

City of Placerville

Presentation to the City Council
For the Fiscal Year Ended June 30, 2022

September 26, 2023



Contents

- Scope of Work and Timing
- Required Communications (AU-C 260)
- Overview of Financial Statements
- Key Financial Indicators and Pension and OPEB Information
- Audit Results
- Thank You!

Scope Of Work and Timing

- **Financial Statement Audit**
 - Annual Financial Report
- **Compliance Audit**
 - Single Audit – Federal Expenditures Audit
- **Agreed Upon Procedures**
 - GANN Limit

Required Communications (AU-C 260)

Required Communications (AU-C 260)

Management's Responsibilities

- Responsible for the Financial Statements
- Present the Financial Statements in accordance with Accounting Principles Generally Accepted in the United States of America
- Adopt sound accounting policies
- Establish and maintain internal controls over financial reporting and compliance
- Provide evidence supporting the amounts and disclosures in the financial statements
- Fair presentation of financial statements that are free from material misstatements, whether due to fraud or error
- Prevent and detect fraud

Required Communications (AU-C 260)

Auditors' Responsibilities

- Perform the audit in conformity with Auditing Standards Generally Accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States
- Communicate with “Those Charged with Governance”
- Assess audit risk of internal control over financial reporting
- Determine fairness presentation of the financial statements
- Render an opinion on the Financial Statements
- Issue recommendations to Management, if any

Required Communications (AU-C 260)

Independence

- We complied with ALL relevant requirements regarding independence

Significant Accounting Policies

- The City disclosed the summary of significant accounting policies in Note 1 to the financial statements.
- The City implemented GASB Statements No. 87, *Leases*

Significant Estimates

- Fair Value on Investments
- Depreciation on Capital Assets
- Net Pension Liability
- Total OPEB Liability

Required Communications (AU-C 260)

Sensitive Disclosures

- Note 1 – Summary of Significant Accounting Policies
- Note 7 – Public Employees' Retirement System
- Note 8 – Post-Retirement Medical Care Benefits
- Note 12 – Contingencies
- Note 13 – PPFA Limited Obligation and Revenue Bond Defaults
- Note 15 – Subsequent Events
 - Bridge Loan Agreement

Required Communications (AU-C 260)

Misstatements

- There were no corrected or uncorrected misstatements reported.

Consultation with Other Accountants

- Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and other matters.

Significant Difficulties

- We encountered no significant difficulties in dealing with management.

Disagreement with Management

- We did not have any disagreement with management in terms of accounting treatments nor audit procedures performed.

Overview of Financial Statements

Net Position @ June 30 (Governmental Activities)

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets	\$ 85,088,046	\$ 79,744,272	\$ 5,343,774
Deferred Outflows of Resources	3,931,121	3,789,055	142,066
Liabilities	19,095,291	25,292,462	(6,197,171)
Deferred Inflows of Resources	10,581,622	907,152	9,674,470
Net Position:			
Net investments in capital assets	62,426,309	60,719,170	1,707,139
Restricted	13,239,789	10,964,742	2,275,047
Unrestricted	<u>(16,323,844)</u>	<u>(14,350,199)</u>	<u>(1,973,645)</u>
Total Net Position	<u>\$ 59,342,254</u>	<u>\$ 57,333,713</u>	<u>\$ 2,008,541</u>

Change in Net Position (Governmental Activities)

	<u>2022</u>	<u>2021</u>	<u>Total</u>
Program Revenues			
Charges for services	\$ 2,053,656	\$ 1,589,070	\$ 464,586
Operating grants and contributions	623,705	849,780	(226,075)
Capital grants and contributions	2,174,176	9,369,799	(7,195,623)
Total program revenues	<u>4,851,537</u>	<u>11,808,649</u>	<u>(6,957,112)</u>
Expenses	<u>\$ 17,128,666</u>	<u>\$ 12,478,207</u>	<u>\$ 4,650,459</u>
Net Cost of Services	(12,277,129)	(669,558)	(11,607,571)
General Revenues	14,248,725	12,435,930	1,812,795
Transfers	36,945	50,792	(13,847)
Change in Net Position	<u><u>\$ 2,008,541</u></u>	<u><u>\$ 11,817,164</u></u>	<u><u>\$ (9,808,623)</u></u>

Net Position @ June 30

(Business-Type Activities)

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets	\$ 73,264,447	\$ 73,999,401	\$ (734,954)
Deferred Outflows of Resources	949,108	842,153	106,955
Liabilities	47,811,016	52,321,955	(4,510,939)
Deferred Inflows of Resources	3,191,467	232,516	2,958,951
Net Position:			
Net investments in capital assets	19,992,347	18,264,427	1,727,920
Restricted	2,225,752	3,479,784	(1,254,032)
Unrestricted	992,973	542,872	450,101
Total Net Position	<u>\$ 23,211,072</u>	<u>\$ 22,287,083</u>	<u>\$ 923,989</u>

Change in Net Position (Business-Type Activities)

	<u>2022</u>	<u>2021</u>	<u>Total</u>
Program Revenues			
Charges for services	\$ 9,464,007	\$ 9,139,385	\$ 324,622
Operating grants and contributions	-	-	-
Capital grants and contributions	154,266	-	154,266
Total program revenues	<u>9,618,273</u>	<u>9,139,385</u>	<u>478,888</u>
Expenses	<u>\$ 10,349,077</u>	<u>\$ 8,589,537</u>	<u>\$ 1,759,540</u>
Net Cost of Services	(730,804)	549,848	(1,280,652)
General Revenues	1,691,738	1,377,314	314,424
Transfers	<u>(36,945)</u>	<u>(50,792)</u>	<u>13,847</u>
Change in Net Position	<u><u>\$ 923,989</u></u>	<u><u>\$ 1,876,370</u></u>	<u><u>\$ (952,381)</u></u>

General Fund – Fund Balance @ June 30

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets	<u>\$ 5,008,656</u>	<u>\$ 3,290,735</u>	<u>\$ 1,717,921</u>
Liabilities	<u>\$ 582,548</u>	<u>\$ 591,739</u>	<u>\$ (9,191)</u>
Fund Balance			
Nonspendable	1,902,162	718,465	1,183,697
Unassigned	<u>2,523,946</u>	<u>1,980,531</u>	<u>543,415</u>
Total Fund Balance	<u>4,426,108</u>	<u>2,698,996</u>	<u>1,727,112</u>
Total Liabilities and Fund Balance	<u>\$ 5,008,656</u>	<u>\$ 3,290,735</u>	<u>\$ 1,717,921</u>

General Fund – Change in Fund Balance

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues	\$ 11,065,947	\$ 9,551,084	\$ 1,514,863
Expenditures	(9,241,158)	(8,545,591)	(695,567)
Revenues over Expenditures	1,824,789	1,005,493	819,296
Other Financing Sources and Uses	<u>(97,677)</u>	<u>(245,045)</u>	<u>147,368</u>
 Change in Fund Balance	 <u>\$ 1,727,112</u>	 <u>\$ 760,448</u>	 <u>\$ 966,664</u>

Key Financial Indicators and Pension & OPEB Information

Net Cost of Services to Tax Revenues (Governmental Activities)

	<u>2022</u>	<u>2021</u>
Expenses	\$ 17,128,666	\$ 12,478,207
Less: Program Revenues	<u>(4,851,537)</u>	<u>(11,808,649)</u>
Net Cost of Services	12,277,129	669,558
Tax Revenues	<u>14,082,136</u>	<u>12,349,665</u>
Ratio	<u><u>87.18%</u></u>	<u><u>5.42%</u></u>

Unassigned Fund Balance to Annual Expenditures (General Fund)

	<u>2022</u>	<u>2021</u>
Unassigned Fund Balance	\$ 2,523,946	\$ 1,980,531
Annual Expenditures	<u>9,241,158</u>	<u>8,545,591</u>
Ratio	<u><u>27.31%</u></u>	<u><u>23.18%</u></u>

Net Pension Liability Sensitivity Analysis

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Net Pension Liability @ 7.15% Discount Rate	<u>\$ 9,734,367</u>	<u>\$ 5,461,995</u>	<u>\$ 15,196,362</u>
Funded Ratio	72.61%	79.65%	
Sensitivity Analysis:			
Net Pension Liability @ 6.15%	<u>\$ 14,427,401</u>	<u>\$ 9,074,809</u>	<u>\$ 23,502,210</u>
Net Pension Liability @ 8.15%	<u>\$ 5,854,703</u>	<u>\$ 2,494,514</u>	<u>\$ 8,349,217</u>

Net OPEB Liability Sensitivity Analysis

	<u>Total</u>	<u>Total</u>
Total OPEB Liability @ 3.69% Discount Rate	<u>\$ 3,894,417</u>	
Total OPEB Liability @ 6.50% Health Care Trend Rate		<u>\$ 3,894,417</u>
Sensitivity Analysis:		
Total OPEB Liability @ 2.69%	<u>\$ 4,245,705</u>	
Total OPEB Liability @ 4.69%	<u>\$ 3,580,459</u>	
Sensitivity Analysis:		
Total OPEB Liability @ 5.50%		<u>\$ 3,508,334</u>
Total OPEB Liability @ 7.50%		<u>\$ 4,355,826</u>

Audit Results

Audit Results

- **Opinions**

- ***Unmodified Opinion for ALL Opinion Units***

- Financial Statements are fairly presented in all material respect
 - Accounting policies have been consistently applied
 - Estimates are reasonable
 - Disclosures are properly reflected in the financial statements

- **Other Results**

- No disagreement with Management
 - No material weaknesses were identified in internal control over financial reporting
 - One significant deficiency was not identified in internal control over financial reporting
 - 2022-001 Delay in Financial Reporting
 - No accounting issues
 - No inappropriate activities were noted

Audit Results – Single Audit

- Independent Auditors' Reports
 - ✓ Internal Control Over Financial Reporting and Compliance and Other Matters - Unmodified
 - ✓ Compliance for Each Major Federal Program and on Internal Control Over Compliance - Unmodified
- Schedule of Expenditures of Federal Awards:

Total Federal Expenditures	<u><u>\$ 1,356,230</u></u>
Major Program:	
21.027 Coronavirus State and Local Fiscal Recovery Fund	<u><u>\$ 577,895</u></u>
Total Tested	42.61%

- Schedule of Findings and Questioned Costs
 - ✓ Material Weaknesses Reported – None
 - ✓ Significant Deficiencies Reported – One; 2022-001 Delay in Financial Reporting



THE
PUN GROUP
ACCOUNTANTS & ADVISORS

Thank You



HQ - ORANGE COUNTY

200 E. Sandpointe Avenue
Suite 600
Santa Ana, CA 92707

SAN DIEGO

4365 Executive Drive
Suite 710
San Diego, CA 92121

BAY AREA

2121 North California Blvd.
Suite 290
Walnut Creek, CA 94596

LAS VEGAS

1050 Indigo Drive
Suite 110
Las Vegas, NV 89145

PHOENIX

4742 North 24th Street
Suite 300
Phoenix, AZ 85016