275,870)	(19,046,828)	(17,701,058)	(16,066,665)
Net Change in Total Pension Liability	11,327,372	11,203,121	8,950,565	25,642,719
Total Pension Liability - Beginning	365,659,533	354,456,412	345,505,847	319,863,128
Total Pension Liability - Ending (a)	<u>\$ 376,986,905</u>	<u>365,659,533</u>	<u>354,456,412</u>	<u>345,505,847</u>
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 10,335,791	8,895,425	7,864,464	7,498,423
Contribution - Employee	2,175,496	2,344,603	2,088,111	2,142,096
Net Investment Income	13,126,364	16,762,810	20,755,507	25,473,940
Benefit Payments, Including Refunds of Employee Contributions	(20,275,870)	(19,046,828)	(17,701,058)	(16,066,665)
Plan to Plan Rescove Movement	-	-	(599)	32,777
Other Miscellaneous Income/(Expense)	-	599	(725,336)	-
Administrative Expense	(374,692)	(183,409)	(381,953)	(334,215)
Net Change in Fiduciary Net Position	4,987,089	8,773,200	11,899,136	18,746,356
Plan Fiduciary Net Position - Beginning	265,785,074	257,011,874	245,112,738	226,366,382
Plan Fiduciary Net Position - Ending (b)	<u>\$ 270,772,163</u>	<u>265,785,074</u>	<u>257,011,874</u>	<u>245,112,738</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 106,214,742</u>	<u>99,874,459</u>	<u>\$97,444,538</u>	<u>100,393,109</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	71.83%	72.69%	72.51%	70.94%
Covered Payroll	\$ 26,090,476	\$ 26,090,476	26,362,236	26,740,825
Plan Net Pension Liability/(Asset) as a % of Covered Payroll	407.10%	382.80%	369.64%	375.43%

* Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

From FY June 30, 2015 to June 30, 2016:

GASB 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017: There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018: The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2021: There were no changes in assumptions.

2017	2016	2015
2016	2015	2014
4,672,901	4,546,279	4,911,456
23,117,281	22,231,986	21,813,800
(131,466)	(7,188,831)	-
-	(5,284,506)	-
(15,554,542)	(14,720,766)	(13,890,809)
12,104,174.00	(415,838)	12,834,447
307,758,954	308,174,791	295,340,344
319,863,128	307,758,953	308,174,791
6,420,197	5,766,795	4,836,725
2,036,528	2,104,640	2,042,395
1,162,922	4,982,663	35,349,001
(15,554,542)	(14,720,766)	(13,890,809)
-	-	-
-	-	-
(141,636)	(4,435)	-
(6,076,531)	(1,871,103)	28,337,312
232,442,913	234,314,016	205,976,704
226,366,382	232,442,913	234,314,016
93,496,746	75,316,040	73,860,775
70.77%	75.53%	76.03%
25,760,260	25,364,199	26,155,370
362.95%	296.94%	282.39%

CITY OF ORANGE
Miscellaneous Plan
Schedule of Plan Contributions
As of June 30, For the Last Ten Fiscal Years *

Fiscal year ended	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 11,230,178	10,331,501	8,889,983	7,865,000
Contribution in Relation to the Actuarially Determined Contribution	(115,573,579)	(10,331,501)	(8,889,983)	(7,865,000)
Contribution Deficiency (Excess)	\$ (104,343,401)	-	-	-
Covered Payroll	\$ 28,690,552	28,551,051	26,090,476	26,362,236
Contributions as a percentage of Covered Payroll	402.828%	36.186%	34.074%	29.834%

Note to Schedule:

Valuation Date	6/30/2018	6/30/2017	6/30/2016	06/30/2015
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)
Assets valuation method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.625%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)
Investment rate of return	7.0% (3)	7.25% (3)	7.375% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service and type of employment

(3) Net of pension plan investment expense, including inflation

(4) Hire date prior to January 1, 2013: 50-67 ; Hire date on or after January 1, 2013: 52-67

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS

* Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

2017	2016	2015
7,496,129	6,420,229	5,766,795
(7,496,129)	(6,420,229)	(5,766,795)
-	-	-
26,740,825	25,760,260	25,364,199
28.033%	24.923%	22.736%

6/30/2014	6/30/2013	6/30/2012
Entry age (1)	Entry age (1)	Entry age (1)
Fair Value 2.75%	Fair Value 2.75%	15 Year Smoothed Market Method 2.75%
(2)	(2)	(2)
7.50% (3)	7.50% (3)	7.50% (3)
(4)	(4)	(4)
(5)	(5)	(5)

CITY OF ORANGE
Safety Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years *

Fiscal year ended	2021	2020	2019	2018
Measurement period	2020	2019	2018	2017
TOTAL PENSION LIABILITY				
Service Cost	\$ 9,008,558	8,940,979	8,684,357	8,663,044
Interest	39,162,098	37,812,758	36,374,391	34,973,049
Difference Between expected and Actual Experience	(876,533)	628,915	2,812,674	(4,567,911)
Changes in Assumptions	-	-	(2,407,807)	29,689,823
Benefit Payments, Including Refunds of employee Contributions	(27,775,755)	(26,302,494)	(25,095,404)	(23,809,456)
Net Change in Total Pension Liability	19,518,368	21,080,158	20,368,211	44,948,549
Total Pension Liability - Beginning	557,981,770	536,901,612	516,533,401	471,584,852
Total Pension Liability - Ending (a)	<u>\$ 577,500,138</u>	<u>557,981,770</u>	<u>536,901,612</u>	<u>516,533,401</u>
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 16,809,199	14,629,767	12,902,982	12,304,411
Contribution - Employee	3,158,214	2,962,476	2,863,563	2,785,504
Investment Income	19,165,432	24,251,336	29,531,053	36,448,582
Plan to Plan Resource Movement	-	-	(864)	1,111
Benefit Payments, Including Refunds of Employee Contributions	(27,775,755)	(26,302,494)	(25,095,404)	(23,809,456)
Other Miscellaneous Income/(Expenses)	-	864	(1,041,417)	-
Administrative Expense	(543,905)	(264,424)	(548,398)	(479,361)
Net Change in Fiduciary Net Position	10,813,185	15,277,525	18,611,515	27,250,791
Plan Fiduciary Net Position - Beginning	385,815,087	370,537,562	351,926,047	324,675,256
Plan Fiduciary Net Position - Ending (b)	<u>\$ 396,628,272</u>	<u>385,815,087</u>	<u>370,537,562</u>	<u>351,926,047</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 180,871,866</u>	<u>172,166,683</u>	<u>166,364,050</u>	<u>164,607,354</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	68.68%	69.14%	69.01%	68.13%
Covered Payroll	\$ 33,523,404	31,190,385	30,328,006	29,703,783
Plan Net Pension Liability/(Asset) as a % of Covered Payroll	539.54%	551.99%	548.55%	554.16%

* Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

From FY June 30, 2015 to June 30, 2016:

GASB 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative

From fiscal year June 30, 2016 to June 30, 2017: There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018: The discount rate was reduced from 7.65% to 7.15%.

From fiscal years June 30, 2018 through June 30, 2021: There were no significant changes in assumptions.

2017	2016	2015
2016	2015	2014

7,677,162	7,510,097	8,277,333
34,040,818	32,660,257	31,691,919
(325,378)	(6,412,547)	-
-	(8,155,227)	-
(22,545,119)	(21,218,801)	(20,071,826)
18,847,483	4,383,779.00	19,897,426
452,737,369	448,353,590	428,456,164
471,584,852	452,737,369	448,353,590

10,451,474	9,399,041	8,394,155
2,715,401	2,736,436	2,571,235
1,469,981	6,943,219	50,548,509
-	-	-
(22,545,119)	(21,218,801)	(20,071,826)
-	-	-
-	-	-
(7,908,263)	(2,140,105)	41,442,073
332,583,519	334,723,624	293,281,551
324,675,256	332,583,519	334,723,624
146,909,596	120,153,850	113,629,966

68.85%	73.46%	
28,780,810	28,144,568	29,790,653
510.44%	426.92%	381.43%

CITY OF ORANGE
Safety Plan
Schedule of Plan Contributions
As of June 30, For the Last Ten Fiscal Years *

Fiscal year ended	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 18,409,102	16,811,365	14,630,050	12,903,531
Contribution in Relation to the Actuarially Determined Contribution	(198,674,869)	(16,811,365)	(14,630,050)	(12,903,531)
Contribution Deficiency (Excess)	\$ (180,265,767)	-	-	-
Covered Payroll	\$ 33,523,404	33,076,571	31,190,385	30,328,006
Contributions as a Percentage of Covered Payroll	537.731%	50.826%	46.906%	42.547%

Note to Schedule:

Valuation Date	6/30/2018	6/30/2017	6/30/2016	06/.30/2015
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)
Assets valuation method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.625%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service and type of employment

(3) Net of pension plan investment expense, including inflation

(4) Hire date prior to January 1, 2013: 50-55 Hire date on or after January 1, 2013: 50-57

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

2017	2016	2015
12,302,440	10,451,464	9,399,041
(12,302,440)	(10,451,464)	(9,399,041)
-	-	-
29,703,783	28,780,810	28,144,568
41.417%	36.314%	33.396%

6/30/2014	6/30/2013	6/30/2012
Entry age (1)	Entry age (1)	Entry age (1)
Fair Value 2.75% (2)	Fair Value 2.75% (2)	15 Year Smoothed Market Method 2.75% (2)
7.50% (3) (4)	7.50% (3) (4)	7.50% (3) (4)
(5)	(5)	(5)

CITY OF ORANGE
Notes to Required Supplementary Information
Year ended June 30, 2020

1. Budgetary Accounting

Annual budgets are adopted by July 1 of each year on a basis consistent with generally accepted accounting principles for all governmental funds. The budget is monitored to ensure compliance with legal provisions embodied in the appropriated budget as approved or amended by the City Council throughout the year. Department heads are responsible for monitoring their department's appropriated budget.

Legal level of Control – The legal level of budgetary control is at the department level within each fund. Transfers of appropriations between funds, between departments within a fund, and between capital outlay or debt service and another object group classification within a department, require City Council approval. All other transfers of appropriations can be made with City management approval.

The City Council approved increases in appropriations during the year in the amount of \$37,766,103 in the General Fund, \$16,700,117 in the Special Revenue Funds and \$3,909,434 in the Capital Projects Funds. Unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. Ongoing, unfulfilled encumbrances and their appropriations automatically carry over and will be honored during the subsequent year.

Supplementary Schedules



CITY OF ORANGE
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals
ASSETS:				
Cash and investments	\$ 14,607,500	-	3,408,395	18,015,895
Receivables (net of allowance for estimated uncollectibles):				
Accounts	117,349	-	-	117,349
Taxes	482,332	-	-	482,332
Interest	13,610	-	3,261	16,871
Loans receivable (net of allowance for net present value)	2,860,304	-	-	2,860,304
Total assets	<u>18,081,095</u>	<u>-</u>	<u>3,411,656</u>	<u>21,492,751</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	373,650	-	19,893	393,543
Deposits payable	1,690	-	-	1,690
Contracts payable	61,761	-	-	61,761
Due to other funds	998,249	-	-	998,249
Total liabilities	<u>1,435,350</u>	<u>-</u>	<u>19,893</u>	<u>1,455,243</u>
FUND BALANCES:				
Restricted:				
Special revenue projects	12,978,517	-	-	12,978,517
Committed	4,740,268	-	-	4,740,268
Assigned:				
Capital projects	-	-	3,391,763	3,391,763
Unassigned	(1,073,040)	-	-	(1,073,040)
Total fund balances	<u>16,645,745</u>	<u>-</u>	<u>3,391,763</u>	<u>20,037,508</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,081,095</u>	<u>-</u>	<u>3,411,656</u>	<u>21,492,751</u>

CITY OF ORANGE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2021

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals
REVENUES:				
Taxes	\$ 1,038,968	-	-	1,038,968
Franchise fees	249,426	-	-	249,426
License and permits	70,374	-	-	70,374
Use of money and property	91,384	-	(2,212)	89,172
Intergovernmental	6,590,557	-	-	6,590,557
Charges for services and fees	2,411,444	-	160,977	2,572,421
Other revenues	244,168	-	-	244,168
Total revenues	<u>10,696,321</u>	<u>-</u>	<u>158,765</u>	<u>10,855,086</u>
EXPENDITURES:				
Current:				
General government	856,427	-	-	856,427
Public safety	3,320,313	-	1,635	3,321,948
Public works	3,028,658	-	-	3,028,658
Community development	226,254	-	-	226,254
Parks and library	843,137	-	-	843,137
Economic development	2,542	-	-	2,542
Capital outlay	3,792,765	-	591,785	4,384,550
Debt service:				
Interest	-	947,783	-	947,783
Total expenditures	<u>12,070,096</u>	<u>947,783</u>	<u>593,420</u>	<u>13,611,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,373,775)</u>	<u>(947,783)</u>	<u>(434,655)</u>	<u>(2,756,213)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	800,000	947,783	-	1,747,783
Net change in fund balances	(573,775)	-	(434,655)	(1,008,430)
Fund balances, beginning of year	<u>17,219,520</u>	<u>-</u>	<u>3,826,418</u>	<u>21,045,938</u>
Fund balances, end of year	<u>\$ 16,645,745</u>	<u>-</u>	<u>3,391,763</u>	<u>20,037,508</u>

Non-Major Special Revenue Funds

The following Special Revenue Funds have been classified as non-major funds in the accompanying financial statements and budgetary comparison schedules:

Transportation System Improvement Program (TSIP) – This fund is used to account for the collection of fees assessed to developers and expenditures made to improve the City's transportation system.

EMT Transport – This fund is used to account for the receipts and expenditures related to ambulance transportation.

Gas Tax – This fund is used to account for receipts and expenditures of money apportioned under Streets and Highway Code Sections 2105, 2106 and 2107 of the State of California.

Air Pollution Reduction – This fund is used to account for revenues and expenditures related to air pollution reduction programs pursuant to the California Clean Air Act of 1988.

Asset Seizure – This fund is used to account for assets seized as a result of drug enforcement efforts.

O.C.P.T. Building Maintenance – This fund is used to account for lease payments and maintenance on the Headstart/Preschool building.

Landscape Maintenance Assessment Districts – This fund is used to account for the collection of assessments from property owners and the associated city expenditures for the maintenance of landscaped areas within the districts.

1% PEG Program – This fund is used to account for Public Education and Government (PEG) access fees paid to the City by cable providers. These revenues are restricted by State regulations for the exclusive use of the City's Government Access and Local Access programming.

Housing in Lieu – This fund is used to account for the collection of developer affordable housing in-lieu fees and other transactions related to creation of new affordable housing units.

Certified Access Specialist Program (CASp) Certification & Training – This fund is used to account for collection and expenditures of fees restricted, by Senate Bill 262 (Chapter 872, 2003), for costs of training and certifying inspectors and educating the public pursuant to Government Code Section 4467.

Road Maintenance Rehabilitation Account (RMRA) – This fund is used to account for collection and expenditure of gas tax funds allocated and restricted under Street and Highway Code Section 2031, through the RMRA, for maintenance and construction of city streets and roads.

Building Home & Jobs Act – This fund is used to account for the collection and expenditure of state grant funds received for the purpose of preparation, adoption, or implementation of planning documents that streamline housing project approvals and accelerate housing productions.

CITY OF ORANGE
Combining Balance Sheet
Non-Major Special Revenue Funds
Year ended June 30, 2021

	Transportation System Improvement Program	EMT Transport	Gas Tax	Air Pollution Reduction	Asset Seizure
ASSETS:					
Cash and investments	\$ 4,722,785	-	1,176,236	109,278	3,193,622
Receivables (net of allowance for estimated uncollectibles):					
Accounts	-	7,957	1,779	46,502	-
Taxes	-	-	-	-	-
Interest	4,494	-	1,200	113	3,085
Loans receivable (net of allowance for net present value)	-	-	-	-	-
Total assets	<u>4,727,279</u>	<u>7,957</u>	<u>1,179,215</u>	<u>155,893</u>	<u>3,196,707</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	85,303	22,048	10,173	-	142,404
Deposits payable	-	-	1,690	-	-
Contracts payable	50,781	-	-	-	-
Due to other funds	-	224,731	-	-	-
Total liabilities	<u>136,084</u>	<u>246,779</u>	<u>11,863</u>	<u>-</u>	<u>142,404</u>
FUND BALANCES:					
Restricted:					
Special revenue projects	-	-	1,167,352	155,893	3,054,303
Committed	4,591,195	-	-	-	-
Unassigned	-	(238,822)	-	-	-
Total fund balances (deficits)	<u>4,591,195</u>	<u>(238,822)</u>	<u>1,167,352</u>	<u>155,893</u>	<u>3,054,303</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,727,279</u>	<u>7,957.00</u>	<u>1,179,215</u>	<u>155,893</u>	<u>3,196,707</u>

O.C.P.T. Building Maintenance	Landscape Maintenance Assessment Districts	1% PEG Program	Housing in Lieu	CASP Certification & Training	RMRA Road Road Maintenance	SB2 Building Home & Jobs Act	Total Special Revenue Funds
148,933	1,554,169	212,372	360,449	287,525	2,842,131	-	14,607,500
-	-	61,111	-	-	-	-	117,349
-	9,157	-	-	-	473,175	-	482,332
140	1,576	206	293	261	2,242	-	13,610
-	-	-	2,860,304	-	-	-	2,860,304
<u>149,073</u>	<u>1,564,902</u>	<u>273,689</u>	<u>3,221,046</u>	<u>287,786</u>	<u>3,317,548</u>	<u>-</u>	<u>18,081,095</u>
-	52,282	-	-	-	740	60,700	373,650
-	-	-	-	-	-	-	1,690
-	10,980	-	-	-	-	-	61,761
-	-	-	-	-	-	773,518	998,249
-	63,262	-	-	-	740	834,218	1,435,350
-	1,501,640	273,689	3,221,046	287,786	3,316,808	-	12,978,517
149,073	-	-	-	-	-	-	4,740,268
-	-	-	-	-	-	(834,218)	(1,073,040)
<u>149,073</u>	<u>1,501,640</u>	<u>273,689</u>	<u>3,221,046</u>	<u>287,786</u>	<u>3,316,808</u>	<u>(834,218)</u>	<u>16,645,745</u>
<u>149,073</u>	<u>1,564,902</u>	<u>273,689</u>	<u>3,221,046</u>	<u>287,786</u>	<u>3,317,548</u>	<u>-</u>	<u>18,081,095</u>

CITY OF ORANGE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year ended June 30, 2021

	Transportation System Improvement Program	EMT Transport	Gas Tax	Air Pollution Reduction	Asset Seizure
REVENUES:					
Taxes	\$ -	-	-	-	-
Franchise fees	-	-	-	-	-
License and permits	-	-	-	-	-
Use of money and property	(3,569)	-	2,386	(140)	15,548
Intergovernmental	-	18,972	3,069,659	187,394	-
Charges for services and fees	235,998	2,175,446	-	-	-
Other revenues	111,700	752	(3,518)	-	94,099
Total revenues	<u>344,129</u>	<u>2,195,170</u>	<u>3,068,527</u>	<u>187,254</u>	<u>109,647</u>
EXPENDITURES:					
Current:					
General government	-	-	-	111,112	-
Public safety	-	3,163,084	-	8,017	149,212
Public works	64,822	-	2,963,381	-	-
Community development	-	-	-	-	-
Parks and library	-	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	822,177	-	245,996	95,340	229,079
Total expenditures	<u>886,999</u>	<u>3,163,084</u>	<u>3,209,377</u>	<u>214,469</u>	<u>378,291</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(542,870)</u>	<u>(967,914)</u>	<u>(140,850)</u>	<u>(27,215)</u>	<u>(268,644)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	800,000	-	-	-
Transfer out	-	-	-	-	-
Net change in fund balances	<u>(542,870)</u>	<u>(167,914)</u>	<u>(140,850)</u>	<u>(27,215)</u>	<u>(268,644)</u>
Fund balances (deficits), beginning of year	5,134,065	(70,908)	1,308,202	183,108	3,322,947
Fund balances (deficits), end of year	<u>\$ 4,591,195</u>	<u>(238,822)</u>	<u>1,167,352</u>	<u>155,893</u>	<u>3,054,303</u>

O.C.P.T. Building Maint.	Landscape Maint. Assessment Districts	1% PEG Program	Housing in Lieu	CASP Certification & Training	RMRA Road Maintenance	SB2 Building Home & Jobs Act	Total Special Revenue Funds
-	1,038,968	-	-	-	-	-	1,038,968
-	-	249,426	-	-	-	-	249,426
-	-	-	-	70,374	-	-	70,374
14,500	(974)	32	65,926	129	(2,454)	-	91,384
-	-	-	-	-	2,596,601	717,931	6,590,557
-	-	-	-	-	-	-	2,411,444
-	-	-	41,135	-	-	-	244,168
<u>14,500</u>	<u>1,037,994</u>	<u>249,458</u>	<u>107,061</u>	<u>70,503</u>	<u>2,594,147</u>	<u>717,931</u>	<u>10,696,321</u>
-	-	193,542	-	-	-	551,773	856,427
-	-	-	-	-	-	-	3,320,313
455	-	-	-	-	-	-	3,028,658
-	-	-	-	1,100	-	225,154	226,254
-	843,137	-	-	-	-	-	843,137
-	-	-	2,542	-	-	-	2,542
-	293,585	250	-	-	2,106,338	-	3,792,765
<u>455</u>	<u>1,136,722</u>	<u>193,792</u>	<u>2,542</u>	<u>1,100</u>	<u>2,106,338</u>	<u>776,927</u>	<u>12,070,096</u>
<u>14,045</u>	<u>(98,728)</u>	<u>55,666</u>	<u>104,519</u>	<u>69,403</u>	<u>487,809</u>	<u>(58,996)</u>	<u>(1,373,775)</u>
-	-	-	-	-	-	-	800,000
-	-	-	-	-	-	-	-
<u>14,045</u>	<u>(98,728)</u>	<u>55,666</u>	<u>104,519</u>	<u>69,403</u>	<u>487,809</u>	<u>(58,996)</u>	<u>(573,775)</u>
<u>135,028</u>	<u>1,600,368</u>	<u>218,023</u>	<u>3,116,527</u>	<u>218,383</u>	<u>2,828,999</u>	<u>(775,222)</u>	<u>17,219,520</u>
<u>149,073</u>	<u>1,501,640</u>	<u>273,689</u>	<u>3,221,046</u>	<u>287,786</u>	<u>3,316,808</u>	<u>(834,218)</u>	<u>16,645,745</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Transportation System Improvement Program
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 51,047	51,047	(3,569)	(54,616)
Charges for services and fees	646,907	646,907	235,998	(410,909)
Other revenues	-	-	111,700	111,700
Total revenues	<u>697,954</u>	<u>697,954</u>	<u>344,129</u>	<u>(353,825)</u>
EXPENDITURES:				
Current:				
Public works	31,962	73,544	64,822	8,722
Capital outlay	680,000	5,446,733	822,177	4,624,556
Total expenditures	<u>711,962</u>	<u>5,520,277</u>	<u>886,999</u>	<u>4,633,278</u>
Net change in fund balances	(14,008)	(4,822,323)	(542,870)	4,279,453
Fund balances, beginning of year	5,134,065	5,134,065	5,134,065	-
Fund balances, end of year	<u>\$ 5,120,057</u>	<u>311,742</u>	<u>4,591,195</u>	<u>4,279,453</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 EMT Transport
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,682	3,682	-	(3,682)
Intergovernmental	115,000	115,000	18,972	(96,028)
Charges for services and fees	2,660,160	2,660,160	2,175,446	(484,714)
Other revenue	-	-	752	752
Total revenues	<u>2,778,842</u>	<u>2,778,842</u>	<u>2,195,170</u>	<u>(583,672)</u>
EXPENDITURES:				
Current:				
Public safety:				
Fire	3,212,608	3,216,511	3,163,084	53,427
OTHER FINANCING SOURCES (USES):				
Transfers in (note 22)		800,000	800,000	-
Net change in fund balances	(433,766)	362,331	(167,914)	(530,245)
Fund balances (deficit), beginning of year	(70,908)	(70,908)	(70,908)	-
Fund balances (deficit), end of year	<u>\$ (504,674)</u>	<u>291,423</u>	<u>(238,822)</u>	<u>(530,245)</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Gas Tax
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 17,542	17,542	2,386	(15,156)
Intergovernmental	3,348,693	3,348,693	3,069,659	(279,034)
Other revenues	3,000	3,000	(3,518)	(6,518)
Total revenues	<u>3,369,235</u>	<u>3,369,235</u>	<u>3,068,527</u>	<u>(300,708)</u>
EXPENDITURES:				
Current:				
Public works	3,028,041	3,028,041	2,963,381	64,660
Capital outlay	770,000	1,509,282	245,996	1,263,286
Total expenditures	<u>3,798,041</u>	<u>4,537,323</u>	<u>3,209,377</u>	<u>1,327,946</u>
Excess (deficiency) of revenues over (under) expenditures	(428,806)	(1,168,088)	(140,850)	1,027,238
Fund balances, beginning of year	1,308,202	1,308,202	1,308,202	-
Fund balances, end of year	<u>\$ 879,396</u>	<u>140,114</u>	<u>1,167,352</u>	<u>1,027,238</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Air Pollution Reduction
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 915	915	(140)	(1,055)
Intergovernmental	185,150	185,150	187,394	2,244
Total revenues	186,065	186,065	187,254	1,189
EXPENDITURES:				
Current:				
General government:				
Human Resources	123,153	123,153	111,112	12,041
Public safety:				
Police	10,000	10,000	8,017	1,983
Capital outlay	100,000	102,242	95,340	6,902
Total expenditures	233,153	235,395	214,469	20,926
Net changes in fund balances	(47,088)	(49,330)	(27,215)	22,115
Fund balances, beginning of year	183,108	183,108	183,108	-
Fund balances, end of year	\$ 136,020	133,778	155,893	22,115

CITY OF ORANGE
 Budgetary Comparison Schedule
 Asset Seizure
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 31,014	31,014	15,548	(15,466)
Other revenues	94,000	94,000	94,099	99
Total revenues	<u>125,014</u>	<u>125,014</u>	<u>109,647</u>	<u>(15,367)</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	173,780	243,021	149,212	93,809
Capital outlay	186,550	362,555	229,079	133,476
Total expenditures	<u>360,330</u>	<u>605,576</u>	<u>378,291</u>	<u>227,285</u>
Net change in fund balances	(235,316)	(480,562)	(268,644)	211,918
Fund balances, beginning of year	3,322,947	3,322,947	3,322,947	-
Fund balances, end of year	<u><u>\$ 3,087,631</u></u>	<u><u>2,842,385</u></u>	<u><u>3,054,303</u></u>	<u><u>211,918</u></u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 O.C.P.T. Building Maintenance
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 15,707	15,707	14,500	(1,207)
EXPENDITURES:				
Current:				
Public works	9,233	9,233	455	8,778
Capital outlay	-	43,760	-	43,760
Total expenditures	9,233	52,993	455	52,538
Net change in fund balances	6,474	(37,286)	14,045	51,331
Fund balances, beginning of year	135,028	135,028	135,028	-
Fund balances, end of year	\$ 141,502	97,742	149,073	51,331

CITY OF ORANGE
 Budgetary Comparison Schedule
 Landscape Maintenance Assessment Districts
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 1,037,423	1,037,423	1,038,968	1,545
Use of money and property	11,294	11,294	(974)	(12,268)
Total revenues	<u>1,048,717</u>	<u>1,048,717</u>	<u>1,037,994</u>	<u>(10,723)</u>
EXPENDITURES:				
Current:				
Parks and library:				
Community services	1,065,048	1,065,048	843,137	221,911
Capital outlay	<u>500,000</u>	<u>896,845</u>	<u>293,585</u>	<u>603,260</u>
Total expenditures	<u>1,565,048</u>	<u>1,961,893</u>	<u>1,136,722</u>	<u>825,171</u>
Net change in fund balances	(516,331)	(913,176)	(98,728)	814,448
Fund balances, beginning of year	<u>1,600,368</u>	<u>1,600,368</u>	<u>1,600,368</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,084,037</u></u>	<u><u>687,192</u></u>	<u><u>1,501,640</u></u>	<u><u>814,448</u></u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 1% PEG Program
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Franchise fees	\$ 271,598	271,598	249,426	(22,172)
Use of money and property	1,253	1,253	32	(1,221)
Total revenues	<u>272,851</u>	<u>272,851</u>	<u>249,458</u>	<u>(23,393)</u>
EXPENDITURES:				
Current:				
General government:				
City manager	418,817	273,925	193,542	80,383
Capital outlay	-	4,526	250	4,276
Total expenditures	<u>418,817</u>	<u>278,451</u>	<u>193,792</u>	<u>84,659</u>
Net change in fund balances	(145,966)	(5,600)	55,666	61,266
Fund balances, beginning of year	<u>218,023</u>	<u>218,023</u>	<u>218,023</u>	<u>-</u>
Fund balances, end of year	<u>\$ 72,057</u>	<u>212,423</u>	<u>273,689</u>	<u>61,266</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Housing in Lieu
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 13,645	13,645	65,926	52,281
Other revenues	-	-	41,135	41,135
Total revenues	<u>13,645</u>	<u>13,645</u>	<u>107,061</u>	<u>93,416</u>
EXPENDITURES:				
Current:				
Economic development	<u>2,542</u>	<u>2,542</u>	<u>2,542</u>	-
Net change in fund balances	11,103	11,103	104,519	93,416
Fund balances, beginning of year	<u>3,116,527</u>	<u>3,116,527</u>	<u>3,116,527</u>	-
Fund balances, end of year	<u><u>\$ 3,127,630</u></u>	<u><u>3,127,630</u></u>	<u><u>3,221,046</u></u>	<u><u>93,416</u></u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 CASP Certification & Training
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
License and permits	\$ 65,000	65,000	70,374	5,374
Use of money and property	1,589	1,589	129	(1,460)
Total revenues	<u>66,589</u>	<u>66,589</u>	<u>70,503</u>	<u>3,914</u>
EXPENDITURES:				
Current:				
Community development	30,000	67,542	1,100	66,442
Total expenditures	<u>30,000</u>	<u>67,542</u>	<u>1,100</u>	<u>66,442</u>
Excess (deficiency) of revenues over (under) expenditures	36,589	(953)	69,403	70,356
Fund balances, beginning of year	218,383	218,383	218,383	-
Fund balances, end of year	<u>\$ 254,972</u>	<u>217,430</u>	<u>287,786</u>	<u>70,356</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 RMRA Road Maintenance Rehabilitation
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,435,193	2,435,193	2,596,601	161,408
Use of money and property	16,335	16,335	(2,454)	(18,789)
Total revenues	2,451,528	2,451,528	2,594,147	142,619
EXPENDITURES:				
Capital outlay	2,685,193	5,060,637	2,106,338	2,954,299
Total expenditures	2,685,193	5,060,637	2,106,338	2,954,299
Net change in fund balances	(233,665)	(2,609,109)	487,809	3,096,918
Fund balances, beginning of year	2,828,999	2,828,999	2,828,999	-
Fund balances, end of year	\$ 2,595,334	219,890	3,316,808	3,096,918

CITY OF ORANGE
 Budgetary Comparison Schedule
 SB2-Building Homes and Jobs Act
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	-	717,931	717,931
EXPENDITURES:				
Current:				
City manager	-	551,773	551,773	-
Community development	-	310,000	225,154	84,846
Total expenditures	-	861,773	776,927	84,846
Net change in fund balances	-	(861,773)	(58,996)	802,777
Fund balances (deficit), beginning of year	(775,222)	(775,222)	(775,222)	-
Fund balances (deficit), end of year	\$ (775,222)	(1,636,995)	(834,218)	802,777

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Non-Major Debt Service Fund

The following Debt Service Fund has been classified as a non-major fund in the accompanying financial statements and Budgetary Comparison Schedules:

Debt Service – This fund is used to account for the payment of principal and interest on debt of the City.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Debt Service Fund
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Debt service:				
Interest	\$ -	947,783	947,783	-
Total expenditures	-	947,783	947,783	-
Excess (deficiency) of revenues over (under) expenditures	-	(947,783)	(947,783)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	947,783	947,783	-
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	-	-	-

Major and Non-Major Capital Projects Funds

The following Capital Projects Funds have been classified as major funds in the accompanying Budgetary Comparison Schedule:

Capital Improvement – This fund is used to account for general purpose capital improvement and cooperatively funded projects.

Park Acquisition, Development and Maintenance – This fund is used to account for the acquisition, development and maintenance of parks that are financed by developer fees.

The following Capital Projects Funds have been classified as non-major funds in the accompanying financial statements and Budgetary Comparison Schedules:

Fire Facilities Fees – This fund is used to account for fees collected from the developers to improve the fire protection within specified areas.

Police Facilities Fees – This fund is used to account for fees collected from developers to construct or improve police facilities.

Library Facilities Fees – This fund is used to account for fees collected from developers to construct or improve library facilities.

Drainage District – This fund is used to account for the construction of major storm drains identified in the master plan for storm drains.

CITY OF ORANGE
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2021

	Fire Facilities Fees	Police Facilities Fees	Library Facilities Fees	Drainage District	Total Capital Projects Funds
ASSETS:					
Cash and investments	\$1,938,471	563,135	902,638	4,151	3,408,395
Interest receivable	1,866	546	846	3	3,261
Total assets	1,940,337	563,681	903,484	4,154	3,411,656
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	4,612	-	15,281	-	19,893
FUND BALANCES:					
Assigned:					
Capital projects	1,935,725	563,681	888,203	4,154	3,391,763
Total liabilities and fund balances	\$1,940,337	563,681	903,484	4,154	3,411,656

CITY OF ORANGE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
Year ended June 30, 2021

	Fire Facilities Fees	Police Facilities Fees	Library Facilities Fees	Drainage District	Total Capital Project Funds
REVENUES:					
Use of money and property	\$ (1,799)	(197)	(215)	(1)	(2,212)
Charges for services and fees	78,350	33,731	48,896	-	160,977
Total revenues	<u>76,551</u>	<u>33,534</u>	<u>48,681</u>	<u>(1)</u>	<u>158,765</u>
EXPENDITURES:					
Current:					
Public safety	-	1,635	-	-	1,635
Capital outlay	494,515	53,821	43,449	-	591,785
Total expenditures	<u>494,515</u>	<u>55,456</u>	<u>43,449</u>	<u>-</u>	<u>593,420</u>
Net change in fund balances	(417,964)	(21,922)	5,232	(1)	(434,655)
Fund balances, beginning of year	2,353,689	585,603	882,971	4,155	3,826,418
Fund balances, end of year	<u><u>\$ 1,935,725</u></u>	<u><u>563,681</u></u>	<u><u>888,203</u></u>	<u><u>4,154</u></u>	<u><u>3,391,763</u></u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Capital Improvement - Major Fund
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 104,499	104,499	(18,616)	(123,115)
Intergovernmental	39,257,403	4,119,958	7,031,934	2,911,976
Charges for services and fees	7,000	7,000	3,660	(3,340)
Other revenues	-	9,600	16,635	7,035
Total revenues	<u>39,368,902</u>	<u>4,241,057</u>	<u>7,033,613</u>	<u>2,792,556</u>
EXPENDITURES:				
Current:				
General Government:				
City manager	300,000	300,000	283,227	16,773
Public works	-	20,949	15,354	5,595
Community services	9,031	9,031	5,726	3,305
Community development	-	500,000	48,327	451,673
Capital outlay	43,530,903	42,281,161	14,037,412	28,243,749
Total expenditures	<u>43,839,934</u>	<u>43,111,141</u>	<u>14,390,046</u>	<u>28,721,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,471,032)</u>	<u>(38,870,084)</u>	<u>(7,356,433)</u>	<u>31,513,651</u>
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			34,305,452	34,305,452
Cost of issuance		(300,030)	(300,030)	-
Transfers out	(3,127,783)	(3,127,783)	(3,127,783)	-
Total other financing sources (uses)	<u>(3,127,783)</u>	<u>(3,427,813)</u>	<u>30,877,639</u>	<u>-</u>
Net change in fund balances	<u>(7,598,815)</u>	<u>(42,297,897)</u>	<u>23,521,206</u>	<u>31,513,651</u>
Fund balances, beginning of year	16,841,110	16,841,110	16,841,110	-
Fund balances, end of year	<u>\$ 9,242,295</u>	<u>(25,456,787)</u>	<u>40,362,316</u>	<u>31,513,651</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Park Acquisition, Development and Maintenance - Major Fund
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 163,578	163,578	79,340	(84,238)
Charges for services and fees	7,331,363	7,331,363	590,350	(6,741,013)
Total revenues	<u>7,494,941</u>	<u>7,494,941</u>	<u>669,690</u>	<u>(6,825,251)</u>
EXPENDITURES:				
Capital outlay	<u>2,431,000</u>	<u>5,387,690</u>	<u>2,068,554</u>	<u>3,319,136</u>
Net change in fund balances	5,063,941	2,107,251	(1,398,864)	(3,506,115)
Fund balances, beginning of year	<u>10,516,686</u>	<u>10,516,686</u>	<u>10,516,686</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 15,580,627</u></u>	<u><u>12,623,937</u></u>	<u><u>9,117,822</u></u>	<u><u>(3,506,115)</u></u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Fire Facilities Fees
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 30,780	30,780	(1,799)	(32,579)
Charges for services and fees	792,543	792,543	78,350	(714,193)
Total revenues	<u>823,323</u>	<u>823,323</u>	<u>76,551</u>	<u>(746,772)</u>
EXPENDITURES:				
Capital outlay	986,700	2,215,133	494,515	1,720,618
Excess (deficiency) of revenues over (under) expenditures	<u>(163,377)</u>	<u>(1,391,810)</u>	<u>(417,964)</u>	<u>973,846</u>
Net change in fund balances	(163,377)	(1,391,810)	(417,964)	973,846
Fund balances, beginning of year	2,353,689	2,353,689	2,353,689	-
Fund balances, end of year	<u>\$ 2,190,312</u>	<u>961,879</u>	<u>1,935,725</u>	<u>973,846</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Police Facilities Fees
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,581	5,581	(197)	(5,778)
Charges for services and fees	390,074	390,074	33,731	(356,343)
Total revenues	<u>395,655</u>	<u>395,655</u>	<u>33,534</u>	<u>(362,121)</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	20,000	20,000	1,635	18,365
Capital outlay	130,000	227,532	53,821	173,711
Total expenditures	<u>150,000</u>	<u>247,532</u>	<u>55,456</u>	<u>192,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>245,655</u>	<u>148,123</u>	<u>(21,922)</u>	<u>(170,045)</u>
Net change in fund balances	245,655	148,123	(21,922)	(170,045)
Fund balances, beginning of year	585,603	585,603	585,603	-
Fund balances, end of year	<u><u>\$ 831,258</u></u>	<u><u>733,726</u></u>	<u><u>563,681</u></u>	<u><u>(170,045)</u></u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Library Facilities Fees
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,565	7,565	(215)	(7,780)
Charges for services and fees	599,508	599,508	48,896	(550,612)
Total revenues	<u>607,073</u>	<u>607,073</u>	<u>48,681</u>	<u>(558,392)</u>
EXPENDITURES:				
Capital outlay	432,000	787,572	43,449	744,123
Total expenditures	<u>432,000</u>	<u>787,572</u>	<u>43,449</u>	<u>744,123</u>
Net change in fund balances	175,073	(180,499)	5,232	185,731
Fund balances, beginning of year	882,971	882,971	882,971	-
Fund balances, end of year	<u>\$ 1,058,044</u>	<u>702,472</u>	<u>888,203</u>	<u>185,731</u>

CITY OF ORANGE
 Budgetary Comparison Schedule
 Drainage District
 Year ended June 30, 2021

	2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 38	38	(1)	(39)
Net change in fund balances	38	38	(1)	(39)
Fund balances, beginning of year	4,194	4,194	4,155	-
Fund balances, end of year	\$ 4,232	4,232	4,154	(39)

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Internal Service Funds

Internal Service Funds are used to account for the financing of special activities and services provided by one department of a government to another. The following Internal Service Funds are included in the accompanying financial statements:

Equipment Maintenance – This fund is used to account for the operating costs of the City's rolling stock.

Equipment Replacement – This fund is used to account for the replacement costs of the City's rolling stock.

Major Building Improvements – This fund is used to account for replacement costs of the City's building improvements.

Workers' Compensation – This fund is used to account for workers' compensation claims, premiums and administrative costs, and to maintain a sinking fund for future claims.

Liability – This fund is used to account for liability claims, premiums and administrative costs.

Dental – This fund is used to maintain a sinking fund for future claims.

Employee Accrued Liability – This fund is used to account for the City's vacation, sick and compensation time payouts for all City departments.

Information Systems – This fund is used to account for the development, administration and maintenance of the City's information management services.

Computer Replacement – This fund is used to account for the replacement costs of the City's computers.

CITY OF ORANGE
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Equipment Maintenance	Equipment Replacement	Major Building Improvements	Workers' Compensation
ASSETS:				
Current assets:				
Cash and investments	\$ 539,960	3,874,067	603,593	3,969,912
Cash with fiscal agent	167	-	-	-
Accounts receivable	2,047	-	-	79,633
Inventories	410,793	-	-	-
Prepaid items	-	-	-	-
Noncurrent assets:				
Capital assets, net	200,592	12,925,111	-	-
Total assets	<u>1,153,559</u>	<u>16,799,178</u>	<u>603,593</u>	<u>4,049,545</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred OPEB	345,316	-	-	-
Deferred pension related items	4,717,187	-	-	-
Total deferred outflows of resources	<u>5,062,503</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	137,463	28,024	24,303	42,011
Accrued expenses	-	-	-	3,887
Claims payable	-	-	-	4,727,487
Long-term liabilities:				
Claims payable	-	-	-	12,380,486
Pension Obligation Bond	4,201,245	-	-	-
Total OPEB liability	1,766,478	-	-	-
Net pension liability	4,248,590	-	-	-
Total liabilities	<u>10,353,776</u>	<u>28,024</u>	<u>24,303</u>	<u>17,153,871</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred OPEB	10,105	-	-	-
Deferred pension related items	-	-	-	-
Total deferred inflows of resources	<u>10,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION:				
Investment in capital assets	200,592	12,925,111	-	-
Unrestricted	(4,348,411)	3,846,043	579,290	(13,104,326)
Total net position	<u>\$(4,147,819)</u>	<u>16,771,154</u>	<u>579,290</u>	<u>(13,104,326)</u>

<u>Self-Insurance Funds</u>		<u>Employee Accrued Liability</u>	<u>Information Systems</u>	<u>Computer Replacement</u>	<u>Totals</u>
<u>Liability</u>	<u>Dental</u>				
1,586,340	409,215	4,785,951	714,547	2,160,854	18,644,439
-	-	-	-	-	167
2,257	-	-	-	-	83,937
-	-	-	-	-	410,793
-	41,500	-	-	-	41,500
-	-	-	-	-	13,125,703
<u>1,588,597</u>	<u>450,715</u>	<u>4,785,951</u>	<u>714,547</u>	<u>2,160,854</u>	<u>32,306,539</u>
-	-	-	-	-	345,316
-	-	-	-	-	4,717,187
-	-	-	-	-	5,062,503
47,046	32,476	5,640	180,246	575	497,784
-	-	-	-	-	3,887
985,620	-	-	-	-	5,713,107
780,425	-	-	-	-	13,160,911
-	-	-	-	-	4,201,245
-	-	-	-	-	1,766,478
-	-	-	-	-	4,248,590
<u>1,813,091</u>	<u>32,476</u>	<u>5,640</u>	<u>180,246</u>	<u>575</u>	<u>29,592,002</u>
-	-	-	-	-	10,105
-	-	-	-	-	-
-	-	-	-	-	10,105
-	-	-	-	-	13,125,703
(224,494)	418,239	4,780,311	534,301	2,160,279	(5,358,768)
<u>(224,494)</u>	<u>418,239</u>	<u>4,780,311</u>	<u>534,301</u>	<u>2,160,279</u>	<u>7,766,935</u>

CITY OF ORANGE
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year ended June 30, 2021

	Equipment Maintenance	Equipment Replacement	Major Building Improvements	Workers' Compensation
OPERATING REVENUES:				
Charges for services and fees	\$ 2,350,257	409,808	-	3,746,164
Other revenues	6,773	322,828	-	249,887
Total operating revenues	<u>2,357,030</u>	<u>732,636</u>	<u>-</u>	<u>3,996,051</u>
OPERATING EXPENSES:				
Salaries and wages	559,045	-	-	463,831
Pension expense	667,630	-	-	41,950
Pension obligation bond expense	27,340	-	-	-
Maintenance and operations	1,490,198	44,728	155,468	235,663
Contractual services	42,682	-	-	24,689
Depreciation	29,464	1,719,319	-	-
Insurance claims and charges	-	-	-	5,155,377
Total operating expenses	<u>2,816,359</u>	<u>1,764,047</u>	<u>155,468</u>	<u>5,921,510</u>
Operating income (loss)	<u>(459,329)</u>	<u>(1,031,411)</u>	<u>(155,468)</u>	<u>(1,925,459)</u>
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on retirement of assets	-	20,156	-	-
Income (loss) before transfers	(459,329)	(1,011,255)	(155,468)	(1,925,459)
Transfers in	500,000	1,000,000	180,000	-
Transfers out	-	-	-	(554,000)
Change in net position	40,671	(11,255)	24,532	(2,479,459)
Net position (deficit), beginning of year	(4,188,490)	16,782,409	554,758	(10,624,867)
Net position (deficit), end of year	<u>\$ (4,147,819)</u>	<u>16,771,154</u>	<u>579,290</u>	<u>(13,104,326)</u>

Self-Insurance Funds		Employee Accrued Liability	Information Systems	Computer Replacement	Totals
Liability	Dental				
1,509,428	489,714	1,713,662	2,284,699	89,794	12,593,526
5,231	-	48,654	-	-	633,373
<u>1,514,659</u>	<u>489,714</u>	<u>1,762,316</u>	<u>2,284,699</u>	<u>89,794</u>	<u>13,226,899</u>
416,671	-	2,141,283	1,069,594	-	4,650,424
73,389	-	-	205,653	-	988,622
-	-	-	-	-	27,340
138,424	11,467	54,358	110,726	771,687	3,012,719
417,637	63,593	-	1,731,855	-	2,280,456
-	-	-	-	-	1,748,783
<u>1,562,744</u>	<u>407,900</u>	<u>81,426</u>	<u>-</u>	<u>-</u>	<u>7,207,447</u>
<u>2,608,865</u>	<u>482,960</u>	<u>2,277,067</u>	<u>3,117,828</u>	<u>771,687</u>	<u>19,915,791</u>
<u>(1,094,206)</u>	<u>6,754</u>	<u>(514,751)</u>	<u>(833,129)</u>	<u>(681,893)</u>	<u>(6,688,892)</u>
-	-	-	-	-	20,156
<u>(1,094,206)</u>	<u>6,754</u>	<u>(514,751)</u>	<u>(833,129)</u>	<u>(681,893)</u>	<u>(6,668,736)</u>
1,154,000	-	-	900,000	1,100,000	4,834,000
-	-	(2,100,000)	-	-	(2,654,000)
59,794	6,754	(2,614,751)	66,871	418,107	(4,488,736)
(284,288)	411,485	7,395,062	467,430	1,742,172	12,255,671
<u>(224,494)</u>	<u>418,239</u>	<u>4,780,311</u>	<u>534,301</u>	<u>2,160,279</u>	<u>7,766,935</u>

CITY OF ORANGE
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2021

	Equipment Maintenance	Equipment Replacement	Major Building Improvements
Cash flows from operating activities:			
Cash received from user departments	\$ 2,298,835	735,137	-
Cash payments to suppliers for goods and services	(1,394,418)	(230,393)	(129,516)
Cash payments to employees for services	(1,082,399)	-	(7,818)
Cash received (paid) for other activities	(125,911)	(44,728)	-
Net cash provided by (used for) operating activities	<u>(303,893)</u>	<u>460,016</u>	<u>(137,334)</u>
Net cash flows from noncapital financing activities:			
Transfers in (out) from other funds	500,000	1,000,000	180,000
Net cash provided by noncapital financing activities	<u>500,000</u>	<u>1,000,000</u>	<u>180,000</u>
Cash flows from capital and related financing:			
Acquisition and construction of capital assets	(99,940)	(1,984,776)	-
Net increase (decrease) in cash and cash equivalents	96,167	(524,760)	42,666
Cash and cash equivalents at beginning of year	443,960	4,398,827	560,927
Cash and cash equivalents at end of year	<u>\$ 540,127</u>	<u>3,874,067</u>	<u>603,593</u>
Cash flows from operating activities:			
Operating income (loss)	\$ (459,329)	(1,031,411)	(155,468)
Adjustments to reconcile operating income/(loss) to net cash provided by (used for) operating activities:			
Depreciation	29,464	1,719,319	-
Changes in assets and liabilities:			
(Increase) decrease in inventory	(58,253)	-	-
(Increase) decrease in accounts receivable	(109)	2,500	-
Increase (decrease) in accounts payable	10,723	(230,392)	18,134
Increase (decrease) in Pension obligation bond	4,201,245	-	-
Increase (decrease) in net pension liability	253,611	-	-
Increase (decrease) in OPEB liability	203,311	-	-
Increase (decrease) in deferred inflows	(85,962)	-	-
Increase (decrease) in deferred outflows	(4,398,594)	-	-
Increase (decrease) in claims payable	-	-	-
Total adjustments	<u>155,436</u>	<u>1,491,427</u>	<u>18,134</u>
Net cash provided by (used for) operating activities	<u>\$ (303,893)</u>	<u>460,016</u>	<u>(137,334)</u>

Workers' Compensation	Self-Insurance Funds		Employee Accrued Liability	Information Systems	Computer Replacement	Totals
	Liability	Dental				
4,025,483	1,525,630	489,714	1,762,316	2,284,699	89,794	13,211,608
(3,861,646)	(2,271,179)	(478,638)	(173,093)	(1,669,404)	(851,688)	(11,059,975)
(505,781)	(490,120)	-	(2,141,283)	(1,275,247)	-	(5,502,648)
(171,993)	(86,032)	(11,466)	(54,359)	(99,610)	(379,893)	(973,992)
<u>(513,937)</u>	<u>(1,321,701)</u>	<u>(390)</u>	<u>(606,419)</u>	<u>(759,562)</u>	<u>(1,141,787)</u>	<u>(4,325,007)</u>
(554,000)	1,154,000	-	(2,100,000)	900,000	1,100,000	2,180,000
<u>(554,000)</u>	<u>1,154,000</u>	<u>-</u>	<u>(2,100,000)</u>	<u>900,000</u>	<u>1,100,000</u>	<u>2,180,000</u>
-	-	-	-	-	-	(2,084,716)
(1,067,937)	(167,701)	(390)	(2,706,419)	140,438	(41,787)	(4,229,723)
5,037,849	1,754,041	409,605	7,492,370	574,109	2,202,641	22,874,329
<u>3,969,912</u>	<u>1,586,340</u>	<u>409,215</u>	<u>4,785,951</u>	<u>714,547</u>	<u>2,160,854</u>	<u>18,644,606</u>
<u>(1,925,459)</u>	<u>(1,094,206)</u>	<u>6,754</u>	<u>(514,751)</u>	<u>(833,129)</u>	<u>(681,893)</u>	<u>(6,688,892)</u>
-	-	-	-	-	-	1,748,783
-	-	-	-	-	-	(58,253)
29,431	63,798	-	-	-	-	95,620
(5,681)	11,844	(7,144)	(91,668)	73,567	(459,894)	(680,511)
-	-	-	-	-	-	4,201,245
-	-	-	-	-	-	253,611
-	-	-	-	-	-	203,311
-	-	-	-	-	-	(85,962)
-	-	-	-	-	-	(4,398,594)
<u>1,387,772</u>	<u>(303,137)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,635</u>
<u>1,411,522</u>	<u>(227,495)</u>	<u>(7,144)</u>	<u>(91,668)</u>	<u>73,567</u>	<u>(459,894)</u>	<u>2,363,885</u>
<u>(513,937)</u>	<u>(1,321,701)</u>	<u>(390)</u>	<u>(606,419)</u>	<u>(759,562)</u>	<u>(1,141,787)</u>	<u>(4,325,007)</u>

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Statistical Section



CITY OF ORANGE
Statistical Section

This part of the City’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	136
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant revenue source, property tax.</i>	146
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.</i>	152
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	159
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services it provides and the activities it performs.</i>	161

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF ORANGE
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
Governmental activities:				
Net investment in capital assets	\$ 685,927,045	674,673,211	668,898,000	658,706,056
Restricted for:				
Specific projects and programs	44,321,446	42,194,380	40,509,831	40,833,934
Unrestricted	<u>(186,982,262)</u>	<u>(183,258,010)</u>	<u>(160,066,933)</u>	<u>(147,206,248)</u>
Total governmental act.net position	<u>\$ 543,266,229</u>	<u>533,609,581</u>	<u>549,340,898</u>	<u>552,333,742</u>
Business-type activities:				
Net investment in capital assets	131,443,618	129,356,837	130,464,008	132,924,641
Unrestricted	<u>1,639,357</u>	<u>622,689</u>	<u>(833,151)</u>	<u>(3,721,768)</u>
Total business-type act. net position	<u>\$ 133,082,975</u>	<u>129,979,526</u>	<u>129,630,857</u>	<u>129,202,873</u>
Primary government:				
Net investment in capital assets	\$ 817,370,663	804,030,048	799,362,008	791,630,697
Restricted for:				
Specific projects and programs	44,321,446	42,194,380	40,509,831	40,833,934
Unrestricted	<u>(185,342,905)</u>	<u>(182,635,321)</u>	<u>(160,900,084)</u>	<u>(150,928,016)</u>
Total primary gov't net position	<u>\$ 676,349,204</u>	<u>663,589,107</u>	<u>678,971,755</u>	<u>681,536,615</u>

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

Fiscal Year					
2017	2016 ⁽¹⁾	2015	2014	2013	2012
643,259,170	632,246,033	691,177,418	690,214,241	680,071,465	680,653,854
43,175,076	50,288,584	56,695,286	58,195,215	72,390,829	71,255,345
(103,909,743)	(104,017,007)	(115,036,341)	69,801,995	48,255,167	45,184,110
<u>582,524,503</u>	<u>578,517,610</u>	<u>632,836,363</u>	<u>818,211,451</u>	<u>800,717,461</u>	<u>797,093,309</u>
134,136,742.0	137,600,598	66,354,962	62,656,018	60,319,081	60,790,056
2,174,136.0	2,606,432.0	3,876,072	18,512,931	15,701,571	12,022,350
<u>136,310,878</u>	<u>140,207,030</u>	<u>70,231,034</u>	<u>81,168,949</u>	<u>76,020,652</u>	<u>72,812,406</u>
777,395,912	769,846,631	757,532,380	752,870,259	740,390,546	741,443,910
43,175,076	50,288,584	56,695,286	58,195,215	72,390,829	71,255,345
(101,735,607)	(101,410,575)	(111,160,269)	88,314,926	63,956,738	57,206,460
<u>718,835,381</u>	<u>718,724,640</u>	<u>703,067,397</u>	<u>899,380,400</u>	<u>876,738,113</u>	<u>869,905,715</u>

CITY OF ORANGE
Changes in Net Position - Governmental Activities
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2021	2020	2019
Expenses:			
General government	\$ 18,961,388	19,426,844	16,046,573
Public safety	102,189,315	106,839,054	91,261,509
Public works	25,264,533	14,683,383	18,465,238
Community development	5,280,546	5,174,978	5,280,071
Parks and library	17,161,257	17,048,393	17,791,196
Economic development	465,809	849,150	1,195,781
Health and sanitation	-	-	-
Interest on long-term debt	5,097,209	-	-
Cost of insurance	-	-	-
Total governmental activities expenses	<u>174,420,057</u>	<u>164,021,802</u>	<u>150,040,368</u>
Program revenues:			
Charges for services:			
Public safety	7,233,973	8,444,493	6,578,160
Community development	2,973,252	3,105,770	8,438,051
Sanitation	-	-	-
Other activities	8,100,014	14,732,822	8,812,877
Operating grants and contributions	19,358,516	5,650,779	3,340,401
Capital grants and contributions	12,631,485	8,026,570	7,881,907
Total governmental activities program revenues	<u>50,297,240</u>	<u>39,960,434</u>	<u>35,051,396</u>
Net program revenues (expenses)	<u>(124,122,817)</u>	<u>(124,061,368)</u>	<u>(114,988,972)</u>
General revenues and other changes in net position:			
Taxes:			
Property taxes	48,272,714	46,274,506	44,237,113
Sales tax	56,577,610	47,215,228	52,300,499
Transient occupancy taxes	1,834,447	3,990,266	5,399,992
Franchise taxes	2,791,170	2,819,979	2,821,430
Other taxes	30,466	23,361	31,682
Use of money and property	1,534,758	4,158,758	5,077,128
State motor vehicle in lieu (unrestricted)	-	-	-
Other general revenues	4,478,646	3,847,953	4,118,151
Extraordinary items	-	-	-
Total general revenues and other changes in net position	<u>115,519,811</u>	<u>108,330,051</u>	<u>113,985,995</u>
Changes in net position - governmental activities	<u>\$ (8,603,006)</u>	<u>(15,731,317)</u>	<u>(1,002,977)</u>

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

Fiscal Year						
2018	2017	2016 ⁽¹⁾	2015	2014	2013	2012
12,469,911	12,901,270	11,523,233	11,043,299	8,745,250	8,650,762	7,573,827
91,221,804	74,753,184	68,091,154	68,074,704	64,237,453	66,030,873	67,474,677
18,449,207	21,174,647	15,343,879	18,432,374	19,408,557	17,469,905	33,194,601
5,419,811	4,753,861	3,651,913	3,760,037	3,487,860	3,463,631	3,653,495
18,243,140	15,632,111	12,867,558	14,226,553	12,585,457	12,618,550	11,595,065
2,667,779	2,371,172	2,615,785	2,026,364	797,263	295,633	5,510,897
-	-	-	4,677,346	4,232,920	4,517,124	5,187,635
-	-	-	-	-	-	2,343,601
-	-	-	-	-	-	-
<u>148,471,652</u>	<u>131,586,245</u>	<u>114,093,522</u>	<u>122,240,677</u>	<u>113,494,760</u>	<u>113,046,478</u>	<u>136,533,798</u>
7,412,945	7,115,563	7,227,522	6,594,312	6,960,513	6,497,674	7,050,813
2,250,135	2,476,758	2,825,885	2,144,006	2,054,395	1,863,250	1,926,843
-	-	-	4,642,609	5,108,090	4,890,178	4,947,478
7,727,691	7,310,803	10,687,277	5,889,501	9,796,993	6,114,917	6,143,889
4,562,365	4,161,061	4,397,657	5,110,904	4,827,666	6,904,603	7,468,477
4,388,460	5,726,683	3,845,044	3,355,657	4,658,990	5,358,521	7,390,398
<u>26,341,596</u>	<u>26,790,868</u>	<u>28,983,385</u>	<u>27,736,989</u>	<u>33,406,647</u>	<u>31,629,143</u>	<u>34,927,898</u>
<u>(122,130,056)</u>	<u>(104,795,377)</u>	<u>(85,110,137)</u>	<u>(94,503,688)</u>	<u>(80,088,113)</u>	<u>(81,417,335)</u>	<u>(101,605,900)</u>
42,385,253	39,907,869	26,733,026	24,378,818	23,605,854	27,450,047	37,082,310
45,082,151	46,102,329	45,789,026	43,928,900	40,343,068	37,879,514	36,397,582
5,476,167	5,413,495	5,211,752	4,545,827	3,851,012	3,819,199	3,439,673
2,831,378	2,755,030	3,076,891	3,157,617	2,950,916	3,029,552	3,001,851
31,440	39,235	58,043	37,067	41,159	37,242	35,351
1,753,319	1,572,433	2,248,055	1,629,390	1,782,285	858,028	2,622,117
-	-	11,951,577	11,313,325	10,837,071	10,443,766	10,393,791
5,075,459	11,510,192	5,274,621	3,160,624	3,102,953	1,158,960	1,745,532
-	1,501,687	7,900,901	15,605,368	10,449,117	(1,497,975)	(12,121,701)
<u>102,635,167</u>	<u>108,802,270</u>	<u>108,243,892</u>	<u>107,756,936</u>	<u>96,963,435</u>	<u>83,178,333</u>	<u>82,596,506</u>
<u>(19,494,889)</u>	<u>4,006,893</u>	<u>23,133,755</u>	<u>13,253,248</u>	<u>16,875,322</u>	<u>1,760,998</u>	<u>(19,009,394)</u>

CITY OF ORANGE
Changes in Net Position - Business-type Activities
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
Expenses:				
Water	\$ 35,983,197	35,010,074	33,532,078	33,413,891
Sanitation	7,860,697	8,486,309	8,153,404	7,926,974
Total Expenses	<u>43,843,894</u>	<u>43,496,383</u>	<u>41,685,482</u>	<u>41,340,865</u>
Program revenues:				
Charges for services:				
Water	38,899,703	35,425,788	33,358,746	32,419,133
Sanitation	8,012,849	7,754,294	7,866,374	7,838,429
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	180,500	-
Total program revenues	<u>46,912,552</u>	<u>43,180,082</u>	<u>41,405,620</u>	<u>40,257,562</u>
Net Program revenues (expenses)	<u>3,068,658</u>	<u>(316,301)</u>	<u>(279,862)</u>	<u>(1,083,303)</u>
General revenues and other changes in net position:				
Use of money and property	34,791	664,970	707,846	41,164
Others	-	-	-	-
Total general revenues and other	<u>34,791</u>	<u>664,970</u>	<u>707,846</u>	<u>41,164</u>
Changes in net position - business-type activities	<u>\$ 3,103,449</u>	<u>348,669</u>	<u>427,984</u>	<u>(1,042,139)</u>

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

Fiscal Year

2017	2016 ⁽¹⁾	2015	2014	2013	2012
29,293,848	25,302,258	28,440,276	27,914,474	26,153,824	24,714,055
7,761,578	7,591,850	-	-	-	-
<u>37,055,426</u>	<u>32,894,108</u>	<u>28,440,276</u>	<u>27,914,474</u>	<u>26,153,824</u>	<u>24,714,055</u>
28,192,880	25,733,212	28,795,052	30,870,221	29,329,940	26,943,335
4,408,670	4,353,379	-	-	-	-
72,327	-	-	-	-	-
-	462,951	385,000	2,382,000	-	1,479,728
<u>32,673,877</u>	<u>30,549,542</u>	<u>29,180,052</u>	<u>33,252,221</u>	<u>29,329,940</u>	<u>28,423,063</u>
<u>(4,381,549)</u>	<u>(2,344,566)</u>	<u>739,776</u>	<u>5,337,747</u>	<u>3,176,116</u>	<u>3,709,008</u>
92,860	240,646	156,077	185,232	32,130	132,168
392,537	-	-	-	-	-
<u>485,397</u>	<u>240,646</u>	<u>156,077</u>	<u>185,232</u>	<u>32,130</u>	<u>132,168</u>
<u>(3,896,152)</u>	<u>(2,103,920)</u>	<u>895,853</u>	<u>5,522,979</u>	<u>3,208,246</u>	<u>3,841,176</u>

CITY OF ORANGE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
General fund:				
Nonspendable	\$ 101,737	87,818	160,760	95,178
Committed	\$ 18,259,654			
Assigned	\$ 2,928,780			
Unassigned	25,568,686	32,313,009	38,610,758	34,763,378
Total general fund	<u>\$ 46,858,857</u>	<u>32,400,827</u>	<u>38,771,518</u>	<u>34,858,556</u>
All other governmental funds:				
Nonspendable		-	-	-
Restricted	\$ 44,321,446	42,194,380	40,509,831	40,833,934
Committed	4,740,268	5,269,093	6,154,780	7,398,168
Assigned	52,871,901	31,184,214	29,603,940	29,224,001
Unassigned	(1,856,633)	(2,053,907)	(1,593,498)	(1,989,867)
Total all other governmental funds	<u>\$ 100,076,982</u>	<u>76,593,780</u>	<u>74,675,053</u>	<u>75,466,236</u>

Fiscal Year					
2017	2016 ⁽¹⁾	2015	2014	2013	2012
88,269	88,354	109,731	105,777	104,969	90,699
35,810,692	34,732,497	31,493,563	34,262,063	29,150,885	28,388,264
<u>\$ 35,898,961</u>	<u>\$ 34,820,851</u>	<u>31,603,294</u>	<u>34,367,840</u>	<u>29,255,854</u>	<u>28,478,963</u>
-	-	-	-	32,973,321	4,766,062
43,175,076	50,288,584	56,695,286	58,195,215	23,669,922	52,279,327
7,737,725	7,886,387	13,486,748	13,850,031	13,836,833	14,209,956
39,584,296	34,414,429	31,626,222	14,240,824	10,247,492	7,341,801
-	-	-	-	963,179	(347,541)
<u>90,497,097</u>	<u>92,589,400</u>	<u>101,808,256</u>	<u>86,286,070</u>	<u>81,690,747</u>	<u>78,249,605</u>

CITY OF ORANGE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
Revenues:				
Taxes	\$ 106,715,236	97,503,362	101,969,285	\$ 92,975,011
Franchise fees	2,791,170	2,819,979	2,821,431	2,831,378
Licenses and permits	5,550,237	5,780,011	5,846,046	4,846,681
Use of money and property	1,533,906	4,121,085	5,077,127	1,753,319
Intergovernmental	33,085,279	13,638,969	11,584,134	9,016,736
Charges for services and fees	11,243,519	18,699,180	15,924,806	10,703,009
Fines and forfeitures	1,485,230	1,772,867	2,194,948	1,852,674
Gas tax exchange	-	-	-	-
Other revenues	4,483,183	3,661,149	4,108,287	4,783,149
Total Revenues	166,887,760	147,996,602	149,526,064	128,761,957
Expenditures:				
Current:				
General government	15,518,693	16,680,796	13,460,308	11,488,962
Public safety	88,567,963	85,168,745	80,275,211	75,704,854
Public works	10,901,569	11,062,997	11,209,853	10,351,948
Community development	4,844,971	4,842,271	4,538,371	4,545,422
Parks and library	14,581,024	14,763,471	14,840,900	14,575,737
Economic development	420,264	435,243	1,037,149	2,354,318
Health and sanitation	-	-	-	-
Gas tax exchange	-	-	-	-
Capital outlay	24,762,286	17,107,265	18,370,773	23,596,982
Debt service:				
Principal	237,778	237,778	92,339	-
Interest	947,783	-	-	-
Cost of issuance	-	-	-	-
Pass-through payments	-	-	-	-
Total expenditures	160,782,331	150,298,566	143,824,904	142,618,223
Excess (deficiency) of revenues over (under) expenditures	6,105,429	(2,301,964)	5,701,160	(13,856,266)
Other Financing sources (uses):				
Loan proceeds	-	-	570,619	-
Transfers in	5,847,783	-	2,000,000	1,042,261
Transfers out	(8,027,783)	(2,150,000)	(5,150,000)	(3,257,261)
Bond proceeds	295,582,983	-	-	-
Payment to pension liability	(259,566,751)	-	-	-
Cost of issuance	(2,000,429)	-	-	-
Total other financing sources (uses)	31,835,803	(2,150,000)	(2,579,381)	(2,215,000)
Extraordinary gain/(loss)	-	-	-	-
Net change in fund balances	\$ 37,941,232	(4,451,964)	3,121,779	\$ (16,071,266)
Debt service as a percentage of noncapital expenditures			0.00%	0.00%

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

Fiscal Year

2017	2016 ⁽¹⁾	2015	2014	2013	2012
91,462,928	77,791,847	72,890,611	67,841,093	69,186,002	76,954,916
2,755,030	3,076,891	3,157,618	2,950,916	3,029,552	3,001,851
4,966,017	5,443,388	4,080,299	4,473,533	4,009,413	4,002,748
1,572,433	2,248,055	1,629,390	1,780,461	851,805	2,474,065
9,727,861	20,125,635	20,574,583	20,703,372	19,564,084	26,778,563
10,978,973	14,311,067	13,740,393	17,774,897	13,800,248	14,145,960
1,706,291	1,725,785	2,190,664	2,341,032	2,383,191	2,691,867
-	-	-	-	1,399,992	1,400,000
11,495,612	4,732,645	2,640,918	3,022,791	3,599,606	2,078,700
<u>134,665,145</u>	<u>129,455,313</u>	<u>120,904,476</u>	<u>120,888,095</u>	<u>117,823,893</u>	<u>133,528,670</u>
11,369,206	11,059,999	9,750,112	7,137,074	6,846,453	6,949,681
72,292,753	70,304,539	65,620,597	63,914,038	64,873,258	63,178,602
10,099,229	9,732,287	9,942,108	9,593,548	8,800,587	8,062,755
4,651,614	4,086,895	3,735,548	3,536,074	3,447,753	3,467,940
13,835,002	12,464,990	12,796,867	11,272,908	11,399,670	10,225,175
2,115,151	2,519,124	557,096	711,397	404,757	2,094,473
-	-	4,595,026	4,259,091	4,443,690	5,012,951
-	-	-	-	1,399,992	1,400,000
18,601,383	12,103,521	11,654,340	11,225,325	9,538,315	35,251,178
-	-	-	-	-	4,345,000
-	-	-	-	-	2,088,317
-	-	-	-	-	-
-	-	-	-	-	3,390,041
<u>132,964,338</u>	<u>122,271,355</u>	<u>118,651,694</u>	<u>111,649,455</u>	<u>111,154,475</u>	<u>145,466,113</u>
<u>1,700,807</u>	<u>7,183,958</u>	<u>2,252,782</u>	<u>9,238,640</u>	<u>6,669,418</u>	<u>(11,937,443)</u>
-	-	-	-	-	-
3,765,260	1,500,000	3,025,395	105,000	1,855,759	9,968,878
(6,480,260)	(2,952,143)	(7,069,316)	(255,000)	(2,950,759)	(15,807,410)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(2,715,000)</u>	<u>(1,452,143)</u>	<u>(4,043,921)</u>	<u>(150,000)</u>	<u>(1,095,000)</u>	<u>(5,838,532)</u>
-	31,406	14,548,779	-	(1,497,975)	(75,228,120)
<u>(1,014,193)</u>	<u>5,763,221</u>	<u>12,757,640</u>	<u>9,088,640</u>	<u>4,076,443</u>	<u>(93,004,095)</u>
0.00%	0.00%	0.00%	0.00%	0.00%	4.85%

CITY OF ORANGE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	
2012	11,764,617,480	137,861,275	11,902,478,755	0.157%
2013	15,739,584,990	798,565,340	16,538,150,330	0.148%
2014	16,296,788,989	888,670,895	17,185,459,884	0.137%
2015	17,047,541,092	900,737,944	17,948,279,036	0.132%
2016	18,044,868,280	923,910,674	18,968,778,954	0.136%
2017	18,745,544,867	820,730,838	19,566,275,705	0.136%
2018	19,781,317,411	816,774,617	20,598,092,028	0.138%
2019	20,805,169,196	864,502,376	21,669,671,572	0.136%
2020	21,855,913,285	988,437,454	22,844,350,739	0.135%
2021	22,722,807,195	923,182,436	23,645,989,631	0.137%

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Secured and Unsecured Assessed Value are net of exemptions. Total direct tax rate is calculated using total property tax collections within the fiscal year divided by the taxable assessed value.

Source: Orange County Auditor-Controller

Former Redevelopment Agency				Total for Primary Government
Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate	Total Direct Tax Rate
3,978,376,053	694,261,117	4,672,637,170	0.370%	0.217%
-	-	-	-	0.148%
-	-	-	-	0.137%
-	-	-	-	0.132%
-	-	-	-	0.136%
-	-	-	-	0.136%
-	-	-	-	0.138%
-	-	-	-	0.136%
-	-	-	-	0.135%
-	-	-	-	0.137%

CITY OF ORANGE
 Direct and Overlapping Property Tax Rates
 (Rate per \$100 assessed value)
 Last Ten Fiscal Years

	Fiscal Year		
	2021	2020	2019
Basic levy	1.0000	1.0000	1.0000
Overlapping Rates:			
School Services:			
North Orange County Community College District	0.03198	0.02409	0.02828
No. OC Comm. College Dist. 2002 Bond	-	-	0.00001
Rancho Santiago Community College District	0.02768	0.02818	0.02875
Anaheim Elementary School District	0.06595	0.06595	0.05059
Anaheim High School District	0.03971	0.03968	0.04244
Santa Ana Unified School District	-	-	-
Orange USD Series 2018 2016	0.01664	0.02288	0.02685
Placentia Yorba Linda Unified	-	-	-
Tustin Unified School District SFID No. 2002-1	0.07102	0.06376	0.06687
Garden Grove Unified 2010 Series A & B	-	-	-
Total School Services	<u>0.25298</u>	<u>0.24454</u>	<u>0.24379</u>
Metropolitan Water District	0.0035	0.00350	0.00350
Irvine Ranch Water District	<u>0.05001</u>	<u>0.06901</u>	<u>0.06901</u>
Total Direct Rate	<u><u>1.30649</u></u>	<u><u>1.31705</u></u>	<u><u>1.31630</u></u>

Notes:

The above information is for the entire City, which includes the former Redevelopment Agency for fiscal years through 2012

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various bonds.

Source: HdL Coren & Cone

Fiscal Year

2018	2017	2016	2015	2014	2013	2012
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.02927	0.02885	0.03043	0.01704	0.01704	0.01902	0.01742
-	-	-	-	-	-	-
0.03013	0.04945	0.03063	0.05078	0.03334	0.03241	0.03146
0.04502	0.04461	0.04227	0.02867	0.05848	0.05382	0.05371
0.02211	0.04259	0.04948	0.02412	0.02620	0.02858	0.02678
-	0.06377	-	0.06869	0.07359	0.07749	0.07147
-	-	-	-	-	-	-
-	-	-	0.05822	0.06525	0.06203	0.05846
0.06873	0.07001	0.07751	0.06955	0.08912	0.06729	0.05586
-	-	-	0.04148	0.03703	0.03135	0.02483
0.19526	0.29928	0.23032	0.35855	0.40005	0.37199	0.33999
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370
0.06901	0.02803	0.02803	0.02803	0.05581	0.05581	0.05581
1.26777	1.33081	1.26185	1.39008	1.45936	1.43130	1.39950

CITY OF ORANGE
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2021		2012	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	(1) Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Orange City Mills LP	\$ 174,709,076	0.74%	135,928,782	0.83%
Irvine Company LLC	166,829,509	0.71%	142,400,000	0.87%
Children's Hospital of Orange County	140,292,161	0.59%	-	0.00%
Bex Porftfolio Inc.	137,962,478	0.58%	-	0.00%
St Joseph Hospital of Orange	131,617,941	0.56%	73,846,502	0.45%
KBS SOR City Tower LLC	126,877,276 *	0.54%	-	0.00%
OC OET Owner LLC	120,231,369 *	0.51%	-	0.00%
Orange County Realty Investors LLC	116,095,093 *	0.49%	66,235,022	0.40%
Windsor at Main Place I LLC	100,015,551 *	0.42%	-	0.00%
Orange Center Tower Owner LLC	96,236,996 *	0.41%	-	0.00%
Passco TVO-S LLC	-	0.00%	96,999,126	0.59%
Bre Properties Inc	-	0.00%	96,047,607	0.59%
Mullrock Executive Tower Fee LLC	-	0.00%	82,722,482	0.51%
Maguire Properties City Tower	-	0.00%	65,574,720	0.40%
3091 Chapman Ave Apts Investors	-	0.00%	65,400,000	0.40%
Wilshire Tower Apartments LLC	-	0.00%	65,697,252	0.40%
	<u>\$ 1,310,867,450</u>	<u>5.55%</u>	<u>890,851,493</u>	<u>5.44%</u>

(1) Includes assessed value data for both the City and the former Redevelopment Agency

* Pending appeals on parcels

Source: HdL Coren & Cone

CITY OF ORANGE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within Fiscal Year of Levy		Collections for Prior Fiscal Years	Refunds of Prior Year Collections/ Appeals	Total Collections within the Fiscal Year	
		Amount	Percent of Levy			Amount	Percent of Levy
2012	61,394,602	36,062,488	58.74%	511,729	(610,942)	35,963,275	58.58%
2013	43,951,814	24,316,343	55.33%	419,911	(240,221)	24,496,033	55.73%
2014	42,528,174	23,525,755	55.32%	260,303	(180,204)	23,605,854	55.51%
2015	44,363,564	23,749,253	53.53%	218,294	(232,532)	23,735,015	53.50%
2016	45,251,635	25,697,372	56.79%	204,687	(154,193)	25,747,866	56.90%
2017	38,241,617	26,551,729	69.43%	194,368	(156,033)	26,590,064	69.53%
2018	40,644,711	28,338,995	69.72%	174,216	(112,829)	28,400,382	69.87%
2019	42,770,704	29,572,421	69.14%	170,111	(166,907)	29,575,625	69.15%
2020	44,635,001	30,747,643	68.89%	180,209	(101,066)	30,826,786	69.06%
2021	41,994,760	32,699,412	77.87%	243,989	(611,668)	32,331,733	76.99%

Notes:

For fiscal year 2012, the amounts include a partial year of tax increment from former Redevelopment Agency as well as amounts collected by the City and former Redevelopment Agency that were passed-through to other agencies. The former Redevelopment Agency was dissolved effective January 31, 2012. From that point forward, no tax increment was levied or received.

Information not available from the County of Orange for delinquent taxes by levy year. Therefore, the City has opted to report delinquent taxes by collection year.

Source: Orange County Auditor-Controller

CITY OF ORANGE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities		
	Pension Obligation Bonds	Lease Revenue Bonds	Total Governmental Activities	MWDOC	Pension Obligation Bonds	Total Business-type Activities
2012	-	-	-	161,000	-	161,000
2013	-	-	-	125,000	-	125,000
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	265,478,776	34,159,604	299,638,380	-	21,006,224	21,006,224

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics for personal income. These ratios are calculated using city population times county per capita personal income for two years prior (e.g., 2012 amount is calculated using 2010 data).

² Based on latest per capita income information available. See the Schedule of Demographic and Economic Statistics for population data.

Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ²
161,000	0.00%	1
125,000	0.00%	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
320,644,604	3.13%	2,334

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CITY OF ORANGE
Direct and Overlapping Debt
June 30, 2021

2020-21 Assessed Valuation: \$23,645,989,631

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2021	% Applicable (1)	City's Share of Debt 6/30/21
Metropolitan Water District	\$26,830,000	0.724%	\$194,249
Irvine Ranch Water District, Improvement District No. 125	171,975,440	0.918	1,578,735
Irvine Ranch Water District, Improvement District No. 225	248,593,880	0.009	22,373
Irvine Ranch Water District, Improvement District No. 153-253	19,490,900	0.065	12,669
North Orange County Joint Community College District	245,604,001	0.1450	356,126
Rancho Santiago Community College District	215,876,119	27.585	59,549,427
Anaheim Union High School District	266,058,955	0.421	1,120,108
Anaheim School District	265,326,416	0.719	1,907,697
Tustin Unified School District School Facilities Improvement District No. 2002-1	40,654,092	0.054	21,953
Tustin Unified School District School Facilities Improvement District No. 2008-1	82,195,000	0.056	46,029
Tustin Unified School District School Facilities Improvement District No. 2012-1	38,950,000	0.039	15,191
Orange Unified School District	177,865,000	59.431	105,706,948
Orange Unified School District Community Facilities District No. 2005-1	5,715,000	100	5,715,000
Orange Unified School District Community Facilities District No. 2005-2	5,255,000	100	5,255,000
City of Orange Community Facilities District No. 91-2	20,925,000	100	20,925,000
City of Orange Community Facilities District No. 06-1	21,765,000	100	21,765,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$224,191,505
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$381,885	3.607%	\$13,774,592
Orange County Pension Obligations Bonds	485,318,204	3.607	17,505,428
Orange County Board of Education Certificates of Participation	12,310,000	3.607	444,022
North Orange County Regional Occupation Program Certificates of Participation	8,590,000	0.149	12,799
Orange Unified School District Certificates of Participation and Benefit Obligations	84,246,594	59.431	50,068,593
Anaheim Union High School District Certificates of Participation	31,605,000	0.421	133,057
City of Orange General Fund Obligations	29,930,000	100	29,930,000
City of Orange Pension Obligation Bonds	286,485,000	100	286,485,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$398,353,491
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>			
City of Orange Tax Allocation Bonds	\$35,045,000	100%	\$35,045,000
Orange County Neighborhood Redevelopment Project Area Tax Allocation Bonds	2,550,000	0.412	10,506
TOTAL OVERLAPPING TAX INCREMENT DEBT			\$35,055,506
 TOTAL DIRECT DEBT			 \$316,415,000
TOTAL OVERLAPPING DEBT			\$341,185,502
 COMBINED TOTAL DEBT			 \$657,600,502 (3)

1. The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

2. Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.95%
Total Direct Debt	1.34%
Combined Total Debt	2.78%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$4,878,927,259):

Total Overlapping Tax increment Debt	0.72%
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CITY OF ORANGE
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
Assessed valuation	\$ 23,645,989,631	22,844,350,739	21,669,671,572	\$ 20,598,092,028
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	5,911,497,408	5,711,087,685	5,417,417,893	5,149,523,007
Debt limit percentage	15%	15%	15%	15%
Debt limit	886,724,611	856,663,153	812,612,684	772,428,451
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>886,724,611</u>	<u>856,663,153</u>	<u>812,612,684</u>	<u>772,428,451</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Fiscal Year					
2017	2016	2015	2014	2013	2012
19,566,275,705	18,968,778,954	17,948,279,036	17,185,459,884	16,538,150,330	16,575,115,925
25%	25%	25%	25%	25%	25%
4,891,568,926	4,742,194,739	4,487,069,759	4,296,364,971	4,134,537,583	4,143,778,981
15%	15%	15%	15%	15%	15%
733,735,339	711,329,211	673,060,464	644,454,746	620,180,637	621,566,847
-	-	-	-	-	-
<u>733,735,339</u>	<u>711,329,211</u>	<u>673,060,464</u>	<u>644,454,746</u>	<u>620,180,637</u>	<u>621,566,847</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF ORANGE
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			Coverage
	Property Tax Increment	Debt Service		
		Principal	Interest	
2012	23,821,071	3,475,000	3,573,509	3.38
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-

CITY OF ORANGE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ^{1, 5}	Personal Income (expressed in thousands) ²	Per Capita Personal Income ²	Public School Enrollment ^{3, 6}	Unemployment Rate ⁴
2012	138,010	166,634,101	54,008	15,263	7.3%
2013	138,792	169,792,810	54,519	15,417	5.7%
2014	139,279	173,305,650	55,096	15,147	4.6%
2015	140,094	183,052,341	57,749	14,982	4.2%
2016	140,761	196,920,661	62,071	14,581	4.3%
2017	140,882	208,653,019	65,400	14,256	4.0%
2018	141,952	220,684,684	69,268	14,072	3.0%
2019	141,691	221,803,099	69,951	13,958	3.0%
2020	140,065	236,303,451	74,618	13,852	8.2%
2021	137,366	*	*	13,105	*

Sources:

¹ State of California, Department of Finance

² U.S. Department of Commerce, Bureau of Economic Analysis (data shown is for the County)

³ Orange Unified School District region

⁴ State of California, Employment Development Department

⁵ In fiscal year 2015-16, information was revised to improve accuracy

⁶ In fiscal year 2019-20, enrollment data is from February 2020 due to school closure from March through June 2020 due to COVID-19.

* Not available at time of printing

CITY OF ORANGE
Principal Employers
Current Year and Nine Years Ago

Employer	2021		2012	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
UCI Medical Center	4,995	6.89%	4,000	4.85%
CHOC Children's Hospital	3,938	5.43%	2,400	2.91%
St. Joseph Hospital of Orange	3,500	4.83%	3,853 ⁽¹⁾	4.67%
Chapman University	1,300	1.79%	800	0.97%
Western Dental Services, Inc.	1,266	1.75%	-	-
Santiago Canyon College	950	1.31%	490	0.59%
CalOptima Health Plans	930	1.28%	-	-
City of Orange	727	1.00%	796	0.97%
Chapman Integrated Healthcare Holdings	700	0.97%	-	-
Orange County Transportation Authority	500	0.69%	990	1.20%
National Oilwell Varco-Rig Solutions	-	-	800	0.97%
Sybron Dental Specialists	-	-	610	0.74%
California Choice	-	-	490	0.59%

Notes:

"Total Employment" as used above represents the total employment of all employers located within City limits.

¹ Includes Outpatient Pavilion

Source: Inside Prospects, Inc. and State of California EDD

CITY OF ORANGE
Full-Time Equivalents
by Function
Last Ten Fiscal Years

Function	Full-Time Equivalents as of June 30									
	2021	2020	2019	2018*	2017*	2016*	2015*	2014*	2013*	2012*
Governmental Activities:										
General Government (2)	60	59	61	71	72	72	75	75	75	78
Public Safety	386	388	386	410	412	412	412	412	411	414
Public Works	73	71	66	68	67	67	67	74	74	74
Community Development	33	33	32	36	36	36	36	36	36	35
Parks and Library	105	105	106	109	109	111	109	107	105	114
Economic Development	1	1	3	-	-	-	-	-	-	11
Sanitation (1)	-	-	-	-	-	-	21	15	21	22
Subtotal governmental activities	658	657	654	694	696	698	720	719	722	748
Business-Type Activities:										
Water	51	51	53	45	45	45	45	44	46	44
Sanitation (1)	18	18	22	21	21	21				
Subtotal business-type activities	69	69	75	66	66	66	45	44	46	44
Total activities	727	726	729	760	762	764	765	763	768	792

* Includes budgeted but frozen positions

(1) In fiscal year 2015-16, the Sanitation fund was reclassified as a Business-Type Activity

(2) In fiscal year 2018-19, Information Technology transferred from contract to in-house

Source: City of Orange

CITY OF ORANGE
Operating Indicators by Department
Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
City Attorney:				
Number of claims/cases handled	234	413	534	414
Number of resolutions/ordinances/agreements	396	312	292	288
City Clerk:				
Number of passports processed ^(1,3)	1,106	1,726	2,686	2,611
Number of documents scanned ⁽⁴⁾	2,423	5,890	7,168	4,658
Number of public records requested ⁽⁴⁾	669	439	374	230
Finance:				
Number of business licenses issued	20,849	20,771	20,659	20,659
Number of water accounts billed	36,508	36,456	36,490	35,216
Human Resources:				
Number of recruitments held	83	68	100	81
Number of applications processed	7,051	5,725	10,744	7,193
Library:				
Number of items checked out ⁽²⁾	266,537	402,449	418,033	536,202
Total library cards	61,107	60,209	56,992	55,644
Number of patrons/visitors	76,152	339,659	422,142	413,582
Fire:				
Number of calls:				
Medical	11,789	13,426	12,592	12,463
Fire	729	709	692	688
Other	2,291	2,348	2,218	2,457
Number of inspections performed	3,421	4,004	5,612	4,999
Police:				
Number of calls for service	88,853	92,730	108,371	109,192
Number of arrests	5,715	4,589	5,353	5,667
Public Works:				
Lane miles of streets resurfaced	22	22	23	24
Miles of streets swept	39,664	39,664	39,664	37,617
Water Division:				
Number of active water connections	36,508	36,485	36,435	36,431
Million gallons of daily average distribution	24	24	24	25
Sanitation Division:				
Number of active sewer connections	33,662	33,647	33,950	33,956
Number of catch basins inspected	1,985	1,985	1,985	1,910
Community Development:				
Number of permits issued	3,576	3,406	3,396	3,552
Combined construction valuation	\$ 158,963,749	\$ 174,844,204	\$ 156,630,767	\$ 132,814,044
Community Services:				
Number of contract classes held ⁽³⁾	278	863	1,201	1,188
Total participants at all activities/events ⁽³⁾	32,039	622,373	1,000,000	1,060,872

Notes:

¹ In Fiscal Year 2015-16, information was revised to improve accuracy.

² In Fiscal Year 2016-17, information was revised to improve accuracy.

³ In 2019-20 and 2020-21, passports issued and classes/activities held were reduced due to COVID-19

⁴ Effective in 2020-21 we have revised are operating indicators to include public records requested, rather than documents scanned. The pu records information was not available for years prior to 2017-18.

Source: City of Orange

Fiscal Year					
2017	2016	2015	2014	2013	2012
428	441	486	790	384	344
240	288	269	367	257	387
3,183	2,669	1,837	1,530	1,288	1,004
2,544	2,184	2,220	2,810	3,089	3,603
N/A	N/A	N/A	N/A	N/A	N/A
20,487	20,721	20,190	19,991	19,699	21,026
35,388	35,380	35,174	35,166	35,153	36,338
87	60	60	52	47	48
7,590	8,968	6,717	9,881	8,189	7,744
541,270	616,388	643,791	688,716	647,818	648,690
57,078	59,162	59,316	60,063	61,282	80,731
426,861	469,700	502,276	534,686	510,864	
12,048	12,327	9,416	9,051	9,938	9,609
664	622	355	365	538	530
2,336	3,022	1,843	1,813	1,904	1,627
6,868	6,866	5,970	5,518	6,959	6,944
100,876	99,728	103,793	98,148	99,967	101,783
4,568	4,771	4,683	4,558	4,424	4,777
37	35	28	26	34	13
40,766	39,850	40,180	32,219	32,219	32,137
36,391	36,372	36,347	36,332	36,324	36,087
23	21	26	29	28	26
33,951	33,950	33,943	33,513	33,511	33,511
1,983	1,983	1,952	1,970	1,959	1,775
4,229	4,153	3,803	3,497	2,733	2,815
\$ 114,940,690	\$ 235,315,312	\$ 106,328,212	\$ 163,884,728	\$ 74,830,424	\$ 118,859,205
1,044	1,148	1,212	1,864	1,858	1,610
1,060,893	918,805	934,188	909,192	593,693	595,518

CITY OF ORANGE
Capital Asset Statistics by Department
Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
Library:				
Number of libraries	3	3	3	3
Number of books & other items held ¹	202,641	192,927	196,198	218,688
Fire:				
Number of fire stations	8	8	8	8
Number of vehicles in fleet	62	59	58	58
Police:				
Number of stations/sub-stations	2	2	2	2
Number of vehicles in fleet	131	132	133	132
Public Works:				
Streets (in miles)	324	324	324	324
Number of streetlights	7,842	7,836	7,836	7,836
Number of traffic signals	158	157	157	157
Number of street trees	20,000	19,716	22,000	22,000
Water Division:				
Number of wells	12	12	12	12
Water mains (in miles)	445	446	446	462
Number of hydrants	4,431	4,450	4,439	4,434
Sanitation Division:				
Miles of sewer lines/storm drains	422	422	436	436
Facilities Maintenance Division:				
Number of city buildings owned	82	82	82	82
Square feet of city buildings ²	533,384	533,384	533,384	512,000
Number of other city vehicles	275	275	274	272
Community Services:				
Number of parks	22	22	22	22
Acres of parkland ¹	267	260	260	258
Number of community pools	2	2	2	2

Notes:

¹ In Fiscal Years 2021, 2019 and 2014, information was revised to improve accuracy.

² In Fiscal Year 2017, information was revised to improve accuracy.

Fiscal Year

2017	2016	2015	2014	2013	2012
3	3	3	3	3	3
231,715	223,161	212,373	209,128	266,487	272,077
8	8	8	8	8	8
58	58	58	57	54	54
2	2	2	2	2	2
132	132	132	128	128	129
324	331	328	328	327	314
3,182	3,182	3,125	2,926	2,780	2,696
157	157	157	156	155	155
22,000	22,000	20,430	19,728	19,528	19,746
14	17	16	16	17	17
462	452	452	452	451	450
4,389	4,417	4,410	4,413	4,411	4,399
436	436	436	436	436	436
82	82	82	82	82	82
512,000	529,995	529,995	529,995	529,995	529,995
271	271	236	241	241	237
22	22	22	22	22	22
258	258	258	258	252	252
2	2	2	2	2	2

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