City of Placerville

Placerville, California

Basic Financial Statements
And Independent Auditors' Report

For the Year Ended June 30, 2015

Prepared By the
The Finance Department
of the City of Placerville

CITY OF PLACERVILLE
Basic Financial Statements
For the Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Placerville, California (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously 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, 2015, 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.

Emphasis of Matters

Implementation of GASB Statement No. 68 and 71

As discussed in Note 1 and 7 to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 14 to the basic financial statements. In addition, aggregate net pension liability is reported in the Statement of Net Position in the amount of $11,711,265 as of June 30, 2014, the measurement date. This net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was rolled-forward by the actuaries to June 30, 2014, the measurement date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Proportionate Share of Net Pension Liability, Schedule of Contributions and Schedule of Funding Progress for Other Postemployment Benefits, on pages 7 to 13 and 76 to 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other 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 Nonmajor Fund Financial Statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements on pages 84 through 87 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Combining and Individual Nonmajor Fund Financial Statements and Fund Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016, 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 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 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.

Pun & McGeady LLP

Walnut Creek, California
March 31, 2016

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Placerville, California (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Pun & McGeady LLP

Walnut Creek, California
March 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Placerville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, and to identify any material changes in the approved operating and capital budgets.

Financial Highlights – Primary Government

- The City's net position at the end of the year was $43.79M, an increase of $2.07M. The portion of the City's net position that were unrestricted and available to meet ongoing obligations to citizens and creditors totaled $(8.46)M or -16.19%.
- The governmental net position increased by $1.68M or 6.15% and the business-type net position increased by $0.39M or 2.72%.
- The beginning net position was restated and reduced by $13.12M due to the City's net unfunded pension liability which is now required by Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to of GASB Statement No. 27* in Fiscal Year 2014/2015. Governmental activities net position was reduced by $10.24M, and business-type activities net position was reduced by $2.88M.
- Program revenues from governmental activities decreased $2.00M or 30.59%. Program revenues from business-type activities increased by $0.25M or 3.73%. General revenues, net of transfers, increased $0.42M or 5.68%.

City Highlights

- Completed the construction phase for the Central Main Street Waterline Replacement, $0.93M.
- Completed the construction phase for the El Dorado Trail extensions between Clay Street and Bedford Avenues and Main Street and Ray Lawyer Drive, $0.57M.
- Completed the construction phase for the Combellack Road Class II Bike Lanes, $0.22M.
- Continued the design phase for the Blairs Lane Bridge Widening, $0.21M.
- Continued the design phase for the Central Main Street Overlay, $0.28M.
- Continued the design phase of the Western Placerville Interchange, $0.10M.
- Completed the School Street Sewer Line Replacement, $0.10M.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They are comprised of the s*tatement of net position* and s*tatement of activities and changes in net position*. The s*tatement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening. This statement, unlike previous financial statements prior to implementing GASB 34, combines and consolidates the governmental funds' current financial resources with capital assets and long-term obligations. The s*tatement of activities and changes in net position* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., interest expense due but unpaid). Both of the above government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, community development and recreation and parks. The business-type activities of the City include the two municipal utilities: water acquisition and delivery and wastewater collection and treatment.

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 ensure and 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. The fund financial statements provide detail information about each of the City's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each *major fund* is presented individually, with all *nonmajor funds* summarized and presented in a single column.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City has ten governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's major funds – the General Fund, the Transportation Development Fund, and the Measure J Fund. Data from the other seven non-major governmental funds are combined into a single, aggregated presentation.

Proprietary Funds. The City maintains two different types of proprietary funds – *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented *as business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the two municipal utilities; water acquisition and distribution and wastewater collection and treatment. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The fund financial statements for the proprietary funds provide separate information for the municipal utilities. Conversely, the internal service funds are combined into a single aggregated column in the proprietary fund statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to 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 *required supplementary information* providing budgetary comparison schedules for the General Fund, Transportation Development Fund, and the Measure J Fund.

Government-Wide Statements

***Statement of Net Position*:**

The City's net position at the end of the year was $43.79M, an increase of $2.07M. The governmental net position increased by $1.68M or 6.15% and the business-type net position increased by $0.39M or 2.72%. The increase in governmental net position is primarily due to a $0.37M or 5.86% increase in tax revenues and $1.31M in ongoing operational savings. The City and its contractors completed $3.03M in capital projects as of June 30, 2015. Please see the "Capital Assets" section below for more details.

Net Position
June 30, 2015
(amounts expressed in thousands)

	Governmental Activities		Business Type Activities		Total Primary Government	
	FY 13/14	FY 14/15	FY 13/14	FY 14/15	FY 13/14	FY 14/15
Current assets	$ 2,911	$ 3,086	$ 5,193	$ 5,113	$ 8,104	$ 8,199
Restricted Assets	2,658	2,597	2,565	2,777	5,223	5,374
Capital assets	36,470	37,845	68,401	67,468	104,871	105,313
Total assets	42,039	43,528	76,159	75,358	118,198	118,886
Total Deferred Outflows of Resources	742	800	195	232	937	1,032
Current liabilities	2,075	1,563	1,996	2,347	4,071	3,910
Noncurrent liabilities	13,384	11,873	59,901	57,882	73,285	69,755
Total liabilities	15,459	13,436	61,897	60,229	77,356	73,665
Total Deferred Inflows of Resources	62	1,955	(7)	503	55	2,458
Net position:						
Net investment in capital assets	35,796	36,840	9,789	10,373	45,585	47,213
Restricted	1,524	2,266	2,565	2,777	4,089	5,043
Unrestricted (deficit)	(10,060)	(10,169)	2,110	1,708	(7,950)	(8,461)
Total net position	$ 27,260	$ 28,937	$ 14,464	$ 14,858	$ 41,724	$ 43,795

Changes in Net Position

Program revenues from governmental activities decreased $2.00M or 30.59%. The decrease is primarily due to a $2.56M decrease in capital grants and contributions. General revenues, net of transfers, increased $0.42M or 5.68%. This net increase is primarily due to a $0.25M or 4.51% increase in local sales tax revenues. Program revenues from business-type activities increased by $0.25M or 3.73% which was primarily due to planned increases in water and sewer rates. Sewer rates were increased by 1.87% and water rates were increased by 3.71% effective August 16, 2014. Business-type revenues exceeded expenditures by $0.394M primarily due to a $0.25M increase in operating revenues. Water Enterprise Fund revenues exceeded expenditures by $0.91M which was primarily due to a $0.94M transfer in from the Measure H Fund for water capital improvement projects. Sewer Enterprise Fund revenues exceeded expenditures by $0.02M which was primarily due to a $0.47M increase in operating revenues.

Condensed Statement of Activities and Changes in Net Position
For the year ended June 30, 2015
(amounts expressed in thousands)

	Expenses		Program Revenues		Net (Expense) Revenue and Changes in Net Position: Government Activities		Net (Expense) Revenue and Changes in Net Position: Business-type Activities	
	FY 13/14	FY 14/15	FY 13/14	FY 14/15	FY 13/14	FY 14/15	FY 13/14	FY 14/15
Governmental activities								
General government	$ 2,268	$ 2,414	$ 647	$ 710	$ (1,621)	$ (1,704)		
Public safety	3,752	3,963	658	1,008	(3,094)	(2,955)		
Highways and streets	3,561	1,109	4,312	1,345	751	236		
Community development	538	562	187	219	(351)	(343)		
Parks and recreation	1,628	1,733	724	1,249	(904)	(484)		
Total governmental activities	11,747	9,781	6,528	4,531	(5,219)	(5,250)		
Business-type activities								
Water	1,706	1,607	1,877	1,657			171	50
Sewer	5,697	5,837	4,889	5,361			(808)	(476)
Total business-type activities	7,403	7,444	6,766	7,018			(637)	(426)
Total primary government	$ 19,150	$ 17,225	$ 13,294	$ 11,549				
General revenues and transfers					6,528	6,927	802	820
Changes in net position					1,309	1,677	165	394
Net Position:								
Beginning of year					36,186	37,495	17,189	17,354
Prior period adjustment (Note 14)					-	(10,235)	-	(2,890)
End of year					$ 37,495	$ 28,937	$ 17,354	$ 14,858

Budgetary Highlights - Current Year Impacts

- The City has an agreement with the California Public Employees Retirement System (CalPERS) to provide pension benefits to City employees. Below are the employer pension contribution rates for new members hired on or after January 1, 2013, classic members hired between October 15, 2011 and December 31, 2012, and classic members hired before October 15, 2011, respectively:

Fiscal Year	Percentage of Credible Salary: Miscellaneous Plan	Percentage of Credible Salary: Public Safety	Increased/ (Decreased) Cost
2013/2014	6.50%/10.77%/29.26%	11.50%/20.77%/39.70%	$ (14,338)
2014/2015	6.50%/10.77%/29.26%	11.50%/20.77%/39.70%	(115,700)
2015/2016	6.50%/8.479%/9.53% + $464,531	11.15%/15.63%/17.56% + $240,980	264,833

The $115,700 decrease in employer paid retirement contributions for Fiscal Year 2014/2015 was primarily due to classic members, who were hired before October 15, 2011, paying a greater share of the employee contributions that were previously paid entirely by the City on behalf of the employees.

The City implemented GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* in Fiscal Year 2014/2015. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

Like other affected governments, the impact of GASB 68 to the City's net position is significant. The City's beginning net position has been reduced or restated by $13.12M or 23.93% due to the inclusion of the City's unfunded pension liability in the statement of net position.

Fund Financial Statements

Governmental Funds

The funds financial statements present financial data for the general, special revenue, capital projects and fiduciary funds. At the close of Fiscal Year 2014/2015, the City's governmental funds reported a combined ending fund balance of $3.09M – a increase of $0.40M or 14.89%.

General Fund. Total fund balance for the General Fund on June 30, 2015 was $1.95M, an increase of $0.27M from the prior year. Of the $1.95M fund balance, $1.69M is available for contingencies. The $1.69M unassigned balance represents 23.60% of General Fund expenditures, net of fund transfers.

Business Type Funds

The City's proprietary funds, excluding internal service funds, provide the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities previously, the business-type net position increased by $0.39M or 2.72%. Sewer rates were increased by 1.87% and water rates were increased by 3.71% effective August 16, 2014.

In November 2010, Placerville voters approved Measure H, which is a 0.25% add on sales tax dedicated to paying for wastewater and/or water related debt and infrastructure replacement costs. The Measure H sales tax became effective April 1, 2011, and generated $0.94M in Fiscal Year 2014/2015. The Measure H Fund provided sewer ratepayers $0.49M in discounts and $0.99M in contributions towards sewer and water infrastructure improvements during the fiscal year.

Capital Assets and Debt Administration

Debt Administration

Long Term Debt - At the end of the current fiscal year, the City had $59M in long term debt outstanding compared to $61M last year, a $1.34M or 2.21% net decrease. The decrease is primarily due to debt service payments made in Fiscal Year 2014/2015 offset by a new $0.71M equipment lease secured in February 2015. Details of all debt are included in Note 5 of the *notes to the basic financial statements*.

Capital Assets

Capital asset additions for Fiscal Year 2014/2015 include:

<u>Governmental Activities</u>

- Construction in progress – El Dorado Trail Extensions Between Clay Street and Bedford Avenue and Between Main Street and Ray Lawyer Drive, ($0.57M)
- Construction in progress – Combellack Road Class II Bike Lane, ($0.22M.)
- Construction in progress – Blairs Lane Bridge Widening, ($0.21M)
- Construction in progress – Central Main Street Overlay, ($0.28M)
- Construction in progress – Western Placerville Interchange, ($0.10M)

Governmental Capital Assets

June 30, 2015

(amounts expressed in thousands)

	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Non-Depreciable Assets:					
Land and improvements	$ 12,831	$ -	$ -	$ -	$ 12,831
Construction in progress	7,449	1,840	-	(515)	8,774
Total nondepreciable assets	20,280	1,840	-	(515)	21,605
Depreciable Assets:					
Buildings and structures	12,111	-	(70)	97	12,138
Machinery and equipment	3,447	123	(860)	-	2,710
Infrastructure	9,695	-	-	418	10,113
Total depreciable assets	25,253	123	(930)	515	24,961
	45,533	1,963	(930)	-	46,566
Less accumulated depreciation	(9,063)	(560)	902	-	(8,721)
Total governmental activities	$ 36,470	$ 1,403	$ (28)	$ -	$ 37,845

Business Type Activities

- Construction in progress – Central Main Street Waterline Replacement, ($0.93M)
- Construction in progress – School Street Sewer Line Replacement, ($0.10M)

Business-Type Capital Assets
June 30, 2015
(amounts expressed in thousands)

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Non-depreciable Assets:					
Land and improvements	$ 2,329	$ -	$ -	$ -	$ 2,329
Construction in progress	1,313	1,193	-	(610)	1,896
Total nondepreciable assets	3,642	1,193	-	(610)	4,225
Depreciable Assets:					
Buildings and structures	73,822	-	-	40	73,862
Machinery and equipment	985	118	(48)	-	1,055
Infrastructure	47,542	-	-	570	48,112
Total depreciable assets	122,349	118	(48)	610	123,029
Less accumulated depreciation	(57,590)	(2,235)	39	-	(59,786)
Total depreciable assets, net	64,759	(2,117)	(9)	610	63,243
Total business-type activities	$ 68,401	$ (924)	$ (9)	$ -	$ 67,468

Other Information

The Placerville Public Financing Authority. As discussed in Note 14 of the *notes to the basic financial statements*, the Placerville Public Finance Authority has defaulted on certain Revenue Bonds. That default was the product of a default on certain assessment bonds issued by the City of Placerville on behalf of improvement districts created by the City in response to a petition by property owners for a specific purpose. The City is not obligated to pay the assessment bonds with any funds other than assessments levied against the properties within those districts.

The Authority is a separate legal entity with the Authority's Board of Directors being comprised of the City's Council Members, City Manager and Director of Finance. The Authority has accountability for all funds, the power to execute contracts, and the right to sue and be sued. Obligations and liabilities of the Authority are not general obligations of the City.

Neither the City nor the Authority has any obligation to advance its own funds toward payments to bondholders. Payments with respect to assessments secured by liens against real property benefiting from the issuance of bonds, plus any amounts remaining from the proceeds of bond issues are the sole security for payment to bondholders. In the event of default, the City is responsible for foreclosure and auction proceedings on the property.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Placerville, Director of Finance, 3101 Center Street, Placerville, CA 95667.

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BASIC
FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PLACERVILLE
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 1,950,328	$ 2,948,519	$ 4,898,847
Receivables:			
Accounts	1,010,513	197,135	1,207,648
Interest	282	833	1,115
Utility billings, net	-	1,966,760	1,966,760
Inventory	6,724	-	6,724
Prepaid items	118,770	-	118,770
Total current assets	3,086,617	5,113,247	8,199,864
Restricted:			
Cash and investments	1,266,787	-	1,266,787
Deposits held by fiscal agents	469,888	2,776,975	3,246,863
Receivables:			
Accounts	527,803	-	527,803
Interest	365	-	365
Grants	239,338	-	239,338
Rule 20A Work Credit	92,572	-	92,572
Total restricted assets	2,596,753	2,776,975	5,373,728
Capital assets:			
Nondepreciable	21,604,857	4,224,708	25,829,565
Depreciable, net	16,240,118	63,243,483	79,483,601
Total capital assets, net	37,844,975	67,468,191	105,313,166
Total Assets	43,528,345	75,358,413	118,886,758
Deferred Outflows of Resources			
Pension contributions made after measurement date	676,396	193,362	869,758
Employer's actual contribution in excess of the Employer's proportionate share of contributions	53,947	9,710	63,657
Adjustments due to positive differences in pension cost-sharing proportion	69,981	29,365	99,346
Total Deferred Outflows of Resources	800,324	232,437	1,032,761

CITY OF PLACERVILLE
Statement of Net Position (Continued)
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Current liabilities:			
Accounts payable	348,443	482,158	830,601
Payroll and related taxes payable	288,960	-	288,960
Deposits	16,166	35,652	51,818
Current portion of compensated absences	397,570	-	397,570
Current portion of long-term debt	141,051	1,829,072	1,970,123
Interest on long-term debt	40,277	-	40,277
Total current liabilities	1,232,467	2,346,882	3,579,349
Restricted:			
Accounts payable	228,691	-	228,691
Unearned revenue	102,331	-	102,331
Total restricted liabilities	331,022	-	331,022
Long-term liabilities:			
Compensated absences	825,063	-	825,063
Claims payable	278,303	-	278,303
Long-term debt, net	863,274	55,266,044	56,129,318
Net OPEB obligation	811,550	-	811,550
Aggregate net pension liability (Note 7)	9,094,617	2,616,648	11,711,265
Total long-term liabilities	11,872,807	57,882,692	69,755,499
Total Liabilities	13,436,296	60,229,574	73,665,870
Deferred Inflows of Resources			
Pension plan investment earnings in excess of expected earnings	1,841,915	495,285	2,337,200
Employer's proportionate share of contributions in excess of the Employer's actual contribution	99,607	4,011	103,618
Adjustments due to negative differences in pension cost-sharing proportion	13,877	4,168	18,045
Total Deferred Inflows of Resources	1,955,399	503,464	2,458,863
Net Position:			
Net investment in capital assets	36,840,650	10,373,075	47,213,725
Restricted:			
Capital projects	1,701,881	2,776,975	4,478,856
Special projects and programs	563,850	-	563,850
Total restricted	2,265,731	2,776,975	5,042,706
Unrestricted (Deficit)	(10,169,407)	1,707,762	(8,461,645)
Total Net Position	$ 28,936,974	$ 14,857,812	$ 43,794,786

CITY OF PLACERVILLE
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2015

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government:					
Governmental activities:					
General government	$ 2,399,837	$ 706,103	$ -	$ 4,266	$ 710,369
Public safety	3,958,594	618,353	332,299	57,237	1,007,889
Highways and streets	1,127,785	245,534	286,851	812,786	1,345,171
Community development	562,015	202,542	16,197	-	218,739
Parks and recreation	1,732,810	847,675	-	401,098	1,248,773
Total governmental activities	9,781,039	2,620,207	635,347	1,275,387	4,530,941
Business-type activities:					
Water	1,606,624	1,656,683	-	-	1,656,683
Sewer	5,837,120	5,361,340	-	-	5,361,340
Total business-type activities	7,443,744	7,018,023	-	-	7,018,023
Total primary government	$ 17,224,783	$ 9,638,230	$ 635,347	$ 1,275,387	$ 11,548,964

CITY OF PLACERVILLE
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	$ (1,689,467)	$ -	$ (1,689,467)
Public safety	(2,950,705)	-	(2,950,705)
Highways and streets	217,387	-	217,387
Community development	(343,276)	-	(343,276)
Parks and recreation	(484,037)	-	(484,037)
Total governmental activities	(5,250,098)	-	(5,250,098)
Business-type activities:			
Water	-	50,059	50,059
Sewer	-	(475,780)	(475,780)
Total business-type activities	-	(425,721)	(425,721)
Total primary government	(5,250,098)	(425,721)	(5,675,819)
General revenues and transfers:			
Taxes:			
Property	222,896	-	222,896
Sales	4,925,815	939,027	5,864,842
Motor vehicle	780,726	-	780,726
Other	718,252	-	718,252
Total taxes	6,647,689	939,027	7,586,716
Interest and investment earnings	13,803	3,320	17,123
Miscellaneous	80,496	62,425	142,921
Transfers	185,150	(185,150)	-
Total general revenues and transfers	6,927,138	819,622	7,746,760
Changes in net position	1,677,040	393,901	2,070,941
Net Position:			
Beginning of year, as restated (Note 14)	27,259,934	14,463,911	41,723,845
End of year	$ 28,936,974	$ 14,857,812	$ 43,794,786

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FUND
FINANCIAL STATEMENTS

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CITY OF PLACERVILLE
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds				
	General	Transportation Development	Measure J	Non-Major Funds	Total
Assets:					
Cash and investments	$ 1,234,239	$ 423,386	$ 335,074	$ 508,327	$ 2,501,026
Receivables:					
Accounts	1,006,424	-	189,460	338,343	1,534,227
Interest	245	118	80	167	610
Prepaid items	118,770	-	-	-	118,770
Due from other funds	10,546	25,691	-	-	36,237
Advances to other funds	127,869	-	-	-	127,869
Inventory	6,724	-	-	-	6,724
Restricted:					
Deposits held by fiscal agents	-	-	-	101,649	101,649
Receivables:					
Loans	-	-	-	889,114	889,114
Grants	-	-	-	523,528	523,528
Due from other funds	-	-	-	167,325	167,325
Rule 20A work credit	-	-	-	92,572	92,572
Total Assets	$ 2,504,817	$ 449,195	$ 524,614	$ 2,621,025	$ 6,099,651
Liabilities:					
Accounts payable	$ 252,304	$ 129,003	$ 570	$ 99,118	$ 480,995
Payroll and related taxes payable	288,960	-	-	-	288,960
Deposits	13,907	-	-	2,259	16,166
Restricted:					
Due to other funds	-	193,016	-	10,546	203,562
Unearned revenue	-	102,331	-	-	102,331
Advances from other funds	-	-	119,318	620,927	740,245
Total Liabilities	555,171	424,350	119,888	732,850	1,832,259
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	1,173,304	1,173,304
Total Deferred Inflows of Resources	-	-	-	1,173,304	1,173,304
Fund Balances:					
Nonspendable	263,909	-	-	92,572	356,481
Restricted	-	24,845	404,726	795,377	1,224,948
Committed	-	-	-	103,621	103,621
Unassigned (Deficit)	1,685,737	-	-	(276,699)	1,409,038
Total Fund Balances	1,949,646	24,845	404,726	714,871	3,094,088
Total Liabilities Deferred Inflows of Resources and Fund Balances	$ 2,504,817	$ 449,195	$ 524,614	$ 2,621,025	$ 6,099,651

CITY OF PLACERVILLE

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	$ 3,094,088
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in Governmental Funds Balance Sheet.	
Non-depreciable	21,604,857
Depreciable	24,960,861
Less accumulated depreciation	(8,720,743)
	37,844,975
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	
Long-term debt - current portion	(141,051)
Long-term debt - non-current portion	(863,274)
Compensated absences - current portion	(397,570)
Compensated absences - long-term portions	(825,063)
Net OPEB obligation	(811,550)
	(3,038,508)
Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	676,396
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(9,094,617)
Changes in proportion of cost-sharing pension plans are reported in the government-wide statements.	
Deferred adjustments due negative differences in pension cost-sharing proportion	69,981
Deferred adjustments due positive differences in pension cost-sharing proportion	(13,877)
	56,104
Difference between projected and actual earnings on pension plan investments are reported in the government-wide financial statements:	
Projected earnings under actual earnings	(1,841,915)
Difference between employer actual contribution and employer's proportionate share of contribution	
Employer's proportionate share of contributions in excess of the Employer's actual contribution	53,947
Employer's actual contribution in excess of the Employer's proportionate share of contributions	(99,607)
	(45,660)
Interest on long term debt is not accrued in the funds, but rather is recognized as an expenditure when due.	(40,277)
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 that are reported with governmental activities.	1,326,388
Net Position of Governmental Activities	$ 28,936,974

CITY OF PLACERVILLE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				
	General	Transportation Development	Measure J	Non-Major Funds	Total
Revenues:					
Property taxes	$ 222,896	$ -	$ -	$ -	$ 222,896
Sales tax	3,988,576	-	937,239	-	4,925,815
Transient occupancy taxes	188,396	-	-	-	188,396
Other taxes	186,713	-	-	-	186,713
Franchise fees	280,223	-	-	-	280,223
Licenses and permits	106,417	-	-	-	106,417
Fines and forfeitures	111,126	-	-	-	111,126
Use of money and property:					
Interest earnings	364	616	299	12,136	13,415
Rentals and concessions	78,994	-	-	-	78,994
Intergovernmental	843,646	989,116	-	853,979	2,686,741
Charges for services	824,891	-	-	225,426	1,050,317
Grant revenue	-	-	-	487,626	487,626
Other revenue	577,000	-	-	1,452	578,452
Total Revenues	7,409,242	989,732	937,538	1,580,619	10,917,131
Expenditures:					
General government	2,128,579	-	9,256	135,539	2,273,374
Public safety	2,427,795	-	841,253	390,060	3,659,108
Highways and streets	553,533	833,637	-	511,970	1,899,140
Community development	508,905	-	-	9,309	518,214
Parks and recreation	1,596,040	-	-	573,957	2,169,997
Total Expenditures	7,214,852	833,637	850,509	1,620,835	10,519,833
Revenues Over (Under) Expenditures	194,390	156,095	87,029	(40,216)	397,298
Other Financing Sources (Uses):					
Transfers in	278,885	23,000	34,943	338,865	675,693
Transfers out	(206,757)	(167,325)	-	(297,890)	(671,972)
Total Other Financing Sources (Uses)	72,128	(144,325)	34,943	40,975	3,721
Net change in fund balances	266,518	11,770	121,972	759	401,019
Fund Balances:					
Beginning of year	1,683,128	13,075	282,754	714,112	2,693,069
End of year	$ 1,949,646	$ 24,845	$ 404,726	$ 714,871	$ 3,094,088

CITY OF PLACERVILLE

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net Position

For the year ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	$	401,019
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:		
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.		1,934,202
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds financial statements.		(559,489)
Governmental funds did not report additions or retirements to long term liabilities. However, in the Government-wide Statement of Activities and Changes in Net Position, the cost of those liabilities was allocated to the related departments.		
Compensated absences		158,049
City Hall Capital Lease		90,142
2015 Equipment Lease		(419,986)
Net OPEB obligation		(182,201)
		(353,996)
Changes in net pension liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds (Note 7).		(1,819,775)
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.		1,804,803
Interest on long-term debt was not accrued in the funds, but rather was recognized as an expenditure when due.		(7,467)
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds was reported with governmental activities.		277,743
Change in Net Position of Governmental Activities	$	1,677,040

CITY OF PLACERVILLE
Statement of Net Position
All Proprietary Funds
June 30, 2015

	Major Funds				Governmental Activities
	Water	Sewer	Measure H	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and investments	$ 1,391,037	$ 863,375	$ 694,107	$ 2,948,519	$ 716,089
Cash with fiscal agent	114,605	2,662,370	-	2,776,975	368,239
Receivables:					
Accounts	13,805	7,446	175,884	197,135	4,089
Interest	193	221	419	833	37
Utility billings, net	479,411	1,487,349	-	1,966,760	-
Due from other funds	-	102,450	-	102,450	-
Advances to other funds	-	-	-	-	612,376
Total current assets	1,999,051	5,123,211	870,410	7,992,672	1,700,830
Capital assets:					
Nondepreciable:					
Land and improvements	359,647	1,969,327	-	2,328,974	-
Construction in progress	1,126,431	769,303	-	1,895,734	-
Depreciable:					
Buildings and structures	4,036,356	69,825,315	-	73,861,671	-
Machinery and equipment	153,521	901,148	-	1,054,669	-
Infrastructure	21,758,007	26,355,174	-	48,113,181	-
Accumulated depreciation	(22,765,184)	(37,020,854)	-	(59,786,038)	-
Total capital assets, net	4,668,778	62,799,413	-	67,468,191	-
Total Assets	6,667,829	67,922,624	870,410	75,460,863	1,700,830
Deferred outflows of Resources					
Pension contributions after the measurement date	54,180	139,182	-	193,362	-
Employer's actual contribution in excess of the Employer's proportionate share of contributions	2,721	6,989	-	9,710	-
Deferred positive change in pension plan proportion	8,228	21,137	-	29,365	-
Total deferred outflows of resources	65,129	167,308	-	232,437	-
Liabilities:					
Current liabilities:					
Accounts payable	353,683	128,475	-	482,158	96,139
Deposits	33,196	2,456	-	35,652	-
Due to other funds	-	-	102,450	102,450	-
Current portion of long-term debt	35,144	1,793,928	-	1,829,072	-
Total current liabilities	422,023	1,924,859	102,450	2,449,332	96,139
Long-term liabilities:					
Claims payable	-	-	-	-	278,303
Advances from other funds	-	-	-	-	-
Aggregate net pension liability (Note 7)	733,186	1,883,462	-	2,616,648	-
Long-term debt, net	222,692	55,043,352	-	55,266,044	-
Total long-term liabilities	955,878	56,926,814	-	57,882,692	278,303
Total Liabilities	1,377,901	58,851,673	102,450	60,332,024	374,442
Deferred inflows of Resources					
Pension plan investment earnings in excess of expected earnings	138,779	356,506	-	495,285	-
Employer's proportionate share of contributions in excess of the Employer's actual contribution	1,124	2,887	-	4,011	-
Adjustments due to negative differences in pension cost-sharing proportion	1,168	3,000	-	4,168	-
Total deferred inflows of resources	141,071	362,393	-	503,464	-
Net Position:					
Net investment in capital assets	4,410,942	5,962,133	-	10,373,075	-
Restricted	114,605	2,662,370	-	2,776,975	368,239
Unrestricted	688,439	251,363	767,960	1,707,762	958,149
Total Net Position	$ 5,213,986	$ 8,875,866	$ 767,960	$14,857,812	$ 1,326,388

CITY OF PLACERVILLE

Statement of Revenues, Expenditures and Changes in Net Position
All Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Measure H	Total	
Operating Revenues:					
Service charges	$ 1,651,088	$ 5,359,118	$ -	$ 7,010,206	$ 288,549
Sales tax	-	-	939,027	939,027	-
Other revenues	5,595	2,222	-	7,817	486,607
Total Operating Revenues	1,656,683	5,361,340	939,027	7,957,050	775,156
Operating Expenses:					
General and administrative	335,522	333,566	-	669,088	570,963
Maintenance and operation	1,005,996	2,655,590	-	3,661,586	108,507
Depreciation	257,886	1,976,853	-	2,234,739	-
Total Operating Expenses	1,599,404	4,966,009	-	6,565,413	679,470
Operating Income (Loss)	57,279	395,331	939,027	1,391,637	95,686
Nonoperating Revenues and (Expenses):					
Grants	11,669	26,341	-	38,010	-
Connection fees	2,581	21,834	-	24,415	-
Interest earnings	1,031	871	1,418	3,320	628
Interest expense	(7,220)	(871,111)	-	(878,331)	-
Total Nonoperating Revenues (Expenses)	8,061	(822,065)	1,418	(812,586)	628
Income (Loss) Before Transfers	65,340	(426,734)	940,445	579,051	96,314
Transfers in	939,558	537,176	-	1,476,734	239,091
Transfers out	(95,180)	(89,970)	(1,476,734)	(1,661,884)	(57,662)
Total Transfers	844,378	447,206	(1,476,734)	(185,150)	181,429
Net Income (Loss)	909,718	20,472	(536,289)	393,901	277,743
Net Position:					
Beginning of year, as restated (Note 14)	4,304,268	8,855,394	1,304,249	14,463,911	1,048,645
End of year	$ 5,213,986	$ 8,875,866	$ 767,960	$ 14,857,812	$ 1,326,388

CITY OF PLACERVILLE
Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Measure H	Total	
Cash Flows From Operating Activities:					
Cash received from customers and users	$ 1,724,894	$ 5,190,948	$ 933,756	$ 7,849,598	$ 814,887
Cash paid to suppliers	(458,112)	(1,396,981)	10	(1,855,083)	(581,237)
Cash paid to employees	(579,262)	(1,573,186)	-	(2,152,448)	-
Net Cash Provided by Operating Activities	687,520	2,220,781	933,766	3,842,067	233,650
Cash Flows From Noncapital Financing Activities:					
Interfund transfers, net	844,378	447,206	(1,476,734)	(185,150)	181,429
Interfund loans, net	-	-	-	-	(239,086)
Net Cash Provided (Used) by Noncapital Financing Activities	844,378	447,206	(1,476,734)	(185,150)	(57,657)
Cash Flows From Capital and Related Financing Activities:					
Proceeds from 2015 Equipment Lease	-	-	-	-	-
Capital asset purchases	(1,039,818)	(270,665)	-	(1,310,483)	-
Less: Non-cash capital asset purchases	23,343	23,343		46,686	
Grants	11,669	26,341	-	38,010	-
Capital improvement fees	2,581	21,834	-	24,415	-
Proceeds from 2015 Equipment Lease	92,238	119,524	-	211,762	-
Principal payments on long-term debt	(19,835)	(1,783,020)	-	(1,802,855)	-
Interest paid	(7,220)	(871,111)	-	(878,331)	-
Net Cash (Used) by Capital and Related Financing Activities	(937,042)	(2,733,754)	-	(3,670,796)	-
Cash Flows from Investing Activities:					
Interest received	1,046	852	1,218	3,116	604
Net Cash Provided by Investing Activities	1,046	852	1,218	3,116	604
Net Changes in Cash and Cash Equivalents	595,902	(64,915)	(541,750)	(10,763)	176,597
Cash and Cash Equivalents:					
Beginning of year	909,740	3,590,660	1,235,857	5,736,257	907,731
End of year	$ 1,505,642	$ 3,525,745	$ 694,107	5,725,494	$ 1,084,328
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating income	$ 57,279	$ 395,331	$ 939,027	$ 1,391,637	$ 95,686
Adjustments to reconcile operating income loss to net cash provided (used) by operating activities:					
Depreciation expense	257,886	1,976,853	-	2,234,739	-
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Receivables	49,343	(187,126)	(7,035)	(144,818)	39,731
Pension contributions after the measurement date	455	1,169	-	1,624	
Deferred actual vs. proportionate contributions	972	2,497	-	3,469	-
Deferred positive change in pension plan proporti	(8,228)	(21,137)	-	(29,365)	
Due to other funds	-	-	1,774	1,774	-
Accounts payable	322,329	37,177	-	359,506	95,217
Deposits	1,250	1	-	1,251	-
Claims payable	-	-	-	-	3,016
Aggregate net pension liability	(133,312)	(342,460)	-	(475,772)	-
Deferred pension investment earnings	138,779	356,506	-	495,285	-
Deferred actual vs. proportionate contributions	(401)	(1,030)	-	(1,431)	-
Deferred negative change in plan proportion	1,168	3,000	-	4,168	-
Total adjustments	630,241	1,825,450	(5,261)	2,450,430	137,964
Net Cash Provided by Operating Activities	$ 687,520	$ 2,220,781	$ 933,766	$ 3,842,067	$ 233,650

CITY OF PLACERVILLE
Statement of Net Position
Fiduciary Funds
June 30, 2015

	PFA Agency Funds	Other Agency Funds	Total
Assets:			
Cash and investments	$ 111,743	$ 260,787	$ 372,530
Receivables:			
Accounts	-	16,038	16,038
Interest	29	68	97
Total Assets	$ 111,772	$ 276,893	$ 388,665
Liabilities:			
Accounts payable	$ -	$ 5,248	$ 5,248
Deposits	27,906	271,645	299,551
Due to bondholders	83,866	-	83,866
Total Liabilities	$ 111,772	$ 276,893	$ 388,665

NOTES TO BASIC FINANCIAL STATEMENTS

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Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Placerville, California, (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. *Reporting Entity*

The City was incorporated in 1854, as a municipal corporation operating under the general laws of the State of California. The City operates under a Council-Manager form of government and provides services including general government, public works, public safety, water, sewer treatment, and parks and recreation. Control or dependence is determined on the basis of budget adoption, selection of governing authority and designation of management, outstanding debt secured by revenues or general obligations of the City and ability to significantly influence operations.

The financial reporting entity, as defined by the GASB, consists of the primary government, the City, organizations for which the primary government is financially accountable, and any other organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability:

Placerville Public Financing Authority ("Authority") is a legal joint powers entity created by the City and its past Redevelopment Agency. The Authority's Board of Directors is comprised of the City's Council Members, City Manager, and Director of Finance, and all accounting and administrative functions are performed by the City.

As a result, this organization is considered a component unit of the City and is included within the basic financial statements of the City using the blended method. The City does not issue separate audited financial statements for the Authority. However, separate financial information for this component unit can be obtained from the City's Finance Department. All entities included in this financial statement maintain June 30th as their fiscal year-end.

B. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The accounts of the City are organized on the basis of funds, each of which is considered 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, fund equity, revenues, and 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

B. *Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)*

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Government-Wide Financial Statement

The Government-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-Type Activities, which rely to a significant extent on fees and charges for services.

The Government-Wide Financial Statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the Proprietary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities and Changes in Net Position demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues. Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the Government-wide Financial Statements.

Certain eliminations have been made for interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and eliminated in the total governmental column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

Governmental Funds Financial Statements

Governmental Funds Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

Note 1 – Summary of Significant Accounting Policies (Continued)

B. *Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)*

Governmental Fund Financial Statements (Continued)

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded in the accounting period in which the related liability is incurred.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Transportation Development Special Revenue Fund* is used to account for revenues and expenditures associated with the administration of the Transportation Development Act Funds and transportation grants.

The *Measure J Special Revenue Fund* is used to account for revenues and expenditures associated with the administration of the 0.25% add on sales tax to supplement the City's police services.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

The City reports the following major proprietary funds:

The *Water Fund* is used for the operation and maintenance of a water system consisting of acquisition, distribution pipeline, and pumps. The fund collects all user fees and disburses all expenditures for this purpose. The fund also collects fees resulting from new growth. These funds will be used in the future to expand capacity of the water distribution system required due to growth.

The *Sewer Fund* is responsible for the treatment of industrial and domestic wastewater. The fund collects all user fees and disburses all expenditures for this purpose. The fund also collects fees resulting from new growth. These funds will be used in the future to expand capacity of the water reclamation facility and collection system required due to growth.

The *Measure H Fund* augments the Water and Sewer Funds in paying for related debt and infrastructure replacement costs.

Additionally, the City reports the following fund types:

Internal Service Funds are used to account for services provided to other departments of the government, or to other governments, on a cost reimbursement basis. The City has an Internal Service Fund for general liability insurance, property insurance, unemployment insurance, and worker's compensation insurance.

Agency Funds are used to account for resources held by the government in a purely custodial capacity.

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Property Taxes

Property taxes, special assessments, sales tax, licenses, intergovernmental revenues, investment earnings, charges for services and fines and penalties associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Property taxes attach as an enforceable lien on property. Secured and unsecured property taxes are levied on July 1st. The unsecured and secured property tax lien date is January 1. Unsecured property taxes become delinquent on August 31st. Secured property taxes are payable in two installments, on November 1st and February 1st of each year, and become delinquent on December 10th and April 10th, respectively. The County of El Dorado, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year-end when they are accrued pursuant to the modified accrual basis of accounting. The County is permitted by State law to levy property taxes at 1% of full market value (at time of purchase) and can increase property assessed value no more than 2% per year.

D. Cash, Cash Equivalents, and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

Certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

For purpose of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all cash and investments with fiscal agent as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Receivables

All receivables are shown net of an allowance for doubtful accounts. Service charges revenues (water and sewer) are recorded as billed to customers on a cyclical basis. All utility customers are billed bi-monthly.

F. Interfund Balances/Internal Balances

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

G. Compensated Absences

Amounts of vested or accumulated vacation, sick leave, compensatory time off, floating holidays, management leave, and related benefits on such compensation that are not expected to be liquidated with expendable available financial resources are reported in the Government-Wide Statement of Net Position. No expenditure is reported for these amounts in the Governmental Fund Financial Statements.

H. Capital Assets

Capital assets, which include land, buildings, building improvements, equipment, and infrastructure assets (e.g., streets, bridges, storm drains, sewer and water lines, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. City policy has set the capitalization thresholds for reporting capital assets at the following:

General capital assets	$ 5,000
Infrastructure capital assets	100,000

Depreciation has been provided on a straight-line basis over the following estimated useful lives:

	Years
General Capital Assets:	
Building, Improvements	40
Improvements, other than Buildings	25
Furniture and Fixtures	5
Machinery and Equipment	5
Vehicles	5
Infrastructure:	
Water / Sewer Lines	25
Streets	40

Interest accrued during capital assets construction, if any, is capitalized for the business-type and enterprise funds as part of the asset cost. For fiscal year ended June 30, 2015, there was no capitalized interest.

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Unearned/Unavailable Revenue

In the Government-Wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are long-term assessments, long-term loans receivable, and prepaid charges for services.

In the Fund Financial Statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, interest on interfund advances receivable, long-term assessments and loans receivable.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 7). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS	
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line 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.

K. Long-Term Liabilities

In the Government-Wide Financial Statements and Proprietary Fund Financial Statements the long-term debt and other financed obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as expenditures.

In the Fund Financial Statements, proprietary fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Net Position and Fund Equity

Government-Wide Financial Statements and Proprietary Fund Financial Statements

In government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable: Items that cannot be spent because they are not in spendable form, such as land held for development, long term portions of receivables, inventories, prepaid items, and also items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and all of its component units.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has the authority to assign funds for the City of Placerville.

Unassigned: This category is for all balances that have no restrictions placed upon them. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to the purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Net Position and Fund Equity (Continued)

Spending Policy

For Government-Wide Financial Statements and Proprietary Fund Financial Statements, when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available, the City's policy is to apply restricted Net Position first.

For Governmental Fund Financial Statements, the City's policy is to spend restricted fund balances first, before spending unrestricted fund balances, for expenditures incurred for purposes for which both restricted and unrestricted fund balances are available, except for instances wherein a City ordinance or resolutions specifies the fund balance. The City's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances have been spent, when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, except for instances wherein a City ordinance specifies the fund balance.

M. Use of Estimates

The preparation of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

N. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the City's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This Statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

Note 2 – Cash and Investments

A. *Summary of Cash and Investments*

The following is a summary of cash and investments at June 30, 2015:

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	$ 1,950,328	$ 2,948,519	$ 4,898,847	$ -	$ 4,898,847
Restricted cash and investments	$ 1,266,787	$ -	$ 1,266,787	$ 372,530	$ 1,639,317
Cash with fiscal agent	$ 469,888	$ 2,776,975	$ 3,246,863	$ -	$ 3,246,863

Deposits and investments were categorized as follows at June 30, 2015:

Investment Type	Fair Value	Investment Maturities (in years) 1 year or less
Cash:		
Cash Deposits	$ 2,833,420	$ 2,833,420
Petty Cash	3,355	3,355
Total cash	2,836,775	2,836,775
Investments:		
Local Agency Investment Funds	2,062,072	2,062,072
Total investments	2,062,072	2,062,072
Total cash and investments	$ 4,898,847	$ 4,898,847
Restricted Cash:		
Cash Deposits	$ 1,639,317	$ 1,639,317
Total restricted cash	$ 1,639,317	$ 1,639,317
Cash with Fiscal Agent:		
Money Market Funds	$ 3,246,863	$ 3,246,863
Total cash with fiscal agent	$ 3,246,863	$ 3,246,863

B. *Cash Deposits*

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City invests to enhance interest earnings. The pooled interest earned is allocated to the funds quarterly, based on the average daily cash and investment balances in each fund.

At June 30, 2015, the carrying amount of the City's deposits was $2,833,420. Bank balances before reconciling items were $1,808,689 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

Note 2 – Cash and Investments (Continued)

B. Cash Deposits (Continued)

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments

The City is authorized by State statutes and in accordance with the City's Investment Policy (Policy) to invest in the following:

- Bankers Acceptances
- California Local Agency Investment Fund (LAIF)
- Certificates of Deposit
- Commercial Paper (Corporations)
- County Pooled Funds
- Medium-Term Corporate Notes
- Money Market Accounts
- Mutual Funds
- Negotiable Certificates of Deposit
- Passbook Savings and Demand Deposits Accounts
- Repurchase Agreements collateralized by U.S. Securities or U.S. Government Federal Agencies
- Reverse Purchase Agreements
- U.S. Treasury Securities

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The City's investments comply with the established policy.

Investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income:

Realized gain/(loss) on matured/sold investments	$ -
Unrealized gain/(loss) in changes in fair value of investments	775
Net gain/(loss)	775
Interest income	5,353
Total investment income	$ 6,128

Note 2 – Cash and Investments (Continued)

C. Investments (Continued)

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year that matured or were called/sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise.

The portfolio, for year-end reporting purposes, is treated as if it were all sold. Therefore, fund balance reflects the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's policy is to buy and hold investments until their maturity dates.

Deposits held by Fiscal Agent. The deposits held by fiscal agents in the amount of $3,246,863 are to be used only for specific capital outlay, payments of certain long-term debt and maintaining required reserves. These funds have been invested only as permitted by specific State statutes governing their investment or applicable City ordinances, resolutions, or bond indentures.

D. 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 provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2015, the City's pooled cash and investments had the following maturities:

Maturity	Percentage of Investment
Less than one year	100%

Credit Risk. It is the City's policy that commercial paper have a rating of "A-1" or higher by a nationally recognized statistical rating organization (NRSRO) and with a maturity date not exceeding 270 days from the date of purchase. Medium-term notes, with a final maturity not exceeding four years from the date of purchase, must have a rating of AA or the equivalent by a NRSRO. Medium-term notes with a final maturity exceeding four years from the date of purchase shall be rated at least AAA or the equivalent by a NRSRO at the time of purchase.

According to the City's investment policy, the aggregate investment in medium-term notes will not exceed 10% of the City's total portfolio. Federal instrumentalities must have a rating of AAA or the equivalent by a NRSRO at the time of purchase. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

The City's investments are only in Local Agency Investment Fund which is not rated by a NRSRO.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the City's investments in securities are held in the name of the City. The City's custodial agreement policy prohibits counterparties holding securities not in the City's name.

Note 2 – Cash and Investments (Continued)

E. Fair Value of Investments

The City's investments are carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included as income for the fiscal year. Changes in value in the fiscal year ended June 30, 2015, amounted to an unrealized gain of $775.

F. Investments in Local Agency Investment Fund

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2015, included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2015, the City had $2,062,072 invested in LAIF, which had invested 2.08% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.000375979 was used to calculate the fair value of the investments in LAIF.

Note 3 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2015, the City had the following short-term interfund receivables and payables:

	Due To			
	Governmental Activities		Business-Type Activities	
Due From	Transportation Development	Non-Major	Measure H	Total
Governmental Activities				
General	$ -	$ 10,546	$ -	$ 10,546
Transportation Development	25,691		-	25,691
Non-Major	167,325	-	-	167,325
Business-Type Activities				
Sewer	-	-	102,450	102,450
Totals	$ 193,016	$ 10,546	$ 102,450	$ 306,012

These balances resulted from short-term loans used to cover operating cash deficits at year-end. These amounts will be repaid in the following fiscal year.

Note 3 – Interfund Transactions (Continued)

B. Long-Term Advances

At June 30, 2015, the City had the following long-term interfund advances:

Advances From Other Funds	Advances to Other Funds: Governmental Activities: Measure J	Non-Major	Total
Governmental Activities			
General Fund	$ -	$ 127,869	$ 127,869
Internal Service Fund	119,318	493,058	612,376
Totals	$ 119,318	$ 620,927	$ 740,245

These balances resulted from long-term loans used to cover operating cash deficits at year-end. These amounts will be repaid with future revenues.

C. Transfers In and Out

At June 30, 2015, the City had the following transfers:

Transfers Out	Transfers In: Governmental Activities: General Fund	Transportation Development	Measure J	Non-Major	Internal Service Fund	Business-Type Activities: Water	Sewer	Total
Governmental Activities								
General Fund	$ -	$ -	$ 34,943	$ 92,117	$ 79,697	$ -	$ -	$ 206,757
Transportation Development	-	-	-	167,325	-	-	-	167,325
Non-Major	275,385	10,005	-	12,500	-	-	-	297,890
Internal Service Fund	-	-	-	57,662	-	-	-	57,662
Business-Type Activities								
Water	-	12,075	-	3,408	79,697	-	-	95,180
Sewer	3,500	920	-	5,853	79,697	-	-	89,970
Measure H	-	-	-	-	-	939,558	537,176	1,476,734
Totals	$ 278,885	$ 23,000	$ 34,943	$ 338,865	$ 239,091	$ 939,558	$ 537,176	$ 2,391,518

Transfers are contributions to other funds to finance various programs in accordance with budgetary authorizations.

Note 4 – Capital Assets

A. Government-Wide Financial Statements

At June 30, 2015, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-Depreciable Assets:			
Land and improvements	$ 12,831,451	$ 2,328,974	$ 15,160,425
Construction in progress	8,773,406	1,895,734	10,669,140
Total non-depreciable assets	21,604,857	4,224,708	25,829,565
Depreciable Assets:			
Building and structures	12,137,552	73,861,671	85,999,223
Machinery and equipment	2,710,729	1,054,669	3,765,398
Infrastructure	10,112,580	48,113,181	58,225,761
	24,960,861	123,029,521	147,990,382
Less accumulated depreciation	(8,720,743)	(59,786,038)	(68,506,781)
Total depreciable assets, net	16,240,118	63,243,483	79,483,601
Total capital assets	$ 37,844,975	$ 67,468,191	$ 105,313,166

In fiscal year ended June 30, 2015, the City counted, valued and reported its capital assets, including infrastructure for its business-type activities, as shown in the following tables.

Governmental Activities

The following is a summary of changes in capital assets for governmental activities:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Non-Depreciable Assets:					
Land and improvements	$ 12,831,451	$ -	$ -	$ -	$ 12,831,451
Construction in progress	7,449,202	1,839,740	-	(515,536)	8,773,406
Total non-depreciable assets	20,280,653	1,839,740	-	(515,536)	21,604,857
Depreciable Assets:					
Building and structures	12,111,000	-	(70,650)	97,202	12,137,552
Machinery and equipment	3,447,288	123,092	(859,651)	-	2,710,729
Infrastructure	9,694,246	-	-	418,334	10,112,580
Total depreciable assets	25,252,534	123,092	(930,301)	515,536	24,960,861
Less accumulated depreciation	(9,062,925)	(559,489)	901,671	-	(8,720,743)
Total depreciable assets, net	16,189,609	(436,397)	(28,630)	515,536	16,240,118
Total capital assets	$ 36,470,262	$ 1,403,343	$ (28,630)	$ -	$ 37,844,975

Note 4 – Capital Assets (Continued)

A. Government-Wide Financial Statements (Continued)

Governmental Activities (Continued)

Depreciation expense in governmental activities for capital assets for the year ended June 30, 2015 was as follows:

General government	$	262,559
Public safety		32,077
Highways and street		225,539
Community Development		26,215
Parks and recreation		13,099
Total	$	559,489

B. Business-Type Activities

The following is a summary of changes in capital assets for business-type activities:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Non-Depreciable Assets:					
Land and improvements	$ 2,328,974	$ -	$ -	$ -	$ 2,328,974
Construction in progress	1,313,645	1,192,701	-	(610,612)	1,895,734
Total non-depreciable assets	3,642,619	1,192,701	-	(610,612)	4,224,708
Depreciable Assets:					
Building and structures	73,822,014	-	-	39,657	73,861,671
Machinery and equipment	984,573	117,782	(47,686)	-	1,054,669
Infrastructure	47,542,226	-	-	570,955	48,113,181
Total depreciable assets	122,348,813	117,782	(47,686)	610,612	123,029,521
Less accumulated depreciation	(57,590,695)	(2,234,739)	39,396	-	(59,786,038)
Total depreciable assets, net	64,758,118	(2,116,957)	(8,290)	610,612	63,243,483
Total capital assets	$ 68,400,737	$ (924,256)	$ (8,290)	$ -	$ 67,468,191

Business-type activities depreciation expense for capital assets for the year ended June 30, 2015, were as follows:

Water	$	257,886
Sewer		1,976,853
Total	$	2,234,739

C. Fund Financial Statements

The fund financial statements do not present general government capital assets but they are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds' capital assets are combined with governmental activities.

Note 5 – Long Term Debt

A. Government-Wide Financial Statements

Following is a summary of all long-term debt balances for the fiscal year ended June 30, 2015:

	Governmental Activities	Business-Type Activities	Total
Long-term debt, due within one year	$ 538,621	$ 1,829,072	$ 2,367,693
Noncurrent portion of long-term debt			
Compensated absences	825,063	-	825,063
1997 State Revolving Loan	-	625,441	625,441
2006 State Revolving Loan	-	36,878,745	36,878,745
2006 Sewer Revenue Bonds	-	17,215,000	17,215,000
City HallCapital Lease	489,606	291,932	781,538
2008 Vactor Truck	-	-	-
2015 Equipment Lease	373,668	254,926	628,594
Total noncurrent portion of long-term debt	1,688,337	55,266,044	56,954,381
Total long-term debt	$ 2,226,958	$ 57,095,116	$ 59,322,074

Governmental Activities

Following is a summary of governmental activity long-term debt transactions during the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due within one year	Due in more than one year
Compensated Absences	$ 1,380,682	$ -	$ 158,049	$ 1,222,633	$ 397,570	$ 825,063
City Hall Capital Lease	674,481	-	90,142	584,339	94,733	489,606
2015 Equipment Lease	-	419,986	-	419,986	46,318	373,668
Total	$ 2,055,163	$ 419,986	$ 248,191	$ 2,226,958	$ 538,621	$ 1,688,337

Business-Type Activities

Following is a summary of business-type activity long-term debt transactions during the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due within one year	Due in more than one year
1997 State Revolving Loan	$ 1,016,564	$ -	$ 193,052	$ 823,512	$ 198,071	$ 625,441
2006 State Revolving Loan	39,936,007	-	1,528,631	38,407,376	1,528,631	36,878,745
2006 Sewer Revenue Bonds	17,215,000	-	-	17,215,000	-	17,215,000
City Hall Capital Lease	402,479	-	53,901	348,578	56,646	291,932
2008 Vactor Truck	41,389	-	27,271	14,118	14,118	-
2015 Equipment Lease	-	286,532	-	286,532	31,606	254,926
Total	$ 58,611,439	$ 286,532	$ 1,802,855	$ 57,095,116	$ 1,829,072	$ 55,266,044

Note 5 – Long Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. The total of vacation and other compensated leaves is $1,222,633. The City typically uses the General Fund to liquidate compensated absences.

Capital Leases

The City secured a capital lease in the amount of $2,052,000 with an interest rate of 5.08% in order to finance tenant improvements to the first three floors of the City Hall facility, located at 3101 Center Street, new exterior painting, brick façade, sidewalks, and street improvements around facility. The Lease payable is allocated between the governmental activities, 63%, and business-type activities, 37%. Principal and interest payments are due in April and October each year. The annual debt service requirements for the City Hall Capital Lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 151,379	$ 45,093	$ 196,472
2017	159,089	37,383	196,472
2018	167,192	29,280	196,472
2019	175,708	20,764	196,472
2020	184,657	11,815	196,472
2021	94,892	2,410	97,302
Total	$ 932,917	$ 146,745	$ 1,079,662

The City secured a capital lease in the amount of $195,394 with an interest rate of 4.69% in order to finance a new Vactor Truck for the Public Works Department. The multipurpose Vactor Truck has improved the routine maintenance of the City's sewer collection lines and storm drains. Principal and interest payments are due in November and April each year. The annual debt service requirements for the 2008 Vactor Truck Lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 14,118	$ 331	$ 14,449
Total	$ 14,118	$ 331	$ 14,449

In February 2015, the City secured a capital lease in the amount of $706,518 in order to finance 13 pieces of equipment ranging from a folder/inserter machine to a street sweeper truck. The interest rate for equipment with a five-year useful life is 2.65% and equipment with a ten-year useful life is 3.00%. The Lease payable is allocated between the governmental activities, 59.44%, and business-type activities, 40.56%. Principal and interest payments are due in August and February each year. The annual debt service requirements for the 2015 Equipment Lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 77,924	$ 20,286	$ 98,210
2017	80,241	17,969	98,210
2018	82,627	15,582	98,209
2019	85,084	13,125	98,209
2020	87,615	10,595	98,210
2021-2025	293,027	24,312	317,339
Total	$ 706,518	$ 101,869	$ 808,387

Note 5 – Long Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

Capital Leases (Continued)

The City entered into three capital lease-purchase agreements whereby the lessor acquired certain capital assets and leased them to the City with the option to purchase. The leased assets have been capitalized and are summarized by major asset class below:

	June 30, 2015
Building and structures	$ 2,052,000
Machinery and equipment	901,912
Assets under capitalized lease, at cost	2,953,912
Accumulated depreciation	(772,452)
Assets under capitalized lease, net	$ 2,181,460

Revenue Bonds Payable

On March 14, 2006, the Placerville PFA issued the Series 2006 Wastewater System Refinancing and Improvement Project Revenue Bonds in the amount of $17,215,000 pursuant to an Indenture by and between the Placerville PFA and Union Bank of California, N.A. as Trustee. A portion of the proceeds from the Bonds were used to refinance the Series 1994 Sewer Revenue Refunding and Phase II Improvement Bonds. The remainder of the Bond proceeds are being used to partially finance State mandated improvements to the City's Wastewater Treatment Plant, relocate and replace a section of sewer line along Hangtown Creek, and construct other capital projects related to the Wastewater System. The bonds are payable solely from wastewater net revenues and are payable through 2034. Annual interest payments for the Fiscal Year ended June 30, 2015, required 28.96% of net revenues. The total remaining principal and interest to be paid on the bonds is $30,659,455. Interest paid for the current year and total net revenues were $830,656 and $2,868,437, respectively. Principal payments are due September 1 of each year beginning in 2018 and interest payments ranging from 4.00% to 5.00% are due March 1 and September 1 of each year. The annual debt service requirements for the Series 2006 Wastewater System Refinancing and Improvement Project Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ -	$ 830,657	$ 830,657
2017	-	830,657	830,657
2018	-	830,657	830,657
2019	97,500	830,657	928,157
2020	200,000	826,758	1,026,758
2021-2025	1,160,000	3,998,966	5,158,966
2026-2030	4,325,000	3,666,833	7,991,833
2031-2035	11,432,500	1,629,270	13,061,770
Total	$ 17,215,000	$ 13,444,455	$ 30,659,455

Note 5 – Long Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

1997 State Revolving Loans

In 1997, the City secured a State Revolving Loan in the amount of $3,247,671 and an interest rate of 2.6% to construct improvements to the Wastewater Treatment Plant in order to comply with State mandated requirements at that time. The loan is payable solely from wastewater net revenues and are payable through 2019. Annual principal and interest payments on the loan for the fiscal year ended June 30, 2015, required 7.65% of net revenues. The total remaining principal and interest to be paid on the loan is $877,719. Principal and interest paid for the current year and total net revenues were $219,482 and $2,868,437, respectively. Principal and interest payments are due in February of each year. The annual debt service requirements for the 1997 State Revolving Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 198,071	$ 21,411	$ 219,482
2017	203,221	16,261	219,482
2018	208,504	10,978	219,482
2019	213,716	5,557	219,273
Total	$ 823,512	$ 54,207	$ 877,719

2006 State Revolving Loans

In 2006, the City secured a State Revolving Loan in the amount of $42,864,638 with an interest rate of 0.00% to partially finance improvements to the Wastewater Treatment Plant in order to comply with State mandated requirements at that time. The loan is payable solely from wastewater net revenues and are payable through 2040. Annual principal payments on the loan for the fiscal year ended June 30, 2015, required 53.29% of net revenues. The total remaining principal to be paid on the loan is $38,407,376. Principal paid for the current year and total net revenues were $1,528,631 and $2,868,437 respectively. Principal payments are due in September and March of each year. The annual debt service requirements for the 2006 State Revolving Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 1,528,631	$ -	$ 1,528,631
2017	1,528,631	-	1,528,631
2018	1,528,631	-	1,528,631
2019	1,528,631	-	1,528,631
2020	1,528,631	-	1,528,631
2021-2025	7,643,156	-	7,643,156
2026-2030	7,643,156	-	7,643,156
2031-2035	7,643,156	-	7,643,156
2036-2040	7,834,753	-	7,834,753
Total	$ 38,407,376	$ -	$ 38,407,376

Note 5 – Long Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

Annual debt service requirements for all bonds, loans and capital leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 1,970,123	$ 917,778	$ 2,887,901
2017	1,971,182	902,270	2,873,452
2018	1,986,954	886,497	2,873,451
2019	2,100,639	870,103	2,970,742
2020	2,000,903	849,168	2,850,071
2021-2025	9,191,075	4,025,688	13,216,763
2026-2030	11,968,156	3,666,833	15,634,989
2031-2035	19,075,656	1,629,270	20,704,926
2036-2040	7,834,753	-	7,834,753
Total	$ 58,099,441	$ 13,747,607	$ 71,847,048

B. Fund Financial Statements

The fund financial statements do not present general government long-term debt but it is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Note 6 – Rule 20A Work Credit

The City receives annual Rule 20A credits from its electricity provider, Pacific Gas & Electric (PG&E). The credits can be accumulated and applied in-kind toward the replacement of existing overhead electric facilities with underground electric facilities along public streets and roads, and on public lands. The balance of the credit as of June 30, 2015 is $92,572.

Note 7 – Retirement Plan

A. Summary

Net Pension Liability

Net Pension Liability is reported in the accompanying statement of net position as follows:

	Net Pension Liability
Miscellaneous Classic Plan - 1350	$ 7,261,581
Safety Classic Plan - 1351	4,437,064
Miscellaneous Second Tier Plan - 23084	9,094
Safety Second Tier Plan - 23085	2,280
Safety PEPRA Plan - 25616	1,246
Total	$ 11,711,265

Note 7 – Retirement Plan (Continued)

A. Summary (Continued)

Deferred Outflows of Resources

Deferred Outflows of Resources are reported in the accompanying statement of net position as follows:

	Deferred employer pension contributions made after measurement date	Employer's actual contributions in excess of Employer's proportionate share of contributions	Adjustments due to positive diferrerences in proportions
Miscellaneous Classic Plan - 1350	$ 486,777	$ -	$ 81,595
Safety Classic Plan - 1351	249,835	-	17,751
Miscellaneous Second Tier Plan - 23084	50,503	26,981	-
Safety Second Tier Plan - 23085	51,747	23,733	-
Safety PEPRA Plan - 25616	30,896	12,943	-
Total	$ 869,758	$ 63,657	$ 99,346

Deferred Inflows of Resources

Deferred Inflows of Resources are reported in the accompanying statement of net position as follows:

	Investment earnings greater than expected earnings	Employer's proportionate share of contributions in excess of the Employer's actual contributions	Adjustments due to negative diferrerences in proportions
Miscellaneous Classic Plan - 1350	$ 1,373,153	$ 11,143	$ -
Safety Classic Plan - 1351	959,926	92,475	-
Miscellaneous Second Tier Plan - 23084	3,056	-	11,580
Safety Second Tier Plan - 23085	689	-	794
Safety PEPRA Plan - 25616	376	-	5,671
Total	$ 2,337,200	$ 103,618	$ 18,045

Pension Expense

Pension expenses are included in the accompanying statement of revenues, expenses, and Change in Net Position as follows:

	Net Pension Expense
Miscellaneous Classic Plan - 1350	$ 509,500
Safety Classic Plan - 1351	331,132
Miscellaneous Second Tier Plan - 23084	22,142
Safety Second Tier Plan - 23085	9,503
Safety PEPRA Plan - 25616	10,419
Total	$ 882,696

Note 7 – Retirement Plan (Continued)

B. CalPERS Pension Plans

Plan Description

Substantially all City employees working the equivalent of 1,000 hours or more per fiscal year are eligible to participate in the Safety Classic, Miscellaneous Classic, Safety PEPRA or Miscellaneous PEPRA cost-sharing multiple employer defined benefit plans administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. The Classic Plans are closed to new entrants only eligible for employees hired prior to January 1, 2013. Employees hired after January 1, 2013 are eligible to enroll in the PEPRA plans. Benefit Provisions under the Plans are established by State statutes within the Public Employee's Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic safety and miscellaneous CalPERS members hired before October 15, 2011, become eligible for Service Retirement upon attainment of age 50 and 55, respectively, with at least 5 years of credited service. Classic safety and miscellaneous CalPERS members hired between October 15, 2011 and December 31, 2012, become eligible for Service Retirement upon attainment of age 55, respectively, with at least 5 years of credited service. Public Employee Pension Reform Act (PEPRA) safety and miscellaneous members become eligible for service retirement upon attainment of age 57 and 62, respectively, with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest continuance 36 full-time equivalent monthly pay. Retirement benefits for classic safety and miscellaneous employees hired before October 15, 2011, are calculated as 3% and 2.5%, respectively, of the average highest consecutive 36 months compensation. For members hired between October 15, 2011 and December 31, 2012, retirement benefits for classic safety and miscellaneous employees are calculated as 3% and 2%, respectively, of the average highest consecutive 36 months compensation.

Retirement benefits for PEPRA safety and miscellaneous employees are calculated as 2.7% and 2%, respectively, of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Note 7 – Retirement Plan (Continued)

B. CalPERS Pension Plans (Continued)

Benefits Provided (Continued)

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Employees Covered

At June 30, 2014 the following employees were covered by the benefit terms for each Plan:

	Active employees	Inactive employees or beneficiaries currently receiving benefits	Inactive employees entitled to but not yet receiving benefits
Miscellaneous Classic Plan - 1350	45	69	64
Safety Classic Plan - 1351	10	34	42
Miscellaneous Second Tier Plan - 23084	-	-	4
Safety Second Tier Plan - 23085	-	-	-
Safety PEPRA Plan - 25616	-	-	2
Miscellaneous PEPRA Plan - 26915	-	-	-

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be 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 the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active contribution rate was 21.260% of annual payroll for the Miscellaneous Classic Plan, 30.701% for the Miscellaneous Classic Plan hired before October 15, 2011.

For members hired in between October 15, 2011 and December 31, 2012, the contribution rate was 20.774% of annual payroll for the Safety Classic Plan and 10.773% for the Miscellaneous Classic plan.

The contribution rates for members hired on or after January 1, 2013 was 11.50% for the Safety PEPRA Plan and 6.50% for the Miscellaneous PEPRA plan. The average employer's contribution rate was 16.017% of annual payroll for the Miscellaneous Classic Plan, 25.738% for the Safety Classic Plan, 11.50% for the Safety PEPRA Plan, and 6.50% for the Miscellaneous PEPRA Plan.

For the measurement period ended June 30, 2014, the plan's proportionate share of aggregate employer contributions made for each Plan was as follows:

	Contributions - employer
Miscellaneous Classic Plan - 1350	$ 540,589
Safety Classic Plan - 1351	394,395
Miscellaneous Second Tier Plan - 23084	1,203
Safety Second Tier Plan - 23085	283
Safety PEPRA Plan - 25616	155
Total	$ 936,625

Note 7 – Retirement Plan (Continued)

B. CalPERS Pension Plans (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Miscellaneous Classic Plan:			
Balance at: 6/30/13 (Valuation date)	$ 25,721,862	$ 17,141,618	$ 8,580,244
Balance at: 6/30/14 (Measurement date)	27,252,561	19,990,984	7,261,577
Net Changes during 2013-2014	1,530,699	2,849,366	(1,318,667)
Safety Classic Plan:			
Balance at: 6/30/13 (Valuation date)	$ 17,517,919	$ 12,108,445	$ 5,409,474
Balance at: 6/30/14 (Measurement date)	18,367,790	13,930,728	4,437,062
Net Changes during 2013-2014	849,871	1,822,283	(972,412)
Miscellaneous Second Tier Plan:			
Balance at: 6/30/13 (Valuation date)	$ 50,567	$ 38,143	$ 12,424
Balance at: 6/30/14 (Measurement date)	53,576	44,484	9,092
Net Changes during 2013-2014	3,009	6,341	(3,332)
Safety Second Tier Plan:			
Balance at: 6/30/13 (Valuation date)	$ 11,703	$ 8,684	$ 3,019
Balance at: 6/30/14 (Measurement date)	12,271	9,991	2,280
Net Changes during 2013-2014	568	1,307	(739)
Safety PEPRA Plan:			
Balance at: 6/30/13 (Valuation date)	$ 6,398	$ 4,747	$ 1,651
Balance at: 6/30/14 (Measurement date)	6,708	5,462	1,246
Net Changes during 2013-2014	310	715	(405)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).

Note 7 – Retirement Plan (Continued)

B. CalPERS Pension Plans (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous Classic Plan - 1350	Safety Classic Plan - 1351	Miscellaneous Second Tier Plan - 23084	Safety Second Tier Plan - 23085	Safety Classic PEPRA Plan - 25616
Proportion June 30, 2013	0.26186%	0.11307%	0.00038%	0.00006%	0.00003%
Proportion June 30, 2014	0.29381%	0.11829%	0.00037%	0.00006%	0.00003%
Change - Increase (Decrease)	0.03196%	0.00522%	-0.00001%	0.00000%	0.00000%

For the year ended June 30, 2015, the City recognized pension expense in the amounts of $509,500, $331,131, $22,142, $9,503, and $10,419 for the Miscellaneous Classic, Safety Classic, Miscellaneous Second Tier, Safety Second Tier, and Safety PEPRA plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line 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) in the risk pool. The EARSL for risk pool for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Classic Plan

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	$ -	$ (1,373,153)
Adjustment due to differences in proportions	-	(11,143)
Difference between City contributions and proportionate share of contributions	81,596	-
Total	$ 81,596	$ (1,384,296)

Note 7 – Retirement Plan (Continued)

B. CalPERS Pension Plans (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Safety Classic Plan

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	$ -	$ (959,926)
Adjustment due to differences in proportions	-	(92,474)
Difference between City contributions and proportionate share of contributions	17,751	-
Total	$ 17,751	$ (1,052,400)

Miscellaneous Second Tier Plan

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	$ -	$ (3,056)
Adjustment due to differences in proportions	26,981	-
Difference between City contributions and proportionate share of contributions	-	(11,579)
Total	$ 26,981	$ (14,635)

Safety Second Tier Plan

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	$ -	$ (689)
Adjustment due to differences in proportions	23,733	-
Difference between City contributions and proportionate share of contributions	-	(794)
Total	$ 23,733	$ (1,483)

Safety PEPRA Plan

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	$ -	$ (376)
Adjustment due to differences in proportions	12,943	-
Difference between City contributions and proportionate share of contributions	-	(5,671)
Total	$ 12,943	$ (6,047)

Note 7 – Retirement Plan (Continued)

B. CalPERS Pension Plans (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the Miscellaneous Classic Plan, Safety Classic Plan, Miscellaneous Second Tier Plan, Safety Second Tier plan, and Safety PEPRA plan, $486,777, $249,835, $50,503, $51,747, and $30,896, respectively, was reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows/ (Inflows) of Resources				
Year Ended June 30,	Miscellaneous Classic Plan - 1350	Safety Classic Plan - 1351	Miscellaneous Second Tier Plan - 23084	Safety Second Tier Plan - 23085	Safety Classic PEPRA Plan - 25616
2016	$ (318,126)	$ (266,669)	$ 4,736	$ 8,020	$ 2,502
2017	(323,159)	(261,331)	3,638	6,383	1,986
2018	(343,288)	(239,982)	(764)	(172)	(94)
2019	-	-	-	-	-
2020	-	-	-	-	-
Thereafter	-	-	-	-	-
	$ (984,573)	$ (767,982)	$ 7,610	$ 14,231	$ 4,394

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund.

Note 7 – Retirement Plan (Continued)

B. CalPERS Pension Plans (Continued)

Discount Rate (Continued)

The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10[1]	Real Return Years 11+[2]
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	-0.55	-1.05

[1] An expected inflation of 2.5% used for this period

[2] An expected inflatin of 3.0% used for this period.

Note 7 – Retirement Plan (Continued)

B. CalPERS Pension Plans (Continued)

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Classic Plan	$ 10,876,976	$ 7,261,577	$ 4,261,139
Safety Classic Plan	6,897,382	4,437,062	2,409,865
Miscellaneous Second Tier Plan	16,200	9,092	3,194
Safety Second Tier Plan	3,923	2,280	925
Safety PEPRA Plan	2,145	1,246	506
	$ 17,796,626	$ 11,711,257	$ 6,675,629

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of $45,801 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

C. Deferred Compensation Plan

The City in 1983 established a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plans permit all eligible employees to execute an individual agreement with the City for amounts earned by them, to be paid at a future date when certain circumstances are met. These circumstances include termination by reason of retirement, death, disability or other events as provided for in the Plans. Employees may contribute up to $18,000 of their annual compensation into the deferred compensation plan.

During the fiscal year ended June 30, 1999, the City amended its deferred compensation plan to comply with subsection (g) of the Internal Revenue Code Section 457, which states that assets of the plan are held for exclusive benefit of participants and their beneficiaries. Accordingly, the assets and related liabilities for the Plan, which amounted to $2,701,137 at June 30, 2015, have been removed from the basic financial statements of the City, with no impact on fund equity.

Note 8 – Post-Retirement Medical Care Benefits

A. Plan Description

The City provides a retiree medical insurance contribution benefit in accordance with employee Memorandums of Understanding, for retired employees. This is a single employer defined benefit OPEB plan. The benefit is applicable to employees who retire from the City of Placerville and,

- Are 53 years of age or older; and
- Have 10 or more years of service with the City of Placerville.

Note 8 – Post-Retirement Medical Care Benefits (Continued)

A. *Plan Description* (Continued)

The City contributes an amount each month towards the purchase of medical insurance for the retiree. The monthly amount is determined by the applicable Memorandum of Understanding or salary and benefit provisions for the retired employee. The contribution is based upon the employees' years of service up to a maximum of 20 years, multiplied by the maximum benefit for the respective employee unit. The City pays the contribution amount until the retiree reaches age 65 or dies, whichever occurs first. Although this benefit ends at age 65, retirees who reach 65 or older continue to receive a monthly minimum contribution in the amount $80.80 until death or disenrollment from the Plan.

B. *Funding Policy*

The City currently participates in a retiree medical plan through the Special Districts Risk Management Authority (SDRMA). There is no requirement to contribute any amount beyond the pay-as-you-go contributions. If a retiree elects medical insurance coverage through the City, the retiree is responsible for paying the difference between the medical insurance premium and the medical benefit.

The City is evaluating various options for funding the post-retirement medical benefits liability. The City has not established a trust for purposes of funding the required retiree medical insurance contribution but has elected to continue funding the benefit on a pay-as-you-go basis in the current year. The City plans on funding a portion or all of the Annual Required Contribution each year based upon projections from the July 1, 2012, actuarial valuation study performed by Demsey, Filliger & Associates.

C. *Annual OPEB Cost and Net OPEB Obligation*

The City's annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based upon the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	$ 321,019
Interest on net OPEB obligation	25,174
Adjustments to annual required contribution	(36,395)
Annual OPEB cost (expense)	309,798
Contribution made	(127,597)
Increase (decrease) in net OPEB obligation	182,201
Net OPEB obligation - beginning of year	629,349
Net OPEB obligation - end of year	$ 811,550

The City Retiree Medical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015, and each of the preceding two years was as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage Contributed	Net OPEB Obligation
6/30/2013	$ 315,342	$ (161,212)	51%	$ 472,554
6/30/2014	312,593	(155,798)	50%	629,349
6/30/2015	309,798	(127,597)	41%	811,550

Note 8 – Post-Retirement Medical Care Benefits (Continued)

D. Funded Status and Funding Progress

The funding status of the City's OPEB plan is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
7/1/2012	$ -	$ 2,472,921	$ 2,472,921	0%	$ 4,910,289	50.36%

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedule of Funding Progress, presented as required supplementary information, presents information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities and benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

F. Actuarial Cost Method

In the July 1, 2012, actuarial valuation, the actuarial cost shown in the report were developed using the projected unit credit cost method. The ARC under this method equals the normal cost plus the amortization of the unfunded AAL based on the following:

- 30-year open amortization period
- Level dollar open period

The plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, and the like, which are assumed to hold many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true plan costs.

A discount rate of 4.00% was assumed. This is based upon the assumption that benefits will be paid from general City assets, or paid from a separate trust where assets are invested relatively conservatively. Pre-retirement turnover was based on 140% of the Crocker-Sarason Table T-5 less mortality. The pre-retirement mortality was based on the male and female tables from the RP-2000 Combined Mortality, static projection to 2012 by scale AA. The post-retirement mortality was based on the male and female tables from the RP-2000 Combined Mortality, static projection to 2012 by scale AA.

Note 9 – Classification of Fund Balance and Other Fund Disclosures

In governmental funds, fund balances are classified as follows:

	Major Funds				
	General	Transportation Development	Measure J	Non-Major	Total
Nonspendable					
Prepaid expenses	$ 118,770	$ -	$ -	$ -	$ 118,770
Long-term receivable	10,546	-	-	-	10,546
Advances to other funds	127,869	-	-	-	127,869
Inventory	6,724	-	-	92,572	99,296
Total	263,909	-	-	92,572	356,481
Restricted					
Transportation	-	24,845	-	-	24,845
Police services	-	-	404,726	-	404,726
Gas Tax	-	-	-	152,408	152,408
Development Impact	-	-	-	277,252	277,252
Grants	-	-	-	217,888	217,888
BAD, CFD, & LLMD	-	-	-	125,363	125,363
Park Development	-	-	-	22,466	22,466
Total	-	24,845	404,726	795,377	1,224,948
Committed					
Capital projects	-	-	-	103,621	103,621
Total	-	-	-	103,621	103,621
Unassigned	1,685,737	-	-	(276,699)	1,409,038
Total fund balances	$ 1,949,646	$ 24,845	$ 404,726	$ 714,871	$ 3,094,088

Encumbrances

The City utilizes encumbrance accounting as a means of controlling expenditures. Under this method, funds are encumbered when purchase orders, contracts and other commitments are signed or approved by authorized City officials. Such outstanding commitments at year-end do not constitute expenditures or liabilities.

GASB Statement No. 54 provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the governmental funds are classified as either nonspendable, committed, restricted or assigned and are included in the respective functional categories. These encumbrances are not separately classified in the financial statements, and are summarized at June 30, 2015 as follows:

Fund	Amount
Tranportation Development	$ 785,160
Non-Major	889,237
Total encumbrances	$ 1,674,397

Note 9 – Classification of Fund Balance and Other Fund Disclosures (Continued)

Capital Commitments

The City is undertaking a number of capital improvement projects, the most significant of which include the following capital project commitments outstanding at June 30, 2015:

Project	Amount
Blairs Lane Bridge Widening	$ 2,758,758
Clay Street Bridge	156,371
Western Placerville Interchange	1,011,525
Placerville Station II	809,757
Placerville Drive Bridge Widening	29,855
Central Main Street Overlay	426,965
Broadway Bike Lanes	22,786
Total Commitments	$ 5,216,017

Fund Equity Deficits

The Parking District Special Revenue Fund, which is a non-major fund, has an accumulated deficit of $(276,699) at June 30, 2015. This amount will be offset with charges for services increases in future years.

Note 10 – Risk Management

The City is a member of joint powers authorities for general liability, property, and workers compensation insurance programs as described below. The purpose of the authorities is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Each member city has a representative on the Board of Directors. Officers of the authorities are elected annually by the Board of Directors.

The following provides a reconciliation of claims payable, which are recorded as an Internal Service Fund, for the three years ended June 30, 2013, 2014, and 2015:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments For Current and Prior Years	End of Year Liability
2012-2013	$ 308,452	$ 271,969	$ (321,998)	$ 258,423
2013-2014	258,423	66,651	(49,787)	275,287
2014-2015	275,287	70,436	(67,420)	278,303

Northern California Cities Self Insurance Fund

Northern California Cities Self Insurance Fund (Authority) is a joint powers authority created by certain Northern California cities to provide claims processing administrative services, risk management service and actuarial studies for the Authority as a whole. The Workers Compensation Program comprises a banking layer for claims up to $100,000 and a Shared Risk Pool for claims from $100,000 to $500,000. Excess commercial insurance coverage is provided for claims over the shared risk layers. The Authority is governed by a Board of Directors comprised of officials appointed by each member. The activities of the Authority include setting and collecting premiums, administering and paying claims and related expenses and investing the Authority's excess funds.

Note 10 – Risk Management (Continued)

Northern California Cities Self Insurance Fund (Continued)

Shared Risk Pool - Each member is assessed a contribution which is intended to cover its share of the Authority's claims, operating costs and claim settlement expenses. Contributions are based on an actuarially determined rate for each coverage layer (pool), based on an estimate of the probable losses and expenses to be borne by that pool for the claim year. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be surplus as a result of an actuarial study. Losses are allocated on the basis of each participant's share of cash contributions. All contributions are recognized as revenues when earned, based on the period covered by the contribution.

Banking Layer - The banking layer is the members' deductible portion of each claim. As part of its services to members, a portion of their contributions is used to pay their deductibles. If a member's balance is insufficient, the Authority advances the necessary amount and bills the member in the following year.

Excess balances may likewise be used to offset subsequent year contributions. The following is a summary of financial information of the Authority as of and for the year ended June 30, 2015:

Total Assets (Primary Investments)	$	51,027,028
Total Liability		41,646,903
Net Position		9,380,125
Total Revenues		16,447,026
Total Expenses		17,130,833
Net Income (Loss)		(683,807)

Public Agency Risk Sharing Authority of California

Public Agency Risk Sharing Authority of California (PARSAC) is a joint powers authority created by certain California Cities and special districts to provide claims processing administrative services, risk management services and actuarial studies for PARSAC as a whole.

The General Liability program, a shared risk pool, total coverage of $35 million. The first one million dollar layer, in excess of the City's $50,000 retention, per occurrence is covered by PARSAC. The second layer of four million dollars is insured by the California State Association of Counties (CSAC-EIA). The third layer of ten million dollars is covered with reinsurance. The fourth excess layer of ten million dollars is also covered with reinsurance. The fifth excess layer of ten million dollars is insured by CLIP. The ultimate cost of the program to the City depends on the catastrophic losses of all members, as well as the City's own loss experience.

The following is a summary of audited financial information of PARSAC as of and for the year ended June 30, 2015:

Total Assets (Primary Investments)	$	38,688,625
Total Liability		18,892,601
Net Position		19,796,024
Total Revenues		10,126,792
Total Expenses		11,047,497
Net Income (Loss)		(920,705)

Note 11 – City Agreements with Certain Other Governmental Units

El Dorado County Fire Protection District

The City entered into an agreement with the El Dorado County Fire Protection District (District) under which the District will provide fire protection and emergency medical services for the City. These services had been previously provided by the City Fire Department in the early 1990s.

The District is governed by its own Board of Directors and is not governed by the cities that are serviced by it. All City Fire Department personnel, vehicles and equipment have been transferred to the District.

Effective with Fiscal Year 1993/1994 and all future years, the City's obligation for fire protection and emergency medical services shall be satisfied by District's receipt of the City's property tax revenue, even if such amount is reduced by future shifts to the State of California.

For the year ended June 30, 2015, City property tax revenue assigned to the District amounted to approximately $1,476,463.

El Dorado County Transit Authority

El Dorado County Transit Authority was formed in November, 1993, as a joint powers authority to own, operate, and/or maintain a public transit system.

El Dorado County Transportation Commission

El Dorado County Transportation Commission is a joint powers agency formed, in April 1995, for the purpose of engaging in regional transportation planning and the allocation of funds for transportation purposes.

Note 12–- Contingencies

A. Legal Actions

There are various claims and legal actions pending against the City for which no provision has been made in the accompanying general purpose financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not have an adverse material effect on the financial position of the City. The City is self-insured and participates in public entity risk pools (See Note 10).

B. Federal Grants

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

C. Proposition 62

On September 28, 1995, the California Supreme Court reversed a Court of Appeals decision which reinstated provisions of Proposition 62 which was a 1986 voter initiative that required all general taxes to be approved by simple majority vote of the electorate. The Supreme Court provided very little detail on a number of important issues surrounding their decision, including, the effective date of the decision, whether the decision would be retroactive, and whether existing taxes would have to be put to a vote for them to remain valid. The decision will have minimal impact on the City's existing general tax structure.

Note 12 – Contingencies (Continued)

D. Proposition 218

On November 5, 1996, Proposition 218 was approved by the voters. Proposition 218 is a constitutional amendment which addresses both taxes and assessments imposed, extended or increased without voter approval on or after January 1, 1995. Its effect on existing assessments is minimal. The constitutional amendment requires special districts and local governments, like the City of Placerville, to issue notices to affected ratepayers whenever property related charges and/or rates, such as sewer and water user rates, are proposed by the governing body. The said notices must be distributed to affected ratepayers at least forty-five days prior to adoption. If the City Council receives written protests that exceed 50% of the affected ratepayers, the proposed changes in charges and/or rates is negated.

Note 13 – Placerville Public Financing Authority Has Defaulted on Certain Revenue Bonds

Placerville Public Financing Authority (Authority) is a legal joint powers entity created by the City. The Authority's Board of Directors is comprised of the City's Council Members, City Manager and Finance Director, and all accounting and administrative functions are performed by the City. Neither the City nor the Authority have any obligation to advance its own funds toward payments to bondholders, other than the City's obligation to make payments on its sewer revenue bonds and an installment purchase agreement and to pay over assessment payments received from property owners as discussed below and the Authority's obligation to make payments from funds received from the City. Payments with respect to assessments secured by liens against real property benefiting from the issuance of bonds, plus any amounts held by the Trustee, are the sole security for payment to bondholders, other than payments on the City's sewer revenue bonds and an installment purchase agreement. In the event of delinquency in payment of assessment or supplemental assessments, the City is responsible for foreclosure and auction proceedings on assessed property.

Limited Obligation Assessment Bonds and Revenue Bonds

In 1992, the City issued Limited Obligation Assessment bonds for its Assessment Districts 92-1 and 92-2, and then subsequently issued Limited Obligation Supplemental Assessment Bonds for Assessment District 92-1. In 1994, the City issued Limited Obligation Assessment Bonds for its Assessment Districts 94-1 and 94-2, and City Sewer Revenue Bonds. For the purpose of this discussion, the term "Limited Obligation Assessment Bonds" refers to all Assessment Bonds including the Supplemental issue.

The Authority issued its Revenue Bonds of 1992, Series A (Series A Bonds) and its Revenue Bonds of 1992, Series C (Series C Bonds) to purchase the City's 1992 Limited Obligation Assessment Bonds and Supplemental Limited Obligation Assessment Bonds. The Authority issued its Revenue Bonds of 1994 (Series 1994 Bonds) to purchase the City's 1994 Limited Obligation Assessment Bonds and Sewer Revenue Bonds.

The City issued Limited Obligation Assessment Bonds on behalf of improvement districts created to benefit property owners for a specific purpose, such as to finance local street, water and sewer improvements. Property owners in the designated districts were assessed amounts sufficient to cover the principal and interest costs of repaying the bonds. Annually, assessment installments are levied and placed on the County of El Dorado Property Tax Rolls. The Authority applied proceeds of the sale of its Series A and Series C Revenue Bonds to the purchase of the City's Assessment Bonds, which were then pledged as security for its Revenue Bonds. The City also issued Sewer Revenue Bonds for improvements related to its wastewater treatment plant, and to refund earlier bonds issued to finance such improvements. The Authority also applied proceeds of the sale of its Series 1994 Revenue Bonds to the purchase. The City has not defaulted on payment of the Sewer Revenue Bonds.

Note 13 – Placerville Public Financing Authority Has Defaulted on Certain Revenue Bonds (Continued)

Limited Obligation Assessment Bonds and Revenue Bonds (Continued)

The following table summarizes the City's Limited Obligation Assessment bonds, Limited Obligation Supplemental Assessment bonds, revenue obligations payable from revenues of the City's Wastewater System as issued:

Bond Issue – Date	Aggregate Amount Issued	Authority Revenue Bonds Issued
AD 1992-1, March 1992	$5,247,500	Series A - $7,700,000
AD 1992-2, March 1992	$1,533,202	
AD 1992-1, June 1992	$2,785,000	Series C - $3,185,000
AD 1994-1, June 1994 [1]	$2,660,000	Series 1994 - $13,070,000 [1]
AD 1994-2, June 1994 [1]	$4,855,000	
Sewer Revenue Bonds [1]	$4,255,000	
Installment Purchase Agreement [2]	$17,215,000	Series 2006 - $17,215,000 [2]

[1] Paid in full.
[2] Issued in 2006. Not in default.

The City is responsible for collecting the assessments levied against the property within the improvement districts and for disbursing these amounts to the Trustee, Union Bank, N.A., who further disburses the funds to ultimately retire the Authority's Revenue Bonds.

Defaults

In March, 1998, the Authority defaulted on the regularly scheduled interest payment due on its Revenue Bonds of 1992, Series C (Series C Bonds). The Authority's default was the result of the City of Placerville's default on Limited Obligation Supplemental Assessment Bonds issued and secured by supplemental assessment liens on real property within the City's Assessment District 92-1 (AD 92-1). The City's default was the result of the nonpayment of supplemental assessments by owners of property within AD 92-1.

In September, 2003, the Authority defaulted on the regularly scheduled interest payment due on its Series A Bonds. The Authority's default was the result of the City of Placerville's defaults over several years on Limited Obligation Assessment Bonds issued and secured by assessment liens on real property within the City's Assessment District 92-1 (AD 92-1) and assessment liens on real property within the City's Assessment District 92-2 (AD 92-2). The City's defaults were the result of the nonpayment of assessments by owners of property within AD 92-1 and AD 92-2.

Series 1994 Revenue bond technical defaults, or drawdowns of reserve funds, also occurred as a result of nonpayment of assessments by owners of property within the City's Assessment District 94-1.
Due to property owners' continued nonpayment of assessments and supplemental assessments, the City defaulted on the required cash flows for the payment of the City's Limited Obligation Original and Supplemental Assessment Bonds. When property owners fail to pay their assessments, the Assessment Bonds are not being paid and therefore there are no, or insufficient, cash flows to pay the Authority's Revenue Bonds (other than funds held by the Trustee). As necessary, the Revenue Bond Reserve Fund is drawn down to pay the bondholders until the Fund is depleted.

The Revenue Bond Reserve Funds were drawn down to pay the Series A and Series C Bonds. The Reserve Funds for the Series A and Series C bonds have been completely depleted. These Revenue Bonds and the assessment bonds sharing them are in default. After the reserve funds were depleted, scheduled principal and interest payments for the Authority's Series A and C Bonds were not paid.

Note 13 – Placerville Public Financing Authority Has Defaulted on Certain Revenue Bonds (Continued)

Defaults (Continued)

Since the default on the Series A Bonds and the Series C Bonds, the City has collected some delinquent assessments and some delinquent supplemental assessments resulting from the sale of certain properties within the districts, including some sold at County tax sales. The amounts collected have been disbursed to the Trustee for further disbursement to the bondholders or are held by the City for payment to the Trustee.

While the City does not have an obligation to advance its own funds to pay the defaulted Limited Obligation Assessment Bonds, the City does have administrative responsibilities such as judicial foreclosure and sale by auction of delinquent properties. The City has obtained a judgment of foreclosure on all properties subject to default.

The City and Authority believe that further defaults on payments of assessments and supplemental assessments are likely to occur, resulting in continued default of scheduled principal and interest payments.

In a different scenario from the Series A Bonds and the Series C Bonds, through a procedure connected with a foreclosure sale, a credit bid by the City and a corresponding sale to a new developer, the AD 94-1 Bonds were paid in full. The foreclosure payments, as well as remaining funds in the Construction Fund, were transmitted to the Trustee for a partial redemption of the Series 1994 Bonds.

In addition, the owners of the parcels in the City's Assessment District 94-2 (AD 94-2) prepaid their assessments. The payments were transmitted to the Trustee for a partial redemption of Series 1994.

The remaining Series 1994 Revenue Bonds of the Authority, and City's 1994 Sewer Revenue Bonds, have been paid in full in connection with the Authority's issuance of its $17,215,000 Revenue Bonds (Wastewater System Refinancing and Improvement Project), Series 2006, payable from installment payments by the City's Wastewater System pursuant to an installment purchase agreement.

Note 14 – Prior Period Adjustments

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27).* This statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note 14 – Prior Period Adjustments (Continued)

The City restated beginning net position as following:

		Proprietary Funds		
	Governmental Activities	Water Fund	Sewer Fund	Business-Type Activities
Beginning Net Position, as previously reported	$ 37,494,654	$ 5,113,963	$ 10,935,396	$ 17,353,608
Prior period adjustments:				
Report proportionate share of pension contributions made during the measurement period as deferred outflows of resources due to implementation of GASB 68	741,639	54,635	140,351	194,986
Report of actual contribution made during the measurement period, net of proportionate share of contribution	(61,967)	2,168	5,569	7,737
Report net pension liability due to the implementation of GASB 68	(10,914,392)	(866,498)	(2,225,922)	(3,092,420)
Beginning Net Position, as restated	$ 27,259,934	$ 4,304,268	$ 8,855,394	$ 14,463,911

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REQUIRED SUPPLEMENTARY INFORMATION

City of Placerville
Required Supplementary Information (Unaudited)
Budget Comparison Schedules – General Fund
For the Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property taxes	$ 199,880	$ 215,942	$ 222,896	$ 6,954
Sales tax	4,014,331	3,848,133	3,988,576	140,443
Transient occupancy taxes	141,000	169,614	188,396	18,782
Other taxes	179,300	184,360	186,713	2,353
Franchise fees	265,353	275,225	280,223	4,998
Licenses and permits	140,000	110,472	106,417	(4,055)
Fines and forfeitures	115,500	132,230	111,126	(21,104)
Use of money and property:				
Interest earnings	1,150	334	364	30
Rentals and concessions	54,937	58,299	78,994	20,695
Intergovernmental	789,164	834,120	843,646	9,526
Charges for services	770,739	767,723	824,891	57,168
Other revenue	821,102	749,323	577,000	(172,323)
Total Revenues	7,492,456	7,345,775	7,409,242	63,467
Expenditures:				
General government	2,324,149	2,281,531	2,128,579	152,952
Public safety	2,593,302	2,436,823	2,427,795	9,028
Highways and streets	572,474	547,829	553,533	(5,704)
Community development	525,290	494,318	508,905	(14,587)
Parks and recreation	1,630,263	1,674,770	1,596,040	78,730
Total Expenditures	7,645,478	7,435,271	7,214,852	220,419
Revenues Over (Under) Expenditures	(153,022)	(89,496)	194,390	283,886
Other Financing Sources (Uses):				
Transfers in	275,385	275,385	278,885	3,500
Transfers out	(122,363)	(122,363)	(206,757)	(84,394)
Total Other Financing Sources (Uses)	153,022	153,022	72,128	(80,894)
Change in Fund Balance	$ -	$ 63,526	266,518	$ 202,992
Fund Balance:				
Beginning of year			1,683,128	
End of year			$ 1,949,646	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Transportation Development Special Revenue Fund
For the Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Use of money and property:				
Interest earnings	$ -	$ 600	$ 616	$ 16
Intergovernmental	260,600	989,000	989,116	116
Total Revenues	260,600	989,600	989,732	132
Expenditures:				
Highways and streets	260,600	834,000	833,637	363
Total Expenditures	260,600	834,000	833,637	363
Revenues Over (Under) Expenditures	-	155,600	156,095	495
Other Financing Sources (Uses):				
Transfers, net	-	23,000	(144,325)	167,325
Total Other Financing Sources (Uses)	-	23,000	(144,325)	-
Change in Fund Balance	$ -	$ 178,600	11,770	$ 495
Fund Balance:				
Beginning of year			13,075	
End of year			$ 24,845	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Measure J Special Revenue Fund
For the Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Sales tax	$ 1,009,226	$ 971,105	$ 937,239	(33,866)
Use of money and property:				
Interest earnings	250	263	299	36
Total Revenues	1,009,476	971,368	937,538	(33,830)
Expenditures:				
General government	10,092	10,092	9,256	836
Public safety	948,685	889,643	841,253	48,390
Total Expenditures	958,777	899,735	850,509	49,226
Revenues Over (Under) Expenditures	50,699	71,633	87,029	15,396
Other Financing Sources (Uses):				
Transfers, net	(10,000)	(10,000)	34,943	44,943
Total Other Financing Sources (Uses)	(10,000)	(10,000)	34,943	44,943
Change in Fund Balance	$ 40,699	$ 61,633	121,972	$ 60,339
Fund Balance:				
Beginning of year			282,754	
End of year			$ 404,726	

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget adopted by the City Council provides for the general operation of the City. The annual budget is adopted by the City Council in June of each year for all funds. The resolution sets a combined appropriation of the funds for the operation of the City.

2. The City Manager is authorized to transfer budgeted amounts between departments and line items to assure adequate and proper standards of service. Budgetary revisions, including supplemental appropriations which increase appropriations in individual funds and transfers between funds, must be approved by the City Council. The budgetary level of control is at the fund level. The budgeted figures used in the financial statements are the final amended amounts.

3. The budget is formally integrated into the accounting system and employed as a management control device during the year for all funds.

4. Budgets for the governmental fund types are adopted and recorded on the modified basis of accounting on a basis consistent with generally accepted accounting principles (GAAP). Budget appropriations lapse at the end of the fiscal year. Supplemental appropriations were adopted by the City Council and have been included in the statements of revenues, expenditures, and changes in fund balance – budget to actual. Budgets are also prepared for proprietary fund types, which include debt service principal payments, capital outlay, but do not include depreciation.

Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2015, proceeds of taxes did not exceed allowable appropriations.

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for the General and all Major funds present comparisons of the legally-adopted budget with actual data on a basis consistent with generally accepted accounting principles.

CITY OF PLACERVILLE
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan

Measurement Period	June 30, 2014[1]
City's Proportion of the Net Pension Liability	0.01943%
City's Proportionate Share of the net Pension Liability	$ 1,208,985
City's Covered-Employee Payroll	$ 1,748,139
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	69.16%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	83.77%

California Public Employees' Retirement System ("CalPERS") Safety Classic Plan

Measurement Period	June 30, 2014[1]
City's Proportion of the Net Pension Liability	0.53117%
City's Proportionate Share of the net Pension Liability	$ 33,051,990
City's Covered-Employee Payroll	$ 11,247,323
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	293.87%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%

California Public Employees' Retirement System ("CalPERS") Miscellaneous Second Tier Plan

Measurement Period	June 30, 2014[1]
City's Proportion of the Net Pension Liability	0.01943%
City's Proportionate Share of the net Pension Liability	$ 1,208,985
City's Covered-Employee Payroll	$ 1,748,139
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	69.16%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	83.77%

California Public Employees' Retirement System ("CalPERS") Safety Second Tier Plan

Measurement Period	June 30, 2014[1]
City's Proportion of the Net Pension Liability	0.00000%
City's Proportionate Share of the net Pension Liability	$ 166
City's Covered-Employee Payroll	$ 88,479
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	0.19%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.39%

California Public Employees' Retirement System ("CalPERS") Safety PEPRA Plan

Measurement Period	June 30, 2014[1]
City's Proportion of the Net Pension Liability	0.00000%
City's Proportionate Share of the net Pension Liability	$ 166
City's Covered-Employee Payroll	$ 88,479
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	0.19%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.39%

[1] Historical information is required only for measurement periods for which GASB 68 is applicale.

CITY OF PLACERVILLE
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions
For the Year Ended June 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan	2014-15[1]	2013-14[1]
Actuarially Determined Contribution[2]	$ 486,777	$ 525,467
Contribution in Relation to the Actuarially Determined Contribution[2]	(486,777)	(525,467)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll[3]	$ 2,810,503	$ 2,728,644
Contributions as a Percentage of Covered-Employee Payroll	17.32%	19.26%

California Public Employees' Retirement System ("CalPERS") Safety Classic Plan	2014-15[1]	2013-14[1]
Actuarially Determined Contribution[2]	$ 249,835	$ 268,895
Contribution in Relation to the Actuarially Determined Contribution[2]	(249,835)	(268,895)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll[3]	$ 1,015,995	$ 986,403
Contributions as a Percentage of Covered-Employee Payroll	24.59%	27.26%

California Public Employees' Retirement System ("CalPERS") Miscellaneous Second Tier Plan	2014-15[1]	2013-14[1]
Actuarially Determined Contribution[2]	$ 50,503	$ 37,920
Contribution in Relation to the Actuarially Determined Contribution[2]	(50,503)	(37,920)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll[3]	$ 267,883	$ 260,081
Contributions as a Percentage of Covered-Employee Payroll	18.85%	14.58%

California Public Employees' Retirement System ("CalPERS") Safety Second Tier Plan	2014-15[1]	2013-14[1]
Actuarially Determined Contribution[2]	$ 51,747	$ 32,492
Contribution in Relation to the Actuarially Determined Contribution[2]	(51,747)	(32,492)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll[3]	$ 61,666	$ 59,870
Contributions as a Percentage of Covered-Employee Payroll	83.91%	54.27%

California Public Employees' Retirement System ("CalPERS") Safety PEPRA Plan	2014-15[1]	2013-14[1]
Actuarially Determined Contribution[2]	$ 30,896	$ 17,720
Contribution in Relation to the Actuarially Determined Contribution[2]	(30,896)	(17,720)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll[3]	$ 106,743	$ 103,634
Contributions as a Percentage of Covered-Employee Payroll	28.94%	17.10%

California Public Employees' Retirement System ("CalPERS") Miscellaneous PEPRA Plan	2014-15[1]	2013-14[1]
Actuarially Determined Contribution[2]	$ 26,253	$ 25,488
Contribution in Relation to the Actuarially Determined Contribution[2]	(26,253)	(25,488)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll[3]	$ 191,574	$ 185,994
Contributions as a Percentage of Covered-Employee Payroll	13.70%	13.70%

[1] Historical information is required only for measurement periods for which GASB 68 is applicale.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

[3] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

CITY OF PLACERVILLE
Required Supplementary Information (Unaudited) (Continued)
Schedule of Funding Progress of the Other Postemployment Healthcare Plan
For the Year Ended June 30, 2015

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accured Liability (b)	Unfunded AAL (UAAL) [(b) - (a)]	Funded Ratio [(a) / (b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b) - (a)] / (c)
7/1/2009	$ -	$ 2,179,162	$ 2,179,162	0%	$ 5,216,335	41.78%
7/1/2012	-	2,472,921	2,472,921	0%	4,910,289	50.36%

SUPPLEMENTARY INFORMATION

CITY OF PLACERVILLE
Combining Balance Sheet
Non-Major Funds
June 30, 2015

	Special Revenue Funds				
	Gas Tax	Development Impact	Parking District	Grants	BAD, CFD, & LLMD
Assets:					
Cash and investments	$ 152,330	$ 105,152	$ 15,550	$ 31,497	$ 134,091
Restricted:					
Deposits held by fiscal agents	-	-	-	-	-
Receivables:					
Accounts	-	199,524	24,413	114,406	-
Interest	78	36	-	18	35
Loans	-	-	-	889,114	-
Grants	-	-	-	366,703	-
Due from other funds	-	-	-	-	-
Rule 20A Work Credit	-	-	-	92,572	-
Total Assets	$ 152,408	$ 304,712	$ 39,963	$ 1,494,310	$ 134,126
Liabilities:					
Accounts payable	$ -	$ 27,460	$ 5,562	$ -	$ 8,763
Deposits	-	-	2,259	-	-
Restricted:					
Due to other funds	-	-	-	10,546	-
Advances from other funds	-	-	308,841	-	-
Total Liabilities	-	27,460	316,662	10,546	8,763
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	1,173,304	-
Total Deferred Inflows of Reources	-	-	-	1,173,304	-
Fund Balances (Deficit):					
Nonspendable	-	-	-	92,572	-
Restricted	152,408	277,252	-	217,888	125,363
Committed	-	-	-	-	-
Unassigned (Deficit)	-	-	(276,699)	-	-
Total Fund Balances (Deficit)	152,408	277,252	(276,699)	310,460	125,363
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	$ 152,408	$ 304,712	$ 39,963	$ 1,494,310	$ 134,126

CITY OF PLACERVILLE
Combining Balance Sheet (Continued)
Non-Major Funds
June 30, 2015

	Special Revenue Funds		
	Capital Projects	Park Development	Total
Assets:			
Cash and investments	$ 66,439	$ 3,268	$ 508,327
Restricted:			
Deposits held by fiscal agents	101,649	-	101,649
Receivables:			
Accounts	-	-	338,343
Interest	-	-	167
Loans	-	-	889,114
Grants	-	156,825	523,528
Due from other funds	-	167,325	167,325
Rule 20A Work Credit	-	-	92,572
Total Assets	$ 168,088	$ 327,418	$ 2,621,025
Liabilities:			
Accounts payable	$ 14,467	$ 42,866	$ 99,118
Deposits	-	-	2,259
Restricted:			
Due to other funds	-	-	10,546
Advances from other funds	50,000	262,086	620,927
Total Liabilities	64,467	304,952	732,850
Deferred Inflows of Resources:			
Unavailable revenue	-	-	1,173,304
Total Deferred Inflows of Reources	-	-	1,173,304
Fund Balances (Deficit):			
Nonspendable	-	-	92,572
Restricted	-	22,466	795,377
Committed	103,621	-	103,621
Unassigned (Deficit)	-	-	(276,699)
Total Fund Balances (Deficit)	103,621	22,466	714,871
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	$ 168,088	$ 327,418	$ 2,621,025

CITY OF PLACERVILLE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended June 30, 2015

	Special Revenue Funds				
	Gas Tax	Development Impact	Parking District	Grants	BAD, CFD, & LLMD
Revenues:					
Use of money and property:					
Interest earnings	$ 281	$ 138	$ -	$ 11,591	$ 126
Intergovernmental	286,851	-	-	161,764	-
Charges for services	-	35,428	130,910	-	56,466
Grant revenue	-	197,525	-	290,101	-
Other revenue	-	-	-	-	-
Total Revenues	287,132	233,091	130,910	463,456	56,592
Expenditures:					
General government	-	-	-	-	-
Public safety	-	-	-	390,060	-
Highways and streets	79,956	237,339	139,540	-	55,135
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Total Expenditures	79,956	237,339	139,540	390,060	55,135
Revenues Over (Under) Expenditures	207,176	(4,248)	(8,630)	73,396	1,457
Other Financing Sources (Uses):					
Transfers in	-	-	25,000	-	-
Transfers out	(275,385)	-	-	(22,505)	-
Total Other Financing Sources (Uses)	(275,385)	-	25,000	(22,505)	-
Changes in Fund Balances	(68,209)	(4,248)	16,370	50,891	1,457
Fund Balances (Deficit):					
Beginning of year	220,617	281,500	(293,069)	259,569	123,906
End of year	$ 152,408	$ 277,252	$ (276,699)	$ 310,460	$ 125,363

CITY OF PLACERVILLE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Funds
For the Year Ended June 30, 2015

	Special Revenue Funds		
	Capital Projects	Park Development	Total
Revenues:			
Use of money and property:			
Interest earnings	$ -	$ -	$ 12,136
Intergovernmental	4,266	401,098	853,979
Charges for services	-	2,622	225,426
Grant revenue	-	-	487,626
Other revenue	1,452	-	1,452
Total Revenues	5,718	403,720	1,580,619
Expenditures:			
General government	135,539	-	135,539
Public safety	-	-	390,060
Highways and streets	-	-	511,970
Community development	9,309	-	9,309
Parks and recreation	-	573,957	573,957
Total Expenditures	144,848	573,957	1,620,835
Revenues Over (Under) Expenditures	(139,130)	(170,237)	(40,216)
Other Financing Sources (Uses):			
Transfers in	146,540	167,325	338,865
Transfers out	-	-	(297,890)
Total Other Financing Sources (Uses)	146,540	167,325	40,975
Changes in Fund Balances	7,410	(2,912)	759
Fund Balances (Deficit):			
Beginning of year	96,211	25,378	714,112
End of year	$ 103,621	$ 22,466	$ 714,871