

City of Placerville

Presentation to the City Council
For the Fiscal Year Ended June 30, 2023

August 13, 2024



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Scope of Work and Timing

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

City of Placerville – Fiscal Year Ended June 30, 2023

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)

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. 91, Conduit Debt Obligations; No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; No. 96, Subscription-Based Information Technology Arrangements; No. 99, Omnibus 2022.

Significant Estimates

- Fair Value of Investments
- Depreciation of Capital Assets
- Net Pension Liability
- OPEB Liability

Required Communications (AU-C 260)

Sensitive Disclosures

- Note 1 – Summary of Significant Accounting Policies
- Note 8 – Public Employees' Retirement System
- Note 9 – Post-Retirement Medical Care Benefits
- Note 10 – Classification of Fund Balances and Other Fund Disclosures
- Note 14 – Contingencies
- Note 15 – PPFA Limited Obligation and Revenue Bond Defaults
- Note 16 – Prior Period Adjustments

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.

City of Placerville – Fiscal Year Ended June 30, 2023

Overview of Financial Statements

Net Position as of June 30, 2023 (Governmental Activities)

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets	\$ 91,927,943	\$ 85,088,046	\$ 6,839,897
Deferred Outflows of Resources	7,604,393	3,931,121	3,673,272
Liabilities	28,385,114	19,095,291	9,289,823
Deferred Inflows of Resources	2,768,919	10,581,622	(7,812,703)
Net Position:			
Net investments in capital assets	66,104,106	62,426,309	3,677,797
Restricted	11,899,340	13,239,789	(1,340,449)
Unrestricted	(9,625,143)	(16,323,844)	6,698,701
Total Net Position	<u>\$ 68,378,303</u>	<u>\$ 59,342,254</u>	<u>\$ 9,036,049</u>

Change in Net Position (Governmental Activities)

	<u>2023</u>	<u>2022</u>	<u>Total</u>
Program Revenues			
Charges for services	\$ 2,516,167	\$ 2,053,656	\$ 462,511
Operating grants and contributions	723,709	623,705	100,004
Capital grants and contributions	4,818,264	2,174,176	2,644,088
Total program revenues	<u>8,058,140</u>	<u>4,851,537</u>	<u>3,206,603</u>
Expenses	<u>\$ 9,725,691</u>	<u>\$ 17,128,666</u>	<u>\$ (7,402,975)</u>
Net Cost of Services	(1,667,551)	(12,277,129)	10,609,578
General Revenues	13,903,134	14,248,725	(345,591)
Transfers	<u>186,013</u>	<u>36,945</u>	<u>149,068</u>
Change in Net Position	<u><u>\$ 12,421,596</u></u>	<u><u>\$ 2,008,541</u></u>	<u><u>\$ 10,413,055</u></u>

Net Position as of June 30, 2023 (Business-Type Activities)

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets	\$ 74,460,100	\$ 73,264,447	\$ 1,195,653
Deferred Outflows of Resources	<u>2,265,647</u>	<u>949,108</u>	<u>1,316,539</u>
Liabilities	<u>48,789,192</u>	<u>47,811,016</u>	<u>978,176</u>
Deferred Inflows of Resources	<u>1,192,293</u>	<u>3,191,467</u>	<u>(1,999,174)</u>
Net Position:			
Net investments in capital assets	20,986,689	19,992,347	994,342
Restricted	2,797,598	2,225,752	571,846
Unrestricted	<u>2,959,975</u>	<u>992,973</u>	<u>1,967,002</u>
Total Net Position	<u><u>\$ 26,744,262</u></u>	<u><u>\$ 23,211,072</u></u>	<u><u>\$ 3,533,190</u></u>

Change in Net Position (Business-Type Activities)

	<u>2023</u>	<u>2022</u>	<u>Total</u>
Program Revenues			
Charges for services	\$ 9,660,041	\$ 9,464,007	\$ 196,034
Operating grants and contributions	-	-	-
Capital grants and contributions	75,721	154,266	(78,545)
Total program revenues	<u>9,735,762</u>	<u>9,618,273</u>	<u>117,489</u>
Expenses	<u>\$ 7,593,192</u>	<u>\$ 10,349,077</u>	<u>\$ (2,755,885)</u>
Net Cost of Services	2,142,570	(730,804)	2,873,374
General Revenues	1,576,633	1,691,738	(115,105)
Transfers	(186,013)	(36,945)	(149,068)
Change in Net Position	<u><u>\$ 3,533,190</u></u>	<u><u>\$ 923,989</u></u>	<u><u>\$ 2,609,201</u></u>

General Fund – Fund Balance at June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets	\$ 5,546,472	\$ 5,008,656	\$ 537,816
Liabilities	\$ 607,585	\$ 582,548	\$ 25,037
Deferred Inflows of Resources	\$ -	\$ -	\$ -
Fund Balance			
Nonspendable	1,919,577	1,902,162	17,415
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	3,019,310	2,523,946	495,364
Total Fund Balance	<u>4,938,887</u>	<u>4,426,108</u>	<u>512,779</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 5,546,472</u>	<u>\$ 5,008,656</u>	<u>\$ 537,816</u>

General Fund – Change in Fund Balance

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues	\$ 11,351,371	\$ 11,065,947	\$ 285,424
Expenditures	10,210,944	9,241,158	969,786
Revenues over Expenditures	1,140,427	1,824,789	(684,362)
Other Financing Sources and Uses	(627,648)	(97,677)	(529,971)
Change in Fund Balance	<u>\$ 512,779</u>	<u>\$ 1,727,112</u>	<u>\$ (1,214,333)</u>

City of Placerville – Fiscal Year Ended June 30, 2023

Key Financial Indicators and Pension & OPEB Information

Net Cost of Services to Tax Revenues (Governmental Activities)

	<u>2023</u>	<u>2022</u>
Expenses	\$ 9,725,691	\$ 17,128,666
Less: Program Revenues	<u>(8,058,140)</u>	<u>(4,851,537)</u>
Net Cost of Services	1,667,551	12,277,129
Tax Revenues	<u>13,456,935</u>	<u>14,082,136</u>
Ratio	<u><u>12.39%</u></u>	<u><u>87.18%</u></u>

Unassigned Fund Balance to Annual Expenditures (General Fund)

	<u>2023</u>	<u>2022</u>
Unassigned Fund Balance	\$ 3,019,310	\$ 2,523,946
Annual Expenditures	<u>10,210,944</u>	<u>9,241,158</u>
Ratio	<u>29.57%</u>	<u>27.31%</u>

Net Pension Liability Sensitivity Analysis

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Net Pension Liability @ 6.90% Discount Rate	<u>\$ 14,249,750</u>	<u>\$ 9,251,912</u>	<u>\$ 23,501,662</u>
Funded Ratio	62.32%	68.11%	
Sensitivity Analysis:			
Net Pension Liability @ 5.90%	<u>\$ 19,405,653</u>	<u>\$ 13,259,063</u>	<u>\$ 32,664,716</u>
Net Pension Liability @ 7.90%	<u>\$ 10,007,721</u>	<u>\$ 5,976,972</u>	<u>\$ 15,984,693</u>

Net OPEB Liability Sensitivity Analysis

	<u>Total</u>	<u>Total</u>
Total OPEB Liability @ 3.86% Discount Rate	<u>\$ 4,099,182</u>	
Total OPEB Liability @ 6.00% Health Care Trend Rate		<u>\$ 4,099,182</u>
Sensitivity Analysis:		
Total OPEB Liability @ 2.86%	<u>\$ 4,469,242</u>	
Total OPEB Liability @ 4.86%	<u>\$ 3,767,997</u>	
Sensitivity Analysis:		
Total OPEB Liability @ 5.50%		<u>\$ 3,660,088</u>
Total OPEB Liability @ 7.50%		<u>\$ 4,625,342</u>

City of Placerville – Fiscal Year Ended June 30, 2023

Audit Results

Audit Results – Financial Statements

Opinion

- ***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

Schedule of Findings and Questioned Costs

- Material Weakness Reported- One; 2023-001 Internal Control Over Financial Reporting
- Significant Deficiencies Reported- One; 2023-002 Delay in Financial Reporting

Other Results

- No disagreements with management
- 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>\$ 2,395,556</u>
Major Programs:	
20.500 Federal Transit Cluster	\$ 836,888
21.027 Coronavirus State and Local Fiscal Recovery Fund	772,109
	<u>\$ 1,608,997</u>
Total Tested	<u>67.17%</u>



THE
PUN GROUP
ACCOUNTANTS & ADVISORS

Thank You!



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