

# **City of Placerville**

Placerville, California

## **Annual Financial Report and Independent Auditors' Report**

*For the Year Ended June 30, 2019*

Prepared By the  
The Finance Department  
of the City of Placerville



**City of Placerville**  
**Annual Financial Report**  
**For the Year Ended June 30, 2019**  
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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, 2019, 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.

### Auditors' 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 the *Governmental 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 from 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, 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.

## **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 the City's Proportionate Share of Net Pension Liability and Related Ratios, Schedule of Contributions, Schedules of Changes in Total OPEB Liability and Related Ratios on pages 5 through 11 and 92 through 101 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 and other auditors 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 Nonmajor Fund Financial Statements and Budgetary Comparison Schedules on pages 106 through 115 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council  
of the City of Placerville  
Placerville, California  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California  
May 11, 2020

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## 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, 2019. 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 \$61.21M, an increase of \$4.25M. The portion of the City's net position that were unrestricted and available to meet ongoing obligations to citizens and creditors totaled a deficit of \$(12.65)M or -20.66%.
- The governmental net position increased by \$2.34M or 5.82%, and the business-type net position increased by \$1.90M or 11.41%.
- Program revenues from governmental activities increased by \$5.90M or 160.43%. Program revenues from business-type activities increased by \$0.63M or 8.05%. General revenues, net of transfers, increased \$0.46M or 4.06%.

### City Highlights

- Continued construction of the Western Placerville Interchange, Phase 2 Off-ramp, \$4.25M
- Continued construction of the Sewer Lift Station Rehabilitation, \$1.00M
- Continued the design phase of the Upper Broadway Bike Lanes, \$0.70M
- Continued construction of the Sierra Tank Bypass, \$0.53M
- Completed construction of the Pacific Street Pavement Repair, \$0.23M
- Completed the construction of the Canal Street Pavement Rehabilitation, \$0.23M
- Completed construction of the Schnell School Road Pressure Regulating Station, \$0.21M
- Began design phase of the Placerville Drive Bicycle & Pedestrian Facility Improvements, \$0.21M

### 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 *statement of net position* and *statement of activities and changes in net position*. The *statement 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 *statement 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 eleven governmental funds, of which five 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, the Measure J Fund, the Measure L Fund, and the Development Impact 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, the Transportation Development Fund, the Measure J Fund, the Measure L Fund, and the Development Impact Fund.

## Government-Wide Statements

### **Statement of Net Position:**

The City's net position at the end of the year was \$61.21, an increase of \$4.25M. The governmental net position increased by \$2.34M or 5.82% and the business-type net position increased by \$1.90M or 11.41%. The increase in governmental net position is due to a \$5.90M or 160.43% increase in program revenues. The City and its contractors completed \$4.77M in capital projects as of June 30, 2019. Please see the "Capital Assets" section below for more details.

#### Net Position

June 30, 2019

*(amounts expressed in thousands)*

	Governmental Activities		Business Type Activities		Total Primary Government	
	FY 17/18	FY 18/19	FY 17/18	FY 18/19	FY 17/18	FY 18/19
Current assets	\$ 2,845	\$ 6,324	\$ 5,686	\$ 6,353	\$ 8,531	\$ 12,677
Restricted Assets	9,857	7,539	1,691	1,839	11,548	9,378
Capital assets	46,451	48,662	65,508	65,509	111,959	114,171
Total assets	59,153	62,525	72,885	73,701	132,038	136,226
Total Deferred Outflows of Resources	3,518	3,149	904	859	4,422	4,008
Current liabilities	3,335	3,493	2,635	2,834	5,970	6,327
Noncurrent liabilities	18,712	18,972	54,385	52,935	73,097	71,907
Total liabilities	22,047	22,465	57,020	55,769	79,067	78,234
Total Deferred Inflows of Resources	340	582	91	211	431	793
<b>Net position:</b>						
Net investment in capital assets	45,894	47,099	13,895	15,651	59,789	62,750
Restricted	5,400	7,876	1,692	3,229	7,092	11,105
Unrestricted (deficit)	(11,010)	(12,348)	1,091	(300)	(9,919)	(12,648)
Total net position	\$ 40,284	\$ 42,627	\$ 16,678	\$ 18,580	\$ 56,962	\$ 61,207

### **Changes in Net Position**

Program revenues from governmental activities increased \$5.90M or 160.43%. The increase is primarily due to a \$5.41M increase in capital and grants and contributions, which are one-time in nature. General revenues, net of transfers, increased \$0.46M or 4.06%. This net increase is primarily due to a \$0.60M or 6.78% increase in local sales tax revenues. Program revenues from business-type activities increased by \$0.63M or 8.05% which was primarily due to \$0.61M increase in charges for services. Business-type revenues exceeded expenditures by \$1.90M primarily due to \$0.63M increase in program revenues and an \$0.74M increase in general revenues and transfers in. Water Enterprise Fund revenues exceeded expenditures by \$0.79M which was primarily due to a \$0.61M increase in fund transfers in for capitalized infrastructure projects. Sewer Enterprise Fund revenues exceeded expenditures by \$1.27M which was primarily due to an \$0.69M increase in charges for service and a \$0.72M increase in fund transfers in for capitalized infrastructure projects.

**Condensed Statement of Activities and Changes in Net Position**  
**For the year ended June 30, 2019**  
*(amounts expressed in thousands)*

	<b>Net (Expense) Revenue and Changes in Net Position</b>									
	<b>Expenses</b>		<b>Program Revenues</b>		<b>Government Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	FY 17/18	FY 18/19	FY 17/18	FY 18/19	FY 17/18	FY 18/19	FY 17/18	FY 18/19	FY 17/18	FY 18/19
<i>Governmental activities</i>										
General government	\$ 2,850	\$ 4,440	\$ 663	\$ 635	\$ (2,187)	\$ (3,805)			\$ (2,187)	\$ (3,805)
Public safety	4,611	4,920	86	373	(4,525)	(4,547)			(4,525)	(4,547)
Highways and streets	2,268	5,270	1,916	7,452	(352)	2,182			(352)	2,182
Community development	668	689	263	410	(405)	(279)			(405)	(279)
Parks and recreation	2,174	2,120	746	699	(1,428)	(1,421)			(1,428)	(1,421)
Total governmental activities	<u>12,571</u>	<u>17,439</u>	<u>3,674</u>	<u>9,569</u>	<u>(8,897)</u>	<u>(7,870)</u>			<u>(8,897)</u>	<u>(7,870)</u>
<i>Business-type activities</i>										
Water	1,872	1,781	2,013	2,022			141	241	141	241
Sewer	6,359	6,326	5,798	6,417			(561)	91	(561)	91
Total business-type activities	<u>8,231</u>	<u>8,107</u>	<u>7,811</u>	<u>8,439</u>			<u>(420)</u>	<u>332</u>	<u>(420)</u>	<u>332</u>
Total primary government	<u>\$ 20,802</u>	<u>\$ 25,546</u>	<u>\$ 11,485</u>	<u>\$ 18,008</u>						
General revenues and transfers					10,496	10,213	827	1,570	11,323	11,783
Changes in net position					1,599	2,343	407	1,902	2,006	4,245
<b>Net Position:</b>										
Beginning of year					38,685	40,284	16,271	16,678	61,207	56,962
End of year	<u>\$ 40,284</u>	<u>\$ 42,627</u>	<u>\$ 16,678</u>	<u>\$ 18,580</u>	<u>\$ 63,213</u>	<u>\$ 61,207</u>			<u>\$ 61,207</u>	<u>\$ 61,207</u>

**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 annual employer pension contributions and the aggregate net pension liability as of June 30th:

Fiscal Year	Annual Pension Contributions	Aggregate Net Pension Liability
2015/2016	\$ 1,216,478	\$ 13,801,339
2016/2017	1,355,981	16,313,191
2017/2018	1,420,677	18,742,982
2018/2019	1,661,204	18,365,623

Additional information about the City's pension plans can be found in Note 7 – Public Employee Retirement System.

**Fund Financial Statements**

**Governmental Funds**

The fund financial statements present financial data for the general, special revenue, capital projects and fiduciary funds. At the close of Fiscal Year 2018/2019, the City's governmental funds reported a combined ending fund balance of \$9.79M an increase of \$2.52M or 34.60%.

In November 2016, Placerville voters approved Measure L, which is a 0.50% add on sales tax dedicated to paying for street, wastewater system and water system improvements. The Measure L sales tax became effective April 1, 2017, and generated \$2.2M during Fiscal Year 2018/2019. The Measure L Fund provided \$1.41M for street, sewer system, and water system infrastructure improvements during the fiscal year.

**General Fund.** Total fund balance for the General Fund on June 30, 2019 was \$1.92M, an increase of \$0.03M from the prior year. Of the \$1.92M fund balance, \$1.63M is available for contingencies. The \$1,631,784 unassigned balance represents 18.11% 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 above, the business-type net position increased by \$1.90 or 11.41% which was primarily due to \$0.78M increase in charges for services and a \$0.67M increase in net transfers in for capitalized infrastructure projects.

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 \$1.1M in Fiscal Year 2018/2019. The Measure H Fund provided \$0.52M for Sewer Enterprise Fund debt service payments and \$0.74M in contributions towards capitalized sewer and water infrastructure improvements during the fiscal year.

At its meeting held on February 13, 2018, the City Council adopted new five-year water and wastewater user rate schedules that became effective February 16, 2018. The initial water and wastewater rates that became effective February 16, 2018, represent increases of 7.50% and 5.75% respectively. Effective June 16, 2019, the water and wastewater rates were increased by an additional 7.00% and 7.25% respectively.

## **Capital Assets and Debt Administration**

### **Debt Administration**

*Long Term Debt* - At the end of the current fiscal year, the City had \$51.42 in long term debt outstanding compared to \$52.17M last year, a \$0.75M or 1.43% net decrease. The decrease is primarily due to debt service payments made in Fiscal Year 2018/2019. 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 2018/2019 include:

#### Governmental Activities

- Construction in progress – Western Placerville Interchange, Phase 2 Off-ramp, (\$4.25M)
- Construction in progress – Upper Broadway Bike Lanes, (\$0.70M)
- Construction in progress – Pacific Street Pavement Repair, (\$0.23M)
- Construction in progress – Canal Street Pavement Rehabilitation, (\$0.23M)
- Construction in progress – Placerville Drive Bicycle & Pedestrian Facility Improvements, (\$0.21M)

**Governmental Capital Assets**  
**June 30, 2019**  
(amounts expressed in thousands)

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
<i>Non-Depreciable Assets:</i>					
Land and improvements	\$ 12,934	\$ -	\$ -	\$ -	\$ 12,934
Construction in progress	15,110	2,751	-	(1,138)	16,723
Total nondepreciable assets	<u>28,044</u>	<u>2,751</u>	<u>-</u>	<u>(1,138)</u>	<u>29,657</u>
<i>Depreciable Assets:</i>					
Buildings and structures	12,266	-	-	-	12,266
Machinery and equipment	3,012	235	(190)	224	3,281
Infrastructure	13,518	-	-	914	14,432
Total depreciable assets	<u>28,796</u>	<u>235</u>	<u>(190)</u>	<u>1,138</u>	<u>29,979</u>
	56,840	2,986	(190)	-	59,636
Less accumulated depreciation	<u>(10,389)</u>	<u>(758)</u>	<u>173</u>	<u>-</u>	<u>(10,974)</u>
<b>Total governmental activities</b>	<u>\$ 46,451</u>	<u>\$ 2,228</u>	<u>\$ (17)</u>	<u>\$ -</u>	<u>\$ 48,662</u>

Business Type Activities

- Construction in progress – Sewer Lift Station Rehabilitation, (\$1.00M)
- Construction in progress – Sierra Tank Bypass, (\$0.53M)
- Construction in progress – Schnell School Road Pressure Regulating Station, (\$0.21M)

**Business-Type Capital Assets**  
**June 30, 2019**  
(amounts expressed in thousands)

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
<i>Non-Depreciable Assets:</i>					
Land and improvements	\$ 2,329	\$ -	\$ -	\$ -	\$ 2,329
Construction in progress	4,121	2,020	-	(114)	6,027
Total nondepreciable assets	<u>6,450</u>	<u>2,020</u>	<u>-</u>	<u>(114)</u>	<u>8,356</u>
<i>Depreciable Assets:</i>					
Buildings and structures	73,862	-	-	72	73,934
Machinery and equipment	1,318	88	-	-	1,406
Infrastructure	50,017	-	-	42	50,059
Total depreciable assets	<u>125,197</u>	<u>88</u>	<u>-</u>	<u>114</u>	<u>125,399</u>
	(66,139)	(2,107)	-	-	(68,246)
Less accumulated depreciation	<u>(66,139)</u>	<u>(2,107)</u>	<u>-</u>	<u>-</u>	<u>(68,246)</u>
Total depreciable assets, net	<u>59,058</u>	<u>(2,019)</u>	<u>-</u>	<u>114</u>	<u>57,153</u>
<b>Total business-type activities</b>	<u>\$ 65,508</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,509</u>

## Other Information

***The Placerville Public Financing Authority.*** As discussed in Note 13 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 Assistant City Manager/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, Assistant City Manager/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, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 2,155,342	\$ 3,712,760	\$ 5,868,102
Receivables:			
Accounts	4,011,567	234,097	4,245,664
Interest	1,381	7,428	8,809
Utility billings, net	-	2,398,491	2,398,491
Inventory	13,264	-	13,264
Prepaid items	142,752	-	142,752
Internal balances	-	-	-
Total current assets	<u>6,324,306</u>	<u>6,352,776</u>	<u>12,677,082</u>
Restricted:			
Cash and investments	5,226,190	-	5,226,190
Deposits held by fiscal agents	168,791	1,839,437	2,008,228
Receivables:			
Accounts	1,184,606	-	1,184,606
Interest	17,422	-	17,422
Grants	847,484	-	847,484
Loans	94,009	-	94,009
Total restricted assets	<u>7,538,502</u>	<u>1,839,437</u>	<u>9,377,939</u>
Capital assets:			
Nondepreciable	29,656,692	8,355,926	38,012,618
Depreciable, net	19,005,228	57,153,202	76,158,430
Total capital assets, net	<u>48,661,920</u>	<u>65,509,128</u>	<u>114,171,048</u>
<b>Total Assets</b>	<u>62,524,728</u>	<u>73,701,341</u>	<u>136,226,069</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflow of resources	3,034,853	818,806	3,853,659
OPEB related deferred outflow of resources	114,736	39,907	154,643
<b>Total Deferred Outflows of Resources</b>	<u>3,149,589</u>	<u>858,713</u>	<u>4,008,302</u>

**City of Placerville**  
**Statement of Net Position (Continued)**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	1,376,381	683,114	2,059,495
Payroll and related taxes payable	517,840	-	517,840
Deposits	65,289	34,285	99,574
Interest payable	5,078	273,107	278,185
Current portion of compensated absences	330,646	-	330,646
Current portion of long-term debt	1,197,648	1,844,023	3,041,671
Total current liabilities	<u>3,492,882</u>	<u>2,834,529</u>	<u>6,327,411</u>
Long-term liabilities:			
Compensated absences	777,400	-	777,400
Claims payable	400,026	-	400,026
Long-term debt, net	365,519	48,014,616	48,380,135
Total OPEB liability (Note 8)	2,955,762	1,028,059	3,983,821
Aggregate net pension liability (Note 7)	14,473,518	3,892,105	18,365,623
Total long-term liabilities	<u>18,972,225</u>	<u>52,934,780</u>	<u>71,907,005</u>
<b>Total Liabilities</b>	<u>22,465,107</u>	<u>55,769,309</u>	<u>78,234,416</u>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflow of resources	496,214	180,658	676,872
OPEB related deferred inflow of resources	86,122	29,954	116,076
<b>Total Deferred Inflows of Resources</b>	<u>582,336</u>	<u>210,612</u>	<u>792,948</u>
<b>Net Position:</b>			
Net investment in capital assets	47,098,753	15,650,489	62,749,242
Restricted:			
Capital projects	48,753	3,229,170	3,277,923
Special projects and programs	7,827,627	-	7,827,627
Total restricted	<u>7,876,380</u>	<u>3,229,170</u>	<u>11,105,550</u>
Unrestricted (Deficit)	<u>(12,348,259)</u>	<u>(299,526)</u>	<u>(12,647,785)</u>
<b>Total Net Position</b>	<u>\$ 42,626,874</u>	<u>\$ 18,580,133</u>	<u>\$ 61,207,007</u>

**City of Placerville**  
**Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 4,439,882	\$ 634,950	\$ -	\$ -	\$ 634,950
Public safety	4,920,467	89,976	283,301	-	373,277
Highways and streets	5,269,846	775,952	438,002	6,237,923	7,451,877
Community development	688,813	410,433	-	-	410,433
Parks and recreation	2,120,423	698,727	-	-	698,727
<b>Total governmental activities</b>	<b>17,439,431</b>	<b>2,610,038</b>	<b>721,303</b>	<b>6,237,923</b>	<b>9,569,264</b>
<b>Business-type activities:</b>					
Water	1,781,372	2,022,728	-	-	2,022,728
Sewer	6,325,791	6,295,107	-	121,766	6,416,873
<b>Total business-type activities</b>	<b>8,107,163</b>	<b>8,317,835</b>	<b>-</b>	<b>121,766</b>	<b>8,439,601</b>
<b>Total primary government</b>	<b>\$ 25,546,594</b>	<b>\$ 10,927,873</b>	<b>\$ 721,303</b>	<b>\$ 6,359,689</b>	<b>\$ 18,008,865</b>

**City of Placerville**  
**Statement of Activities and Changes in Net Position (Continued)**  
**For the Year Ended June 30, 2019**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ (3,804,932)	\$ -	\$ (3,804,932)
Public safety	(4,547,190)	-	(4,547,190)
Highways and streets	2,182,031	-	2,182,031
Community development	(278,380)	-	(278,380)
Parks and recreation	(1,421,696)	-	(1,421,696)
<b>Total governmental activities</b>	<b>(7,870,167)</b>	<b>-</b>	<b>(7,870,167)</b>
<b>Business-type activities:</b>			
Water	-	241,356	241,356
Sewer	-	91,082	91,082
<b>Total business-type activities</b>	<b>-</b>	<b>332,438</b>	<b>332,438</b>
<b>Total primary government</b>	<b>(7,870,167)</b>	<b>332,438</b>	<b>(7,537,729)</b>
<b>General revenues and transfers:</b>			
Taxes:			
Property	282,993	-	282,993
Sales	8,403,122	1,075,379	9,478,501
Motor vehicle	952,732	-	952,732
Other	791,026	-	791,026
<b>Total taxes</b>	<b>10,429,873</b>	<b>1,075,379</b>	<b>11,505,252</b>
Interest and investment earnings	85,984	63,188	149,172
Miscellaneous	116,531	12,188	128,719
<b>Transfers</b>	<b>(419,152)</b>	<b>419,152</b>	<b>-</b>
<b>Total general revenues and transfers</b>	<b>10,213,236</b>	<b>1,569,907</b>	<b>11,783,143</b>
<b>Changes in net position</b>	<b>2,343,069</b>	<b>1,902,345</b>	<b>4,245,414</b>
<b>Net Position:</b>			
Beginning of year	40,283,805	16,677,788	56,961,593
End of year	<u>\$ 42,626,874</u>	<u>\$ 18,580,133</u>	<u>\$ 61,207,007</u>

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**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUND  
FINANCIAL STATEMENTS**

**City of Placerville**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	Major Funds			
	General	Transportation	Measure J	Measure L
	Fund	Development Fund	Fund	Fund
<b>ASSETS</b>				
Cash and investments	\$ 1,348,730	\$ 171,929	\$ -	\$ -
Receivables:				
Accounts	1,092,405	2,917,868	-	-
Interest	1,381	-	-	-
Prepays	142,752	-	-	-
Inventories	13,264	-	-	-
Due from other funds	10,546	-	-	-
Advances to other funds	127,869	-	-	-
Restricted:				
Cash and investments	-	-	1,628	2,756,166
Receivables:				
Accounts	-	-	152,210	284,228
Interest	-	-	-	9,747
Grants	-	-	-	-
Loans	-	-	-	-
<b>Total assets</b>	<b>\$ 2,736,947</b>	<b>\$ 3,089,797</b>	<b>\$ 153,838</b>	<b>\$ 3,050,141</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 240,408	\$ 1,023,199	\$ 2,715	\$ -
Payroll and related liabilities	517,840	-	-	-
Due to other funds	-	-	-	-
Deposits payable	63,030	-	-	-
Advances from other funds	-	250,000	-	-
<b>Total liabilities</b>	<b>821,278</b>	<b>1,273,199</b>	<b>2,715</b>	<b>-</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	106,192	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>106,192</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	283,885	-	-	-
Restricted	-	1,710,406	151,123	3,050,141
Committed	-	-	-	-
Unassigned (deficit)	1,631,784	-	-	-
<b>Total fund balances</b>	<b>1,915,669</b>	<b>1,710,406</b>	<b>151,123</b>	<b>3,050,141</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,736,947</b>	<b>\$ 3,089,797</b>	<b>\$ 153,838</b>	<b>\$ 3,050,141</b>

**City of Placerville**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2019**

	<u>Major Funds</u>		Total Governmental Funds
	Development Impact Fund	Other Governmental Funds	
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ 1,520,659
Receivables:			
Accounts	-	-	4,010,273
Interest	-	-	1,381
Prepays	-	-	142,752
Inventories	-	-	13,264
Due from other funds	-	-	10,546
Advances to other funds	-	-	127,869
Restricted:			
Cash and investments	1,448,270	1,020,126	5,226,190
Receivables:			
Accounts	342,255	405,913	1,184,606
Interest	5,101	2,574	17,422
Grants	-	847,484	847,484
Loans	-	94,009	94,009
<b>Total assets</b>	<b>\$ 1,795,626</b>	<b>\$ 2,370,106</b>	<b>\$ 13,196,455</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 46,546	\$ 31,766	\$ 1,344,634
Payroll and related liabilities	-	-	517,840
Due to other funds	-	10,546	10,546
Deposits payable	-	2,259	65,289
Advances from other funds	-	262,421	512,421
<b>Total liabilities</b>	<b>46,546</b>	<b>306,992</b>	<b>2,450,730</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	-	847,484	953,676
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>847,484</b>	<b>953,676</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	283,885
Restricted	1,749,080	1,166,877	7,827,627
Committed	-	48,753	48,753
Unassigned (deficit)	-	-	1,631,784
<b>Total fund balances</b>	<b>1,749,080</b>	<b>1,215,630</b>	<b>9,792,049</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,795,626</b>	<b>\$ 2,370,106</b>	<b>\$ 13,196,455</b>

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**City of Placerville**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2019**

<b>Total Fund Balances - Total Governmental Funds</b>	<u>\$ 9,792,049</u>
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Non-depreciable	29,656,692
Depreciable	<u>19,005,228</u>
Total capital assets adjustment	<u>48,661,920</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	
	<u>(5,078)</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position:	
Compensated absences - due within one year	(330,646)
Compensated absences - due in more than one year	(777,400)
Claims payable - due in more than one year	(400,026)
Long-term debt - due within one year	(1,197,648)
Long-term debt - due in more than one year	<u>(365,519)</u>
Total reported in Government-Wide Statement of Net Position	<u>(3,071,239)</u>
Plus: Amount reported in Internal Service Funds	
Claims payable - due in more than one year	<u>400,026</u>
Total reported in Internal Service Funds	<u>400,026</u>
Net long-term liabilities	<u>(2,671,213)</u>
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	
	(14,473,518)
Total OPEB liability is not due and payable in the current period and therefore is not reported in the governmental funds.	
	(2,955,762)
Pension-related deferred outflows/inflows of resources in the governmental activities were not financial resources (uses) and therefore were not reported in the Governmental Funds Balance Sheet.	
Pension-related deferred outflows of resources	3,034,853
Pension-related deferred inflows of resources	(496,214)
OPEB-related deferred outflows/inflows of resources in the governmental activities were not financial resources (uses) and therefore were not reported in the Governmental Funds Balance Sheet.	
OPEB-related deferred outflows of resources	114,736
OPEB-related deferred inflows of resources	(86,122)
Deferred inflows and outflows of resources are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds:	
Unavailable revenues	953,676
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.	
	<u>757,547</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 42,626,874</u></u>

**City of Placerville**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	Major Funds			
	General Fund	Transportation Development Fund	Measure J Fund	Measure L Fund
<b>REVENUES:</b>				
Property taxes	\$ 282,993	\$ -	\$ -	\$ -
Sales tax	5,134,151	-	1,076,270	2,192,701
Transient occupancy taxes	231,529	-	-	-
Other taxes	162,130	-	-	-
Franchise fees	375,925	-	-	-
Licenses and permits	237,768	-	-	-
Fines and forfeitures	55,572	-	-	-
Use of money and property	119,925	-	-	34,871
Intergovernmental	974,173	6,655,505	-	-
Charges for services	903,353	-	-	-
Grant revenues	-	-	-	-
Other revenues	567,491	-	-	-
<b>Total revenues</b>	<b>9,045,010</b>	<b>6,655,505</b>	<b>1,076,270</b>	<b>2,227,572</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,578,829	-	10,963	-
Public safety	3,029,982	-	1,329,461	-
Highways and streets	761,872	6,271,851	-	-
Community development	637,308	-	-	-
Parks and recreation	1,837,730	-	-	-
<b>Total expenditures</b>	<b>8,845,721</b>	<b>6,271,851</b>	<b>1,340,424</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>199,289</b>	<b>383,654</b>	<b>(264,154)</b>	<b>2,227,572</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	296,761	1,142,396	110,000	-
Transfers out	(461,646)	-	-	(1,409,661)
<b>Total other financing sources (uses)</b>	<b>(164,885)</b>	<b>1,142,396</b>	<b>110,000</b>	<b>(1,409,661)</b>
<b>CHANGES IN FUND BALANCES</b>	<b>34,404</b>	<b>1,526,050</b>	<b>(154,154)</b>	<b>817,911</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,881,265	184,356	305,277	2,232,230
End of year	<u>\$ 1,915,669</u>	<u>\$ 1,710,406</u>	<u>\$ 151,123</u>	<u>\$ 3,050,141</u>

**City of Placerville**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Major Funds</u>		
	Development	Other	Total
	Impact	Governmental	Governmental
	Fund	Funds	Funds
<b>REVENUES:</b>			
Property taxes	\$ -	\$ -	\$ 282,993
Sales tax	-	-	8,403,122
Transient occupancy taxes	-	-	231,529
Other taxes	-	-	162,130
Franchise fees	-	-	375,925
Licenses and permits	-	-	237,768
Fines and forfeitures	-	96,062	151,634
Use of money and property	21,742	25,978	202,516
Intergovernmental	-	684,650	8,314,328
Charges for services	423,195	326,598	1,653,146
Grant revenues	199,673	36,652	236,325
Other revenues	-	-	567,491
<b>Total revenues</b>	<u>644,610</u>	<u>1,169,940</u>	<u>20,818,907</u>
<b>EXPENDITURES:</b>			
Current:			
General government	-	137,923	2,727,715
Public safety	-	290,225	4,649,668
Highways and streets	228,487	144,756	7,406,966
Community development	-	-	637,308
Parks and recreation	-	107,642	1,945,372
<b>Total expenditures</b>	<u>228,487</u>	<u>680,546</u>	<u>17,367,029</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>416,123</u>	<u>489,394</u>	<u>3,451,878</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	144,657	1,693,814
Transfers out	(425,000)	(332,135)	(2,628,442)
<b>Total other financing sources (uses)</b>	<u>(425,000)</u>	<u>(187,478)</u>	<u>(934,628)</u>
<b>CHANGES IN FUND BALANCES</b>	(8,877)	301,916	2,517,250
<b>FUND BALANCES:</b>			
Beginning of year	<u>1,757,957</u>	<u>913,714</u>	<u>7,274,799</u>
End of year	<u>\$ 1,749,080</u>	<u>\$ 1,215,630</u>	<u>\$ 9,792,049</u>

*(Concluded)*

**City of Placerville**  
**Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2019**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	2,517,250
Amounts reported for governmental activities in the Statement of Activities were different because:		
Governmental funds reported capital asset acquisitions 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. This was the amount of capital assets recorded in the current period.		2,986,658
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds.		(758,336)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased Net Position.		(17,000)
Additional interest payable.		(168)
Additional long-term liabilities have been reported in the Government-Wide Statement of Net Position.		
Additional long term debt principal		(1,168,719)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.		
Principal payment of long-term debt		161,617
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Changes in compensated absences		70,187
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).		141,957
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.		(748,674)
Changes in total OPEB 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 6).		(367,694)
The net effect of various miscellaneous transactions involving OPEB plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.		91,460
Unavailable revenues were reported as deferred inflows of resources in the Governmental Funds but were reported as revenues in the Government-Wide Statement of Statement of Activities.		(570,535)
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds was reported with governmental activities.		5,234
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>2,343,069</b>

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**City of Placerville**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Major Funds			Total	Governmental
	Water Fund	Sewer Fund	Measure H Fund		Activities Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 1,059,576	\$ 1,408,578	\$ 1,244,606	\$ 3,712,760	\$ 634,683
Receivables:					
Accounts	87,335	7,123	139,639	234,097	1,294
Interest	257	1,683	5,488	7,428	-
Utility billings, net	595,982	1,802,509	-	2,398,491	-
Advances to other funds	-	-	-	-	384,552
<b>Total current assets</b>	<b>1,743,150</b>	<b>3,219,893</b>	<b>1,389,733</b>	<b>6,352,776</b>	<b>1,020,529</b>
Noncurrent assets:					
Restricted assets:					
Cash with fiscal agents	61,604	1,777,833	-	1,839,437	168,791
Capital assets:					
Non-depreciable assets	4,367,001	3,988,925	-	8,355,926	-
Depreciable assets, net of accumulated depreciation	3,842,249	53,310,953	-	57,153,202	-
Total capital assets, net	8,209,250	57,299,878	-	65,509,128	-
Total noncurrent assets	8,270,854	59,077,711	-	67,348,565	168,791
<b>Total assets</b>	<b>10,014,004</b>	<b>62,297,604</b>	<b>1,389,733</b>	<b>73,701,341</b>	<b>1,189,320</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension-related deferred outflows of resources	218,708	600,098	-	818,806	-
OPEB-related deferred outflows of resources	10,549	29,358	-	39,907	-
<b>Total deferred outflows of resources</b>	<b>229,257</b>	<b>629,456</b>	<b>-</b>	<b>858,713</b>	<b>-</b>

**City of Placerville**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2019**

	Major Funds			Total	Governmental
	Water Fund	Sewer Fund	Measure H Fund		Activities Internal Service Funds
<b>LIABILITIES</b>					
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued liabilities	184,643	498,471	-	683,114	31,747
Deposits payable	31,946	2,339	-	34,285	-
Interest payable	1,548	271,559	-	273,107	-
Long term debt - due within one year	52,665	1,791,358	-	1,844,023	-
Total current liabilities	<u>270,802</u>	<u>2,563,727</u>	<u>-</u>	<u>2,834,529</u>	<u>31,747</u>
Noncurrent liabilities:					
Claims payable - due in more than one year	-	-	-	-	400,026
Long term debt - due in more than one year	119,228	47,895,388	-	48,014,616	-
Total OPEB liability (Note 8)	271,765	756,294	-	1,028,059	-
Aggregate net pension liability (Note 7)	1,039,604	2,852,501	-	3,892,105	-
Total noncurrent liabilities	<u>1,430,597</u>	<u>51,504,183</u>	<u>-</u>	<u>52,934,780</u>	<u>400,026</u>
<b>Total liabilities</b>	<u>1,701,399</u>	<u>54,067,910</u>	<u>-</u>	<u>55,769,309</u>	<u>431,773</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension-related deferred inflows of resources	48,255	132,403	-	180,658	-
OPEB-related deferred inflows of resources	7,918	22,036	-	29,954	-
<b>Total deferred inflows of resources</b>	<u>56,173</u>	<u>154,439</u>	<u>-</u>	<u>210,612</u>	<u>-</u>
<b>Net Position (Deficit):</b>					
Net investment in capital assets	8,037,357	7,613,132	-	15,650,489	-
Restricted	61,604	1,777,833	1,389,733	3,229,170	168,791
Unrestricted (deficit)	386,728	(686,254)	-	(299,526)	588,756
<b>Total net position (deficit)</b>	<u>\$ 8,485,689</u>	<u>\$ 8,704,711</u>	<u>\$ 1,389,733</u>	<u>\$ 18,580,133</u>	<u>\$ 757,547</u>

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**City of Placerville**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Major Funds			Total	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Measure H Fund		
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 1,963,112	\$ 6,154,206	\$ -	\$ 8,117,318	\$ 597,244
Sales tax	-	-	1,075,379	1,075,379	-
Other operating revenues	7,749	4,439	-	12,188	-
<b>Total operating revenues</b>	<b>1,970,861</b>	<b>6,158,645</b>	<b>1,075,379</b>	<b>9,204,885</b>	<b>597,244</b>
<b>OPERATING EXPENSES:</b>					
General and administrative	324,958	314,418	-	639,376	863,237
Maintenance and operations	1,251,608	3,265,974	-	4,517,582	244,249
Depreciation	200,644	1,905,948	-	2,106,592	-
<b>Total operating expenses</b>	<b>1,777,210</b>	<b>5,486,340</b>	<b>-</b>	<b>7,263,550</b>	<b>1,107,486</b>
<b>OPERATING INCOME (LOSS)</b>	<b>193,651</b>	<b>672,305</b>	<b>1,075,379</b>	<b>1,941,335</b>	<b>(510,242)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Grants	-	121,766	-	121,766	-
Connection fees	59,616	140,901	-	200,517	-
Interest income	3,287	38,253	21,648	63,188	-
Interest expense and fiscal charges	(4,162)	(839,451)	-	(843,613)	-
<b>Total nonoperating revenues (expenses)</b>	<b>58,741</b>	<b>(538,531)</b>	<b>21,648</b>	<b>(458,142)</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>252,392</b>	<b>133,774</b>	<b>1,097,027</b>	<b>1,483,193</b>	<b>(510,242)</b>
<b>TRANSFERS:</b>					
Transfers in	681,496	1,306,110	-	1,987,606	515,476
Transfers out	(141,401)	(167,086)	(1,259,967)	(1,568,454)	-
<b>Total transfers</b>	<b>540,095</b>	<b>1,139,024</b>	<b>(1,259,967)</b>	<b>419,152</b>	<b>515,476</b>
<b>CHANGES IN NET POSITION</b>	<b>792,487</b>	<b>1,272,798</b>	<b>(162,940)</b>	<b>1,902,345</b>	<b>5,234</b>
<b>NET POSITION:</b>					
Beginning of year	7,693,202	7,431,913	1,552,673	16,677,788	752,313
End of year	<b>\$ 8,485,689</b>	<b>\$ 8,704,711</b>	<b>\$ 1,389,733</b>	<b>\$ 18,580,133</b>	<b>\$ 757,547</b>

**City of Placerville**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Major Funds			Total	Governmental
	Water Fund	Sewer Fund	Measure H Fund		Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers and users	\$ 2,154,555	\$ 6,085,139	\$ -	\$ 8,239,694	\$ 630,058
Cash received from sales taxes	-	-	1,095,950	1,095,950	-
Cash payments to suppliers and employees for goods and services	(1,394,804)	(3,052,141)	-	(4,446,945)	(1,032,970)
Cash received from (paid for) other activities	7,749	4,439	-	12,188	-
<b>Net cash provided by (used in) operating activities</b>	<b>767,500</b>	<b>3,037,437</b>	<b>1,095,950</b>	<b>4,900,887</b>	<b>(402,912)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	(817,148)	(1,290,447)	-	(2,107,595)	-
Proceeds from capital lease	61,604	27,565	-	89,169	-
Principal paid on capital-related debt	(40,046)	(1,803,208)	-	(1,843,254)	-
Interest paid on capital-related debt	(3,962)	(841,797)	-	(845,759)	-
Capital grant proceeds	-	121,766	-	121,766	-
Connection fees	59,616	140,901	-	200,517	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(739,936)</b>	<b>(3,645,220)</b>	<b>-</b>	<b>(4,385,156)</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Advances (to)/from other funds	-	-	-	-	8,395
Transfers in	681,496	1,306,110	-	1,987,606	515,476
Transfers (out)	(141,401)	(167,086)	(1,259,967)	(1,568,454)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>540,095</b>	<b>1,139,024</b>	<b>(1,259,967)</b>	<b>419,152</b>	<b>523,871</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income	4,244	37,477	17,298	59,019	-
<b>Net cash provided by investing activities</b>	<b>4,244</b>	<b>37,477</b>	<b>17,298</b>	<b>59,019</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>571,903</b>	<b>568,718</b>	<b>(146,719)</b>	<b>993,902</b>	<b>120,959</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	549,277	2,617,693	1,391,325	4,558,295	682,515
End of year	<u>\$ 1,121,180</u>	<u>\$ 3,186,411</u>	<u>\$ 1,244,606</u>	<u>\$ 5,552,197</u>	<u>\$ 803,474</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>					
Cash and investments	\$ 1,059,576	\$ 1,408,578	\$ 1,244,606	\$ 3,712,760	\$ 634,683
Restricted cash and cash equivalents	61,604	1,777,833	-	1,839,437	168,791
<b>Total cash and cash equivalents</b>	<u>\$ 1,121,180</u>	<u>\$ 3,186,411</u>	<u>\$ 1,244,606</u>	<u>\$ 5,552,197</u>	<u>\$ 803,474</u>

**City of Placerville**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Major Funds			Total	Governmental
	Water Fund	Sewer Fund	Measure H Fund		Activities Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>					
<b>PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 193,651	\$ 672,305	\$ 1,075,379	\$ 1,941,335	\$ (510,242)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	200,644	1,905,948	-	2,106,592	-
Changes in operating assets and liabilities:					
Accounts receivable	137,013	16,642	20,571	174,226	32,814
Utility billings, net	(25,736)	(165,858)	-	(191,594)	-
Due from other funds	80,166	80,149	-	160,315	-
Pension-related deferred outflows	11,792	73,542	-	85,334	-
Accounts payable and accrued liabilities	36,051	262,131	-	298,182	13,306
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Claims and judgments payable	-	-	-	-	61,210
Total OPEB liability	33,807	94,082	-	127,889	-
Aggregate net pension liability	67,652	11,957	-	79,609	-
OPEB-related deferred inflows	38,197	104,411	-	142,608	-
Pension-related deferred inflows	(5,737)	(17,872)	-	(23,609)	-
Total adjustments	573,849	2,365,132	20,571	2,959,552	107,330
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 767,500</b>	<b>\$ 3,037,437</b>	<b>\$ 1,095,950</b>	<b>\$ 4,900,887</b>	<b>\$ (402,912)</b>

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**FIDUCIARY FUND FINANCIAL STATEMENTS**

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**City of Placerville**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	Public Financing Authority Agency Fund	Other Agency Funds	Total
<b>ASSETS</b>			
Cash and investments	\$ 160,816	\$ 407,309	\$ 568,125
Receivables:			
Accounts	-	3,415	3,415
Interest	295	668	963
<b>Total assets</b>	<b>\$ 161,111</b>	<b>\$ 411,392</b>	<b>\$ 572,503</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 51,657	\$ 51,657
Deposits payable	27,906	359,735	387,641
Due to bondholders	133,205	-	133,205
	<b>\$ 161,111</b>	<b>\$ 411,392</b>	<b>\$ 572,503</b>

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**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

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**City of Placerville**  
**Index to the Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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<b><u>NOTE</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
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**City of Placerville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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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. The Authority’s Board of Directors is comprised of the City’s Council Members, City Manager, and Assistant City Manager/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 30<sup>th</sup> 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. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

**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 an 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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Government-Wide Financial Statement*

The City's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. (In the statement of activities, internal service fund transactions have been eliminated.) However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

*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.

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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Governmental Fund Financial Statements (Continued)*

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.

The *Measure L Special Revenue Fund* is used to account for revenues and expenditures associated with the administration of the 0.50% add on sales tax to supplement the maintenance of the City's streets, sewer system, and water system.

The *Development Impact Fees Special Revenue Fund* is used to account for revenues and expenditures associated with the administration of the traffic impact mitigation fees collected by the City.

*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* is used to account for revenues and expenses associated with the administration of the 0.25% add-on sales tax that 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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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 1<sup>st</sup>. The unsecured and secured property tax lien date is January 1. Unsecured property taxes become delinquent on August 31<sup>st</sup>. Secured property taxes are payable in two installments, on November 1<sup>st</sup> and February 1<sup>st</sup> of each year, and become delinquent on December 10<sup>th</sup> and April 10<sup>th</sup>, 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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Fair Value Measurement***

GASB Statement No. 72, Fair Value Measurement and Application, defines fair value, establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

***F. 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.

***G. 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.”

***H. 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.

***I. 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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***I. Capital Assets (Continued)***

Donated capital assets are valued at their estimated acquisition 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:

	<u>Years</u>
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

***J. 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, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable 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 unavailable revenue is recorded are grants received but not yet earned or available, interest on interfund advances receivable, long-term assessments and loans receivable.

***K. 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:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***K. Pensions (Continued)***

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.

***L. Other Postemployment Benefits***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Retiree Benefits Plan ("OPEB Plan") and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan (Note 8). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period:	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over 5 years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

***M. 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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***N. 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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***N. Net Position and Fund Equity (Continued)***

**Fund Financial Statements (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.

***O. 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.

***P. Accounting Changes***

**New Governmental Accounting Standards Implemented for the Year Ended June 30, 2019**

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2019. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

***GASB Statement No. 83***

In November 2016, GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement is effective for the City's fiscal year ending June 30, 2019. This pronouncement did not have a material effect on the financial statements of the City.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***P. Accounting Changes (Continued)***

**New Governmental Accounting Standards Implemented for the Year Ended June 30, 2019 (Continued)**

*GASB Statement No. 88*

In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement also defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. In addition the statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This pronouncement did not have a material effect on the financial statements of the City.

**Upcoming Government Accounting Standards Implementation**

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

*GASB Statement No. 84*

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

*GASB Statement No. 87*

In June 2017, GASB issued Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

*GASB Statement No. 89*

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***P. Accounting Changes (Continued)***

**Upcoming Government Accounting Standards Implementation (Continued)**

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

*GASB Statement No. 90*

In August 2018, GASB issued Statement No. 90, Majority Equity Interests— An Amendment of GASB Statements No. 14 and No. 61. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

*GASB Statement No. 91*

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

*GASB Statement No. 92*

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments**

**A. Summary of Cash and Investments**

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2019:

	<u>Primary Government</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>		
	<u>Activities</u>	<u>Activities</u>			
Cash and investments	\$ 2,155,342	\$ 3,712,760	\$ 5,868,102	\$ 568,125	\$ 6,436,227
Restricted cash and investments	5,226,190	-	5,226,190	-	5,226,190
Cash and investments with fiscal agent	168,791	1,839,437	2,008,228	-	2,008,228
<b>Total</b>	<b>\$ 7,550,323</b>	<b>\$ 5,552,197</b>	<b>\$ 13,102,520</b>	<b>\$ 568,125</b>	<b>\$ 13,670,645</b>

Cash, cash equivalents, and investments, consisted of the following at June 30, 2019:

<b>Cash and cash equivalents:</b>	
Petty cash	\$ 3,355
Demand deposits	5,404,089
<b>Investments:</b>	
Local Agency Investment Fund	6,254,973
Money market funds	2,008,228
<b>Total</b>	<b>\$ 13,670,645</b>

**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, 2019, the carrying amount of the City's deposits was \$5,404,089. Bank balances before reconciling items were \$1,222,875 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.

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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**C. Investments**

At June 30, 2019, cash and investments, excluding restricted cash and investments held by fiscal agent, are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2019:

<u>Investment Type</u>	<u>Total as of June 30, 2019</u>	<u>Percentage of Investments</u>	<u>Measurement Inputs</u>
Local Agency Investment Fund	\$ 6,254,973	75.70%	N/A
Money market funds	<u>2,008,228</u>	24.30%	Not Rated
<b>Total</b>	<u><u>\$ 8,263,201</u></u>		

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:

Unrealized gain/(loss) in changes in fair value of investments	\$ 10,707
Interest income	<u>149,172</u>
Total investment income	<u><u>\$ 159,879</u></u>

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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**C. Investments (Continued)**

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.

*Investments held by Fiscal Agent.* The investments held by fiscal agents in the amount of \$2,008,228 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* is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity its fair value is to changes in market interest rates. 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, 2019, the City's pooled cash and investments had the following maturities:

	Amount	Maturities 1 year or less
<b>Cash and cash equivalent:</b>		
Petty cash	\$ 3,355	\$ 3,355
Demand deposits	5,404,089	5,404,089
<b>Investments:</b>		
Local Agency Investment Fund	6,254,973	6,254,973
Money market funds	2,008,228	2,008,228
<b>Total</b>	<b>\$ 13,670,645</b>	<b>\$ 13,670,645</b>

*Credit Risk* is the risk of loss due to failure of the security issuer. The risk can be identified thru the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only on type of investments allowed for municipalities by the Government Code as listed on the City's investment policy and investing only on instruments that are most credit worthy.

	Amount	Credit Quality Ratings	
		Moody's	Standard & Poor's
<b>Investments:</b>			
Local Agency Investment Fund	\$ 6,254,973	Not Rated	Not Rated
Money market funds	2,008,228	Not Rated	Not Rated
<b>Total</b>	<b>\$ 8,263,201</b>		

According to the City's investment policy, the aggregate investment in medium-term notes will not exceed 10% of the City's total portfolio.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 2 – Cash and Investments (Continued)**

***D. Risk Disclosures (Continued)***

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 (excluding investments held by fiscal agents) 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.

***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, 2019, amounted to an unrealized loss of \$10,070.

***F. Investments in Local Agency Investment Fund***

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2019, 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, 2019, the City had \$6,254,973 invested in LAIF, which had invested 1.77% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.001711790 was used to calculate the fair value of the investments in LAIF.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 3 – Interfund Transactions**

**A. Due From and To Other Funds**

At June 30, 2019, the City had the following short-term interfund receivables and payables:

Due From	Due To	
	Governmental Activities	
	Non-Major	Total
Governmental Activities		
General	\$ 10,546	\$ 10,546
Totals	<u>\$ 10,546</u>	<u>\$ 10,546</u>

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.

**B. Long-Term Advances**

At June 30, 2019, the City had the following long-term interfund advances:

Advances From Other Funds	Advances to Other Funds		
	Governmental Activities		
	Transportation Development	Non-Major	Total
Governmental Activities			
General Fund	\$ -	\$ 127,869	\$ 127,869
Internal Service	250,000	134,552	384,552
Totals	<u>\$ 250,000</u>	<u>\$ 262,421</u>	<u>\$ 512,421</u>

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

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 3 – Interfund Transactions (Continued)**

**C. Transfers In and Out**

At June 30, 2019, the City had the following transfers:

Transfers Out	Transfers In							Total
	Governmental Activities				Business-Type Activities			
	General	Transportation Development	Measure J	Non-Major	Internal Service Fund	Water	Sewer	
Governmental Activities								
General	\$ -	\$ -	\$ 110,000	\$ 144,657	\$ 206,989	\$ -	\$ -	\$ 461,646
Measure L	-	682,022	-	-	-	626,779	100,860	1,409,661
Development Impact	-	425,000	-	-	-	-	-	425,000
Non-Major	296,761	35,374	-	-	-	-	-	332,135
Business-Type Activities								
Water	-	-	-	-	141,401	-	-	141,401
Sewer	-	-	-	-	167,086	-	-	167,086
Measure H	-	-	-	-	-	54,717	1,205,250	1,259,967
Totals	<u>\$ 296,761</u>	<u>\$ 1,142,396</u>	<u>\$ 110,000</u>	<u>\$ 144,657</u>	<u>\$ 515,476</u>	<u>\$ 681,496</u>	<u>\$ 1,306,110</u>	<u>\$ 4,196,896</u>

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, 2019, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-Depreciable Assets:			
Land and improvements	\$ 12,933,540	\$ 2,328,974	\$ 15,262,514
Construction in progress	16,723,152	6,026,952	22,750,104
Total non-depreciable assets	<u>29,656,692</u>	<u>8,355,926</u>	<u>38,012,618</u>
Depreciable Assets:			
Building and structures	12,265,779	73,934,145	86,199,924
Machinery and equipment	3,280,752	1,406,319	4,687,071
Infrastructure	14,432,661	50,058,240	64,490,901
	<u>29,979,192</u>	<u>125,398,704</u>	<u>155,377,896</u>
Less accumulated depreciation	<u>(10,973,964)</u>	<u>(68,245,502)</u>	<u>(79,219,466)</u>
Total depreciable assets, net	<u>19,005,228</u>	<u>57,153,202</u>	<u>76,158,430</u>
Total capital assets	<u>\$ 48,661,920</u>	<u>\$ 65,509,128</u>	<u>\$ 114,171,048</u>

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 4 – Capital Assets (Continued)**

**A. Government-Wide Financial Statements (Continued)**

In fiscal year ended June 30, 2019, the City counted, valued and reported its capital assets, including infrastructure for its governmental activities and 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, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
<b>Non-Depreciable Assets:</b>					
Land and improvements	\$ 12,933,540	\$ -	\$ -	\$ -	\$ 12,933,540
Construction in progress	15,109,805	2,751,804	-	(1,138,457)	16,723,152
Total non-depreciable assets	<u>28,043,345</u>	<u>2,751,804</u>	<u>-</u>	<u>(1,138,457)</u>	<u>29,656,692</u>
<b>Depreciable Assets:</b>					
Building and structures	12,265,779	-	-	-	12,265,779
Machinery and equipment	3,011,812	234,854	(190,301)	224,387	3,280,752
Infrastructure	13,518,591	-	-	914,070	14,432,661
Total depreciable assets	28,796,182	234,854	(190,301)	1,138,457	29,979,192
Less accumulated depreciation	(10,388,929)	(758,336)	173,301	-	(10,973,964)
Total depreciable assets, net	<u>18,407,253</u>	<u>(523,482)</u>	<u>(17,000)</u>	<u>1,138,457</u>	<u>19,005,228</u>
Total capital assets	<u>\$ 46,450,598</u>	<u>\$ 2,228,322</u>	<u>\$ (17,000)</u>	<u>\$ -</u>	<u>\$ 48,661,920</u>

Depreciation expense in governmental activities for capital assets for the year ended June 30, 2019 was as follows:

General government	\$ 280,378
Public safety	70,541
Highways and street	348,087
Community Development	26,215
Parks and recreation	33,115
Total	<u>\$ 758,336</u>

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 4 – Capital Assets (Continued)**

***B. Business-Type Activities***

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

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Non-Depreciable Assets:					
Land and improvements	\$ 2,328,974	\$ -	\$ -	\$ -	\$ 2,328,974
Construction in progress	4,121,218	2,019,806	-	(114,072)	6,026,952
Total non-depreciable assets	<u>6,450,192</u>	<u>2,019,806</u>	<u>-</u>	<u>(114,072)</u>	<u>8,355,926</u>
Depreciable Assets:					
Building and structures	73,861,671	-	-	72,474	73,934,145
Machinery and equipment	1,318,530	87,789	-	-	1,406,319
Infrastructure	50,016,642	-	-	41,598	50,058,240
Total depreciable assets	125,196,843	87,789	-	114,072	125,398,704
Less accumulated depreciation	(66,138,910)	(2,106,592)	-	-	(68,245,502)
Total depreciable assets, net	<u>59,057,933</u>	<u>(2,018,803)</u>	<u>-</u>	<u>114,072</u>	<u>57,153,202</u>
Total capital assets	<u>\$ 65,508,125</u>	<u>\$ 1,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,509,128</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2019, were as follows:

Water	\$ 200,644
Sewer	<u>1,905,948</u>
Total	<u>\$ 2,106,592</u>

***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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2019:

	Governmental Activities	Business-Type Activities	Total
Long-term debt, due within one year	\$ 1,197,648	\$ 1,844,023	\$ 3,041,671
Noncurrent portion of long-term debt			
2006 State Revolving Loan	-	30,764,221	30,764,221
2006 Sewer Revenue Bonds	-	17,020,000	17,020,000
1997 State Revolving Loan	-	-	-
2017 City Hall Capital Lease	58,247	34,831	93,078
2015 Equipment Lease	169,994	123,033	293,027
2018 SACOG Loan	-	-	-
2019 Equipment Lease	137,278	72,531	209,809
Total noncurrent portion of long-term debt	365,519	48,014,616	48,380,135
Total long-term debt	\$ 1,563,167	\$ 49,858,639	\$ 51,421,806

**Governmental Activities**

Following is a summary of governmental activity long-term debt transactions during the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due within one year	Due in more than one year
2017 City Hall Capital Lease	\$ 283,419	\$ -	\$ 111,043	\$ 172,376	\$ 114,129	\$ 58,247
2015 Equipment Lease	272,646	-	50,574	222,072	52,078	169,994
2018 SACOG Loan	-	1,000,000	-	1,000,000	1,000,000	-
2019 Equipment Lease	-	168,719	-	168,719	31,441	137,278
Total	\$ 556,065	\$ 1,168,719	\$ 161,617	\$ 1,563,167	\$ 1,197,648	\$ 365,519

**Business-Type Activities**

Following is a summary of business-type activity long-term debt transactions during the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due within one year	Due in more than one year
2006 State Revolving Loan	\$ 33,821,483	\$ -	\$ 1,528,631	\$ 32,292,852	\$ 1,528,631	\$ 30,764,221
2006 Sewer Revenue Bonds	17,215,000	-	-	17,215,000	195,000	17,020,000
1997 State Revolving Loan	213,716	-	213,716	-	-	-
2017 City Hall Capital Lease	169,472	-	66,398	103,074	68,243	34,831
2015 Equipment Lease	193,080	-	34,510	158,570	35,537	123,033
2019 Equipment Lease	-	89,143	-	89,143	16,612	72,531
Total	\$ 51,612,751	\$ 89,143	\$ 1,843,255	\$ 49,858,639	\$ 1,844,023	\$ 48,014,616

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 5 – Long-Term Debt (Continued)**

**A. Government-Wide Financial Statements (Continued)**

**Business-Type Activities (Continued)**

Capital Leases

In 2005, 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. In 2017, the City refinanced the capital lease for the remaining term with a preferred 2.76% interest rate. 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
2020	\$ 182,372	\$ 6,353	\$ 188,725
2021	93,078	1,284	94,362
Total	<u>\$ 275,450</u>	<u>\$ 7,637</u>	<u>\$ 283,087</u>

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/insert 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
2020	\$ 87,615	\$ 10,595	\$ 98,210
2021	55,222	8,246	63,468
2022	56,864	6,604	63,468
2023	58,555	4,913	63,468
2024	60,296	3,171	
2025	62,090	1,377	63,467
Total	<u>\$ 380,642</u>	<u>\$ 34,906</u>	<u>\$ 352,081</u>

In February 2019, the City secured a capital lease in the amount of \$257,862 in order to finance 12 pieces of equipment ranging from a network printers to a pickup trucks. The annual interest rate 3.16%. The Lease payable is allocated between the governmental activities, 65.54%, and business-type activities, 34.46%. Principal and interest payments are due in October and April each year. The annual debt service requirements for the 2019 Equipment Lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 48,054	\$ 8,319	\$ 56,373
2021	50,136	6,237	56,373
2022	51,733	4,640	56,373
2023	53,380	2,993	56,373
2024	54,559	1,292	55,851
Total	<u>\$ 257,862</u>	<u>\$ 23,481</u>	<u>\$ 281,343</u>

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 5 – Long-Term Debt (Continued)**

**A. Government-Wide Financial Statements (Continued)**

**Business-Type Activities (Continued)**

The City entered into two 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 are included in capital assets and are summarized by major asset class below:

	June 30, 2019
Building and structures	\$ 2,052,000
Machinery and equipment	964,380
Assets under capitalized lease, at cost	3,016,380
Accumulated depreciation	(1,158,579)
Assets under capitalized lease, net	\$ 1,857,801

Loans

The City entered into a short-term loan agreement with the Sacramento Area Council of Governments (SACOG) in the amount of \$1,000,000 to help with the cash flow impacts of the Western Placerville Interchange, Phase 2 construction project, which totals over \$11 million. This project is primarily funded by several transportation grants, which are on a cost reimbursement basis. The \$1,000,000 loan will be paid in full in Fiscal Year 2019/2020.

Year Ending	Principal	Interest	Total
June 30,			
2020	\$ 1,000,000	\$ -	\$ 1,000,000
Total	\$ 1,000,000	\$ -	\$ 1,000,000

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, 2019, required 14.27% of net revenues. The total remaining principal and interest to be paid on the bonds is \$830,658. Interest paid for the current year and total net revenues were \$830,658 and \$5,821,405, 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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 5 – Long-Term Debt (Continued)**

**A. Government-Wide Financial Statements (Continued)**

**Business-Type Activities (Continued)**

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
2020	\$ 195,000	\$ 826,758	\$ 1,021,758
2021	205,000	818,758	1,023,758
2022	215,000	809,954	1,024,954
2023	225,000	800,329	1,025,329
2024	235,000	790,267	1,025,267
2025-2029	1,400,000	3,775,501	5,175,501
2030-2034	11,970,000	2,231,009	14,201,009
2035	2,770,000	69,250	2,839,250
Total	<u>\$ 17,215,000</u>	<u>\$ 10,121,826</u>	<u>\$ 27,336,826</u>

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, 2019, required 3.77% of net revenues. Principal and interest paid for the current year and total net revenues were \$219,271 and \$5,821,405 respectively. This loan was paid in full in Fiscal Year 2018/2019.

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, 2019, required 26.26% of net revenues. The total remaining principal to be paid on the loan is \$32,292,852. Principal paid for the current year and total net revenues were \$1,528,631 and \$5,821,405 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
2020	\$ 1,528,631	-	\$ 1,528,631
2021	1,528,631	-	1,528,631
2022	1,528,631	-	1,528,631
2023	1,528,631	-	1,528,631
2024	1,528,631	-	1,528,631
2025-2029	7,643,156	-	7,643,156
2030-2034	7,643,156	-	7,643,156
2035-2039	7,643,156	-	7,643,156
2040	1,720,229	-	1,720,229
Total	<u>\$ 32,292,852</u>	<u>\$ -</u>	<u>\$ 32,292,852</u>

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 5 – Long-Term Debt (Continued)**

**A. Government-Wide Financial Statements (Continued)**

**Business-Type Activities (Continued)**

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 3,041,671	\$ 852,025	\$ 3,893,696
2021	1,932,067	834,525	2,766,592
2022	1,852,228	821,198	2,673,426
2023	1,865,566	808,235	2,673,801
2024	1,878,486	794,730	2,673,216
2025-2029	9,105,246	3,776,878	12,882,124
2030-2034	19,613,156	2,231,009	21,844,165
2035-2039	10,413,156	69,250	10,482,406
2040	1,720,230	-	1,720,230
Total	<u>\$ 51,421,806</u>	<u>\$ 10,187,850</u>	<u>\$ 61,609,656</u>

**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 – 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 \$1,108,046. The City primarily uses the General Fund to liquidate compensated absences.

	Balance			Classification		
	June 30, 2018	Additions	Deletions	June 30, 2019	Due Within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Compensated absences	\$ 1,178,233	\$ (70,187)	\$ -	\$ 1,108,046	\$ 330,646	\$ 777,400
<b>Total governmental activities</b>	<u>\$ 1,178,233</u>	<u>\$ (70,187)</u>	<u>\$ -</u>	<u>\$ 1,108,046</u>	<u>\$ 330,646</u>	<u>\$ 777,400</u>

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Public Employees’ Retirement System**

The following is a summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2019:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 653,935	\$ 339,128	\$ 993,063
CalPERS Safety	668,141	-	668,141
Total pension contribution made after measurement date	<u>1,322,076</u>	<u>339,128</u>	<u>1,661,204</u>
Change in assumption:			
CalPERS Miscellaneous	645,914	334,966	980,880
CalPERS Safety	591,475	-	591,475
Total change in assumption	<u>1,237,389</u>	<u>334,966</u>	<u>1,572,355</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	37,103	19,242	56,345
CalPERS Safety	47,179	-	47,179
Total projected earnings on pension plan investments in excess of actual earnings	<u>84,282</u>	<u>19,242</u>	<u>103,524</u>
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	-	-	-
CalPERS Safety	-	-	-
Total adjustment due to difference in proportions	<u>-</u>	<u>-</u>	<u>-</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	189,968	98,516	288,484
CalPERS Safety	149,159	-	149,159
Total difference between expected and actual experience	<u>339,127</u>	<u>98,516</u>	<u>437,643</u>
Employer contributions in excess of proportionate share of contribution:			
CalPERS Miscellaneous	51,979	26,954	78,933
CalPERS Safety	-	-	-
Total employer contributions in excess of proportionate share of contribution	<u>51,979</u>	<u>26,954</u>	<u>78,933</u>
Total deferred outflows of resources:			
CalPERS Miscellaneous	1,578,899	818,806	2,397,705
CalPERS Safety	1,455,954	-	1,455,954
Total deferred outflows of resources	<u>\$ 3,034,853</u>	<u>\$ 818,806</u>	<u>\$ 3,853,659</u>
<b>Net pension liabilities:</b>			
CalPERS Miscellaneous	7,505,122	3,892,105	\$ 11,397,227
CalPERS Safety	6,968,396	-	6,968,396
Total net pension liabilities	<u>\$ 14,473,518</u>	<u>\$ 3,892,105</u>	<u>\$ 18,365,623</u>

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Public Employees’ Retirement System (Continued)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deferred inflows of Resources:</b>			
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	348,362	180,658	529,020
CalPERS Safety	\$ 66,052	\$ -	\$ 66,052
Total adjustment due to difference in proportions	<u>414,414</u>	<u>180,658</u>	<u>595,072</u>
Employer contributions in excess of proportionate share of contribution:			
CalPERS Miscellaneous	-	-	-
CalPERS Safety	81,800	-	81,800
Total employer contributions in excess of proportionate share of contribution	<u>81,800</u>	<u>-</u>	<u>81,800</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	-	-	-
CalPERS Safety	-	-	-
Total difference between expected and actual experience	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources:			
CalPERS Miscellaneous	348,362	180,658	529,020
CalPERS Safety	147,852	-	147,852
Total deferred inflows of resources	<u>\$ 496,214</u>	<u>\$ 180,658</u>	<u>\$ 676,872</u>
<b>Pension expenses:</b>			
CalPERS Miscellaneous	\$ 653,936	\$ 339,127	\$ 993,063
CalPERS Safety	668,141	-	668,141
Total net pension expenses	<u>\$ 1,322,077</u>	<u>\$ 339,127</u>	<u>\$ 1,661,204</u>

**Pension Plans**

**Plan Description**

Substantially all City employees working the equivalent of 1,000 hours or more per fiscal year are required to participate in the Miscellaneous Classic, Safety Classic, Miscellaneous Second-Tier, Safety Second-Tier, Miscellaneous PEPRA or Safety 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.

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic safety and miscellaneous CalPERS member becomes eligible for Service Retirement upon attainment of age 50 and 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 36 full-time equivalent monthly pay.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Public Employees’ Retirement System (Continued)**

**Pension Plans (Continued)**

**Plan Description (Continued)**

Retirement benefits for classic safety and miscellaneous employees are calculated as 3% and 2.5 %, respectively, of the average final 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.

**Employees Covered by Benefit Terms**

At June 30, 2018 measurement date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Miscellaneous Second Tier</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety Second Tier</u>	<u>Safety PEPRA</u>
Active employees	34	5	25	7	2	10
Transferred and terminated employees	55	10	14	38	3	2
Retired employees and beneficiaries	82	3	1	42	-	1
Total	<u>171</u>	<u>18</u>	<u>40</u>	<u>87</u>	<u>5</u>	<u>13</u>

**Benefits Provided**

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 36 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.

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%.

Following are the benefit provisions for each plan:

	<u>Miscellaneous</u>	<u>Miscellaneous Second Tier</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety Second Tier</u>	<u>Safety PEPRA</u>
Benefit formula	2.5% @ 55	2.0% @ 55	2.0% @ 62	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62	50	55	50-57
Monthly benefits, as a % of eligible compensation	2.5%	2.0%	2.0%	3.0%	3.0%	2.7%
Required employee contribution rate	8.000%	7.000%	6.250%	9.000%	9.000%	11.500%
Required employer contribution rate	11.112%	9.975%	7.026%	20.707%	18.928%	13.034%

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Public Employees’ Retirement System (Continued)**

**Pension Plans (Continued)**

**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 year ended, the active employee contribution rate was 9% of annual payroll for the Safety Classic Plan, 8% for the Miscellaneous Classic Plan, and 12.082% for the Safety PEPRA Plan, and 6.50%, for Miscellaneous PEPRA Plan. The average employer’s contribution rate was 10.366% of annual payroll for the Miscellaneous Classic Plan, 19.416% for the Safety Classic Plan, 12.141% for the Safety PEPRA Plan, and 6.939% for the Miscellaneous PEPRA Plan.

For the year ended June 30, 2019, the plan’s employer contributions made for each Plan was as follows:

Miscellaneous	\$	993,063
Safety		668,141
	\$	1,661,204

**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, 2018, 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, 2017 rolled forward to June 30, 2018 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.

**Proportionate Share of Net Pension Liability and Pension Expense**

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Miscellaneous</b>			
Balance at: 6/30/17 (Valuation date)	\$ 32,121,186	\$ 20,599,097	\$ 11,522,089
Balance at: 6/30/18 (Measurement date)	33,231,655	21,834,428	11,397,227
Net changes during 2017-2018	1,110,469	1,235,331	(124,862)
<b>Safety</b>			
Balance at: 6/30/17 (Valuation date)	\$ 21,174,404	\$ 14,268,522	\$ 6,905,882
Balance at: 6/30/18 (Measurement date)	23,070,378	16,101,982	6,968,396
Net changes during 2017-2018	1,895,974	1,833,460	62,514
Total net changes during 2017-2018	3,006,443	3,068,791	(62,348)

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Public Employees’ Retirement System (Continued)**

**Pension Plans (Continued)**

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

**Proportionate Share of Net Pension Liability and Pension Expense (Continued)**

The City’s net pension liability/(asset) for each Plan is measured as the proportionate share of the net pension liability/(asset). The net pension liability/(asset) of each of the Plans is measured as of June 30, 2018, and the total pension liability/(asset) for each Plan used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City’s proportion of the net pension liability/(asset) 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. The City’s proportionate share of the net pension liability/(asset) for each Plan as of June 30, 2017 and 2018 was as follows:

	<b>Miscellaneous</b>	<b>Safety</b>	<b>Total</b>
Proportion - June 30, 2017	0.11618%	0.06964%	0.18582%
Proportion - June 30, 2018	0.29229%	0.11876%	0.41105%
Change - Increase/(Decrease)	0.17611%	0.04912%	0.22523%

For the year ended June 30, 2019, the City recognized pension expense of \$993,063 and \$668,141, for the Miscellaneous and Safety plans, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Miscellaneous Plans</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 993,063	\$ -
Difference between projected and actual earning on pension plan investments	56,345	-
Adjustment due to differences in proportions	-	529,020
Changes in assumptions	980,880	-
Difference between actual and expected experience	288,484	-
Difference between employer's actual contributions and proportionate share of contributions	78,933	-
Total	\$ 2,397,705	\$ 529,020

<b>Safety Plans</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 668,141	\$ -
Difference between projected and actual earning on pension plan investments	47,179	-
Adjustment due to differences in proportions	-	66,052
Changes in assumptions	591,475	-
Difference between actual and expected experience	149,159	-
Difference between employer's actual contributions and proportionate share of contributions	-	81,800
Total	\$ 1,455,954	\$ 147,852

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Public Employees’ Retirement System (Continued)**

**Pension Plans (Continued)**

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

**Proportionate Share of Net Pension Liability and Pension Expense (Continued)**

	<b>Aggregate Total</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 1,661,204	\$ -
Difference between projected and actual earning on pension plan investments	103,524	-
Adjustment due to differences in proportions	-	595,072
Changes in assumptions	1,572,355	-
Difference between actual and expected experience	437,643	-
Difference between employer's actual contributions and proportionate share of contributions	78,933	81,800
<b>Total</b>	<b>\$ 3,853,659</b>	<b>\$ 676,872</b>

For the Miscellaneous Plan and Safety Plan, \$ and \$, respectively, was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the next measurement period (June 30, 2019). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Miscellaneous Plans	Safety Plans	Total
2020	\$ 989,634	\$ 592,412	\$ 1,582,046
2021	486,472	316,107	802,579
2022	(497,973)	(220,291)	(718,264)
2023	(102,511)	(48,267)	(150,778)
	\$ 875,622	\$ 639,961	\$ 1,515,583

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.63%
Salary Increases	3.3% to 14.2% depending on age, service, and type of employment
Investment Rate of Return	7.00%
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Public Employees’ Retirement System (Continued)**

**Pension Plans (Continued)**

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

**Actuarial Assumptions (Continued)**

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2016 actuarial experience study for the period 1998 to 2012. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate**

In determining the long-term expected rate of return, CalPERS 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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Years 11 +<sup>2</sup></u>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	77.00%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

In CalPERS' CAFR, Fixed Income is included in the Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and the Global Debt Securities.

<sup>1</sup> An expected inflation of 2.5% was used for this period.

<sup>2</sup> An expected inflation of 3.0% was used for this period.

The discount rate used to measure the total pension liability was 7.15% for the plans. 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Public Employees’ Retirement System (Continued)**

**Pension Plans (Continued)**

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

**Discount Rate (Continued)**

The long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.00% 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 7.15%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. The difference was deemed immaterial to the Public Agency Cost Sharing Multiple-Employer Defined Benefit Pension Plan.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City’s proportionate share of the net position liability for the 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 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>Plan's Net Pension Liability/(Asset)</b>		
	<b>Discount Rate - 1%</b>	<b>Current Discount</b>	<b>Discount Rate + 1%</b>
	<b>(6.15%)</b>	<b>Rate (7.15%)</b>	<b>(8.15%)</b>
CalPERS Miscellaneous	\$ 15,892,512	\$ 11,397,227	\$ 7,686,443
CalPERS Safety	\$ 10,148,796	\$ 6,968,396	\$ 4,362,628
Total	\$ 26,041,308	\$ 18,365,623	\$ 12,049,071

**Pension Plan Fiduciary Net Position**

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

**Payable to the Pension Plan**

At June 30, 2019, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2019.

**Deferred Compensation Plan**

In 1983, the City 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 \$19,500 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 ICMA Plan, which amounted to \$3,179,612 at June 30, 2019, have been removed from the basic financial statements of the City, with no impact on fund equity.

During fiscal year 2016/2017, the City established an additional IRS 457 Plan with the California Public Employees Retirement System (CalPERS). The CalPERS IRC Plan had a balance in the amount of \$257,239 as of June 30, 2019.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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.

The City contributes an amount each month towards the purchase of medical insurance for the retiree on a pay as you go basis. 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 OPEB Expense each year based upon projections from the July 1, 2018, actuarial valuation study performed by Demsey, Filliger & Associates.

**C. Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The total OPEB liability at June 30, 2019 was:

Total OPEB liability	<u>\$ 3,983,821</u>
Total OPEB liability	<u><u>\$ 3,983,821</u></u>

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

***D. Actuarial Assumptions***

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.13%
Inflation	3.00%
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	RP-2014 Employee Mortality, without projection
Mortality Post-retirement	RP-2014 Healthy Annuitant Mortality, without projection
Pre-retirement turnover	Ranging from 1.3% to 10.8% based on termination rates under the Crocker-Sarason Table T-5 less mortality, increased by 40% at all ages.
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.0% initially reduced by decrements to an ultimate of 5.0% therefore.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2019.

***E. Discount Rate***

The discount rate used to measure the total OPEB liability was 3.13% percent. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

***F. Change in the Total OPEB Liability***

	<b>Total OPEB Liability</b>
Balance at June 30, 2018	\$ 3,488,238
Changes Recognized for the Measurement Period:	
Service Cost	275,001
Interest on the total OPEB liability	124,596
Changes of assumptions	189,551
Benefit payments	(93,565)
Net Changes during July 1, 2018 to June 30, 2019	495,583
Balance at June 30, 2019 (Measurement Date)	\$ 3,983,821

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

***F. Change in the Total OPEB Liability (Continued)***

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

<b>Plan's Net Pension Liability/(Asset)</b>		
Discount Rate - 1% (2.13%)	Current Discount Rate (3.13%)	Discount Rate + 1% (4.13%)
\$ 4,417,804	\$ 3,983,821	\$ 3,611,185

*Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

<b>Plan's Total OPEB Liability</b>		
Healthcare Cost Trend Rates -1% (5.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.0% decreasing to 5.0%)	Healthcare Cost Trend Rates +1% (7.0% decreasing to 6.0%)
\$ 3,504,381	\$ 3,983,821	\$ 4,554,031

***G. Contributions***

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2019, the City contributed \$63,806 to the plan for current premiums.

***H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$403,133. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Changes of assumptions	\$ 154,643	\$ (116,076)
Total	\$ 154,643	\$ (116,076)

The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 5.4 years, which was determined as of June 30, 2018, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

***H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2020	\$ 3,536
2021	3,536
2022	3,536
2023	12,948
2024	15,011
Thereafter	-
	\$ 38,567

**Note 9 – Classification of Fund Balance and Other Fund Disclosures**

In governmental funds, fund balances are classified as follows:

	Major Funds					Non-Major	Total
	General	Transportation Development	Measure J	Measure L	Development Impact Fees		
<i>Nonspendable</i>							
Prepaid items	\$ 142,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,752
Advances to other funds	127,869	-	-	-	-	-	127,869
Inventory	13,264	-	-	-	-	-	13,264
Total	283,885	-	-	-	-	-	283,885
<i>Restricted</i>							
Transportation	-	1,710,406	-	3,050,141	-	-	4,760,547
Police services	-	-	151,123	-	-	-	151,123
Gas Tax	-	-	-	-	-	278,174	278,174
Development Impact	-	-	-	-	1,749,080	-	1,749,080
Parking District	-	-	-	-	-	132,167	132,167
Grants	-	-	-	-	-	442,653	442,653
BAD, CFD, & LLMD	-	-	-	-	-	221,462	221,462
Park Development	-	-	-	-	-	92,421	92,421
Total	-	1,710,406	151,123	3,050,141	1,749,080	1,166,877	7,827,627
<i>Committed</i>							
Capital projects	-	-	-	-	-	48,753	48,753
Total	-	-	-	-	-	48,753	48,753
<i>Unassigned</i>	1,631,784	-	-	-	-	-	1,631,784
<b>Total fund balances</b>	\$ 1,915,669	\$ 1,710,406	\$ 151,123	\$ 3,050,141	\$ 1,749,080	\$ 1,215,630	\$ 9,792,049

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

**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, 2019 as follows:

Fund	Amount
Governmental Activities	
Transportation Development	6,271,199
Development Impact	385,971
General Fund	82,234
Non-Major	32,173
Business Type Activities	
Water	729,164
Sewer	1,367,508
Total encumbrances	\$ 8,868,249

**Capital Commitments**

The City is undertaking a number of capital improvement projects. However, there are no capital project commitments at June 30, 2019.

**Fund Equity Deficits**

The City's governmental activities had an unrestricted net position (deficit) of \$(12,348,259) as of June 30, 2019. This is mainly due to reporting of net pension liability of \$(14,473,518) as required under GASB Statement No. 68 (Note 7) and reporting of Total OPEB liability of \$(2,955,762) as required under GASB Statement No. 75.

**Expenditures in Excess of Appropriations**

The following funds report expenditures in excess of appropriations for the year ended June 30, 2019.

Fund	Function	Excess
General Fund	Public Safety	\$ (359,290)
General Fund	Highways and streets	\$ (129,554)
General Fund	Community development	\$ (91,563)
Measure J	General government	\$ (236)
Development Impact	Highways and streets	\$ (487)
Grants	Public Safety	\$ (225)
BAD, CFD, & LLMD	Parks and recreation	\$ (5,010)

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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, 2017, 2018, and 2019:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments For Current and Prior Years	End of Year Liability
2016-2017	\$ 248,893	\$ 354,767	\$ (256,566)	\$ 347,094
2017-2018	347,094	504,731	(513,009)	338,816
2018-2019	338,816	566,866	(505,656)	400,026

**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.

*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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 10 – Risk Management (Continued)**

The following is a summary of financial information of the Authority as of and for the year ended June 30, 2019:

Total Assets (Primary Investments)	<u>\$ 63,261,318</u>
Deferred Outflow of Resources	<u>\$ -</u>
Total Liability	<u>\$ 41,431,782</u>
Deferred Inflows of Resources	<u>\$ -</u>
Net Position	<u>\$ 21,829,536</u>
Total Revenues	<u>\$ 23,058,080</u>
Total Expenses	<u>\$ 16,847,534</u>
Net Income (Loss)	<u>\$ 6,210,546</u>

**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 five million dollars is covered by Great American Insurance. The fourth layer of five million dollars is covered by Evanston Insurance Company/Lloyd's Syndicates. The fifth layer of ten million dollars is covered by Argonaut Insurance Company/Evanston Insurance Company. The sixth layer of ten million dollars is covered by Brit Global & Great American. 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, 2019:

Total Assets (Primary Investments)	<u>\$ 50,275,651</u>
Deferred Outflow of Resources	<u>\$ 467,298</u>
Total Liability	<u>\$ 25,140,516</u>
Deferred Inflows of Resources	<u>\$ 157,568</u>
Net Position	<u>\$ 25,444,865</u>
Total Revenues	<u>\$ 16,017,909</u>
Total Expenses	<u>\$ 16,182,052</u>
Net Income (Loss)	<u>\$ (164,143)</u>

**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 local government agencies that are serviced by it. All City Fire Department personnel, vehicles and equipment have been transferred to the District.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 11 – City Agreements with Certain Other Governmental Units (Continued)**

**El Dorado County Fire Protection District (Continued)**

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, 2019, City property tax revenue assigned to the District amounted to approximately \$1,798,014.

**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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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 Assistant City Manager/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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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 <sup>1</sup>	\$2,660,000	Series 1994 - \$13,070,000 <sup>1</sup>
AD 1994-2, June 1994 <sup>1</sup>	\$4,855,000	
Sewer Revenue Bonds <sup>1</sup>	\$4,255,000	
Installment Purchase Agreement <sup>2</sup>	\$17,215,000	Series 2006 - \$17,215,000 <sup>2</sup>

<sup>1</sup> Paid in full.

<sup>2</sup> 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.

**City of Placerville**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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.

Although the AD 92-1 AD 92-2 bonds matured in 2012, delinquent assessments and supplemental assessments remain resulting in continued default of past principal and interest payments. The City and Authority are exploring work out options for the remaining parcels with delinquent assessments.

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 – Subsequent Events**

**COVID19**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be reasonably estimated at this time.

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**REQUIRED  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**City of Placerville**  
**Required Supplementary Information (Unaudited)**  
**Budget Comparison Schedules – General Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Property taxes	\$ 266,818	\$ 282,785	\$ 282,993	\$ 208
Sales tax	5,096,994	5,084,777	5,134,151	49,374
Transient occupancy taxes	212,066	217,935	231,529	13,594
Other taxes	208,463	216,369	162,130	(54,239)
Franchise fees	362,249	329,355	375,925	46,570
Licenses and permits	105,000	192,014	237,768	45,754
Fines and forfeitures	52,385	54,259	55,572	1,313
Use of money and property	87,911	92,294	119,925	27,631
Intergovernmental	926,734	978,279	974,173	(4,106)
Charges for services	807,092	867,988	903,353	35,365
Other revenues	904,062	835,707	567,491	(268,216)
<b>Total Revenues</b>	<u>9,029,774</u>	<u>9,151,762</u>	<u>9,045,010</u>	<u>(106,752)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,794,923	2,685,028	2,578,829	106,199
Public safety	3,049,843	2,670,692	3,029,982	(359,290)
Highways and streets	603,706	632,318	761,872	(129,554)
Community development	559,959	545,745	637,308	(91,563)
Parks and recreation	2,055,933	2,208,745	1,837,730	371,015
<b>Total Expenditures</b>	<u>9,064,364</u>	<u>8,742,528</u>	<u>8,845,721</u>	<u>(103,193)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(34,590)</u>	<u>409,234</u>	<u>199,289</u>	<u>(209,945)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	259,472	259,472	296,761	37,289
Transfers out	(222,976)	(460,000)	(461,646)	(1,646)
<b>Total Other Financing Sources (Uses)</b>	<u>36,496</u>	<u>(200,528)</u>	<u>(164,885)</u>	<u>35,643</u>
		34,496		
<b>Change in Fund Balance</b>	<u>\$ 1,906</u>	<u>\$ 208,706</u>	34,404	<u>\$ (174,302)</u>
<b>Fund Balance:</b>				
Beginning of year			<u>1,881,265</u>	
End of year			<u>\$ 1,915,669</u>	

**City of Placerville**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budget Comparison Schedules – Transportation Development Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 6,600,000	\$ 6,655,505	\$ 55,505
<b>Total Revenues</b>	<u>-</u>	<u>6,600,000</u>	<u>6,655,505</u>	<u>55,505</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	-	6,300,000	6,271,851	28,149
<b>Total Expenditures</b>	<u>-</u>	<u>6,300,000</u>	<u>6,271,851</u>	<u>28,149</u>
<b>REVENUES OVER (UNDER EXPENDITURES)</b>	<u>-</u>	<u>395,000</u>	<u>383,654</u>	<u>83,654</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	1,100,000	1,142,396	42,396
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,100,000</u>	<u>1,142,396</u>	<u>42,396</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 1,495,000</u>	1,526,050	<u>\$ 126,050</u>
<b>Fund Balance:</b>				
Beginning of year			184,356	
End of year			<u>\$ 1,710,406</u>	

**City of Placerville**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budget Comparison Schedules – Measure J Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Sales tax	\$ 1,086,270	\$ 1,072,736	\$ 1,076,270	\$ 3,534
Use of money and property	700	700	-	(700)
<b>Total Revenues</b>	<u>1,086,970</u>	<u>1,073,436</u>	<u>1,076,270</u>	<u>2,834</u>
<b>EXPENDITURES:</b>				
Current:				
General government	10,863	10,727	10,963	(236)
Public safety	1,314,398	1,417,807	1,329,461	88,346
<b>Total Expenditures</b>	<u>1,325,261</u>	<u>1,428,534</u>	<u>1,340,424</u>	<u>88,110</u>
<b>REVENUES OVER (UNDER EXPENDITURES)</b>	<u>(238,291)</u>	<u>(355,098)</u>	<u>(264,154)</u>	<u>90,944</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	110,000	110,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>
<b>Change in Fund Balance</b>	<u>\$ (238,291)</u>	<u>\$ (355,098)</u>	<u>(154,154)</u>	<u>\$ 200,944</u>
<b>Fund Balance:</b>				
Beginning of year			<u>305,277</u>	
End of year			<u>\$ 151,123</u>	

**City of Placerville**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budget Comparison Schedules – Measure L Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Sales tax	\$ 2,155,014	\$ 2,159,308	\$ 2,192,701	\$ 33,393
Use of money and property	22,650	22,650	34,871	12,221
<b>Total Revenues</b>	<u>2,177,664</u>	<u>2,181,958</u>	<u>2,227,572</u>	<u>45,614</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER EXPENDITURES)</b>	<u>2,177,664</u>	<u>2,181,958</u>	<u>2,227,572</u>	<u>45,614</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(863,000)	(1,500,000)	(1,409,661)	90,339
<b>Total Other Financing Sources (Uses)</b>	<u>(863,000)</u>	<u>(1,500,000)</u>	<u>(1,409,661)</u>	<u>90,339</u>
<b>Change in Fund Balance</b>	<u>\$ 1,314,664</u>	<u>\$ 681,958</u>	817,911	<u>\$ 135,953</u>
<b>Fund Balance:</b>				
Beginning of year			<u>2,232,230</u>	
End of year			<u>\$ 3,050,141</u>	

**City of Placerville**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budget Comparison Schedules – Development Impact Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ 21,000	\$ 21,742	\$ 742
Other revenues	-	-	-	-
Charges for services	-	423,000	423,195	195
Grant revenues	-	200,000	199,673	(327)
<b>Total Revenues</b>	<b>-</b>	<b>644,000</b>	<b>644,610</b>	<b>610</b>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	-	228,000	228,487	(487)
<b>Total Expenditures</b>	<b>-</b>	<b>228,000</b>	<b>228,487</b>	<b>(487)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>416,000</b>	<b>416,123</b>	<b>123</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(425,000)	(425,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(425,000)</b>	<b>(425,000)</b>	<b>-</b>
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (9,000)</b>	<b>(8,877)</b>	<b>\$ 123</b>
<b>Fund Balance:</b>				
Beginning of year			1,757,957	
End of year			<u>\$ 1,749,080</u>	

**City of Placerville**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Notes to the Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2019**

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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 XIII B 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, 2018, 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 Special Revenue 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, 2019**

**Miscellaneous Plan**

Measurement period, year ended	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> <sup>1</sup>
Plan's proportion of the net pension liability	0.2922900%	0.1161823%	0.1180300%	0.1279368%	0.1167000%
Plan's proportionate share of the net pension liability	\$ 11,397,227	\$ 11,522,089	\$ 10,213,253	\$ 8,781,468	\$ 7,270,669
Plan's covered-employee payroll	\$ 3,573,174	\$ 3,469,101	\$ 3,368,059	\$ 3,269,960	\$ 3,174,719
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	318.97%	332.13%	303.24%	268.55%	229.02%
Plan's fiduciary net position	\$ 21,834,428	\$ 20,599,097	\$ 18,384,211	\$ 18,751,097	\$ 20,035,468
Plan's fiduciary net position as a percentage of the total pension liability	65.70%	64.13%	64.29%	68.11%	73.37%
Plan's proportionate share of aggregate employer contributions	\$ 892,071	\$ 821,706	\$ 758,296	\$ 563,533	\$ 588,875

**Notes to Schedule:**

**Changes in assumptions** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

<sup>1</sup> Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

**Safety Plan**

Measurement period, year ended	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> <sup>1</sup>
Plan's proportion of the net pension liability	0.118760%	0.069635%	0.070494%	0.073132%	0.071310%
Plan's proportionate share of the net pension liability	\$ 6,968,396	\$ 6,905,882	\$ 6,099,938	\$ 5,019,871	\$ 4,440,588
Plan's covered-employee payroll	\$ 1,294,230	\$ 1,256,534	\$ 1,219,936	\$ 1,184,404	\$ 1,149,907
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	538.42%	549.60%	500.02%	423.83%	386.17%
Plan's fiduciary net position	\$ 16,101,982	\$ 14,268,522	\$ 12,997,857	\$ 13,914,172	\$ 13,946,181
Plan's fiduciary net position as a percentage of the total pension liability	69.80%	67.39%	68.06%	73.49%	75.85%
Plan's proportionate share of aggregate employer contributions	\$ 568,532	\$ 488,725	\$ 457,324	\$ 332,478	\$ 319,107

**Notes to Schedule:**

**Changes in assumptions** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

<sup>1</sup> Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

**City of Placerville**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2019**

**Miscellaneous Plan**

Fiscal year	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually determined contribution (actuarially determined)	\$ 993,063	\$ 892,071	\$ 821,706	\$ 758,296	\$ 563,533
Contributions in relation to the actuarially determined contributions <sup>2</sup>	(993,063)	(892,071)	(821,706)	(758,296)	(563,533)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>				
Covered-employee payroll	\$ 3,486,384	\$ 3,573,174	\$ 3,469,101	\$ 3,368,059	\$ 3,269,960
Contributions as a percentage of covered-employee payroll	28.48%	24.97%	23.69%	22.51%	17.23%

<sup>1</sup> Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

**Notes to Schedule**

Valuation date: 6/30/2017

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2014 Funding Valuation
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period - - - - -
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**City of Placerville**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions (Continued)**  
**For the Year Ended June 30, 2019**

**Safety Plan**

Fiscal year	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually determined contribution (actuarially determined)	\$ 668,141	\$ 568,532	\$ 488,725	\$ 457,324	\$ 332,478
Contributions in relation to the actuarially determined contributions <sup>2</sup>	(668,141)	(568,532)	(488,725)	(457,324)	(332,478)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>				
Covered-employee payroll	\$ 1,530,203	\$ 1,294,230	\$ 1,256,534	\$ 1,219,936	\$ 1,184,404
Contributions as a percentage of covered-employee payroll <sup>3</sup>	43.66%	43.93%	38.89%	37.49%	28.07%

<sup>1</sup> Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

**Notes to Schedule**

Valuation date: 6/30/2017

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2014 Funding Valuation
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**City of Placerville**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2019**

Measurement period, year ending:	<u>6/30/2019<sup>1</sup></u>
<b>Total OPEB liability</b>	
Service cost	\$ 275,001
Interest	124,596
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	189,551
Benefit payments, including refunds of member contributions	<u>(93,565)</u>
<b>Net change in total OPEB liability</b>	495,583
<b>Total OPEB liability - beginning</b>	<u>3,488,238</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 3,983,821</u></u>
<b>OPEB fiduciary net position</b>	
Contributions - employer	\$ 93,565
Net investment income	-
Benefit payments, including refunds of member contributions	(93,565)
Administrative expense	<u>-</u>
<b>Net change in plan fiduciary net position</b>	-
<b>Plan fiduciary net position - beginning</b>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>-</u>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<u><u>\$ 3,983,821</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%
<b>Covered payroll</b>	\$ 6,783,602
<b>Plan net OPEB liability as a percentage of covered payroll</b>	58.73%

<sup>1</sup> Ten year historical information is not yet available.

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**SUPPLEMENTARY  
INFORMATION**

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**NON-MAJOR GOVERNMENTAL FUNDS**

**City of Placerville**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Gas Tax	Parking District	Grants	BAD, CFD, & LLMD
<b>ASSETS</b>				
Cash and investments	\$ 242,343	\$ 379,467	\$ 23,622	\$ 223,934
Receivables:				
Accounts	34,829	25,953	340,823	4,308
Interest	1,002	528	344	481
Loans	-	-	847,484	-
Grants	-	-	94,009	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 278,174</b>	<b>\$ 405,948</b>	<b>\$ 1,306,282</b>	<b>\$ 228,723</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 9,101	\$ 5,599	\$ 7,261
Deposits payable	-	2,259	-	-
Due to other funds	-	-	10,546	-
Advances from other funds	-	262,421	-	-
<b>Total liabilities</b>	<b>-</b>	<b>273,781</b>	<b>16,145</b>	<b>7,261</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	-	847,484	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>847,484</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	278,174	132,167	442,653	221,462
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>278,174</b>	<b>132,167</b>	<b>442,653</b>	<b>221,462</b>
<b>Total liabilities, deferred inflows of     resources and fund balances</b>	<b>\$ 278,174</b>	<b>\$ 405,948</b>	<b>\$ 1,306,282</b>	<b>\$ 228,723</b>

**City of Placerville**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds		Total Other Governmental Funds
	Capital Projects	Park Development	
<b>ASSETS</b>			
Cash and investments	\$ 58,558	\$ 92,202	\$ 1,020,126
Receivables:			
Accounts	-	-	405,913
Interest	-	219	2,574
Loans	-	-	847,484
Grants	-	-	94,009
	-	-	-
<b>Total assets</b>	<b>\$ 58,558</b>	<b>\$ 92,421</b>	<b>\$ 2,370,106</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 9,805	\$ -	\$ 31,766
Deposits payable	-	-	2,259
Due to other funds	-	-	10,546
Advances from other funds	-	-	262,421
<b>Total liabilities</b>	<b>9,805</b>	<b>-</b>	<b>306,992</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	-	-	847,484
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>847,484</b>
<b>Fund Balances:</b>			
Restricted	-	92,421	1,166,877
Committed	48,753	-	48,753
Unassigned (deficit)	-	-	-
<b>Total fund balances</b>	<b>48,753</b>	<b>92,421</b>	<b>1,215,630</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 58,558</b>	<b>\$ 92,421</b>	<b>\$ 2,370,106</b>

*(Concluded)*

**City of Placerville**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds			
	Gas Tax	Parking District	Grants	BAD, CFD, & LLMD
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ 96,062	\$ -	\$ -
Use of money and property	3,636	2,011	17,443	2,007
Intergovernmental	438,002	-	246,648	-
Charges for services	-	212,252	-	78,719
Grant revenues	-	-	36,652	-
<b>Total revenues</b>	<u>441,638</u>	<u>310,325</u>	<u>300,743</u>	<u>80,726</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	53,275	-	-
Public safety	-	-	290,225	-
Highways and streets	21,116	109,323	-	14,317
Parks and recreation	-	-	-	40,029
<b>Total expenditures</b>	<u>21,116</u>	<u>162,598</u>	<u>290,225</u>	<u>54,346</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>420,522</u>	<u>147,727</u>	<u>10,518</u>	<u>26,380</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	8,656	10,028	-
Transfers out	(294,846)	-	(37,289)	-
<b>Total other financing sources (uses)</b>	<u>(294,846)</u>	<u>8,656</u>	<u>(27,261)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	125,676	156,383	(16,743)	26,380
<b>FUND BALANCE:</b>				
Beginning of year	152,498	(24,216)	459,396	195,082
End of year	<u>\$ 278,174</u>	<u>\$ 132,167</u>	<u>\$ 442,653</u>	<u>\$ 221,462</u>

**City of Placerville**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds		Total Other Governmental Funds
	Capital Projects	Park Development	
<b>REVENUES:</b>			
Fines and forfeitures	\$ -	\$ -	\$ 96,062
Use of money and property	-	881	25,978
Intergovernmental	-	-	684,650
Charges for services	-	35,627	326,598
Grant revenues	-	-	36,652
<b>Total revenues</b>	<u>-</u>	<u>36,508</u>	<u>1,169,940</u>
<b>EXPENDITURES:</b>			
Current:			
General government	84,648	-	137,923
Public safety	-	-	290,225
Highways and streets	-	-	144,756
Parks and recreation	10,700	56,913	107,642
<b>Total expenditures</b>	<u>95,348</u>	<u>56,913</u>	<u>680,546</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(95,348)</u>	<u>(20,405)</u>	<u>489,394</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	125,973	-	144,657
Transfers out	-	-	(332,135)
<b>Total other financing sources (uses)</b>	<u>125,973</u>	<u>-</u>	<u>(187,478)</u>
<b>CHANGES IN FUND BALANCES</b>	30,625	(20,405)	301,916
<b>FUND BALANCES:</b>			
Beginning of year	18,128	112,826	913,714
End of year	<u>\$ 48,753</u>	<u>\$ 92,421</u>	<u>\$ 1,215,630</u>

*(Concluded)*

**City of Placerville**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**Budget Comparison Schedules-Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Use of money and property	\$ 2,000	\$ 2,000	\$ 3,636	\$ 1,636
Intergovernmental	439,224	439,224	438,002	(1,222)
<b>Total Revenues</b>	<u>441,224</u>	<u>441,224</u>	<u>441,638</u>	<u>414</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	30,000	30,000	21,116	8,884
<b>Total Expenditures</b>	<u>30,000</u>	<u>30,000</u>	<u>21,116</u>	<u>8,884</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>411,224</u>	<u>411,224</u>	<u>420,522</u>	<u>9,298</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(259,472)	(295,000)	(294,846)	154
<b>Total Other Financing Sources (Uses)</b>	<u>(259,472)</u>	<u>(295,000)</u>	<u>(294,846)</u>	<u>154</u>
<b>Change in Fund Balance</b>	<u>\$ 151,752</u>	<u>\$ 116,224</u>	<u>125,676</u>	<u>\$ 9,452</u>
<b>Fund Balance:</b>				
Beginning of year			<u>152,498</u>	
End of year			<u>\$ 278,174</u>	

**City of Placerville**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**Budget Comparison Schedules-Parking District Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Fines and forfeitures	\$ 71,061	\$ 71,061	\$ 96,062	\$ 25,001
Use of money and property	1,200	1,200	2,011	811
Charges for services	228,843	228,843	212,252	(16,591)
<b>Total Revenues</b>	<u>301,104</u>	<u>301,104</u>	<u>310,325</u>	<u>9,221</u>
<b>EXPENDITURES:</b>				
Current:				
General government	86,176	86,176	53,275	32,901
Highways and streets	121,772	121,772	109,323	12,449
<b>Total Expenditures</b>	<u>207,948</u>	<u>207,948</u>	<u>162,598</u>	<u>45,350</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>93,156</u>	<u>93,156</u>	<u>147,727</u>	<u>54,571</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	8,656	8,656	8,656	-
Transfers out	(8,395)	(8,395)	-	8,395
<b>Total Other Financing Sources (Uses)</b>	<u>261</u>	<u>261</u>	<u>8,656</u>	<u>8,395</u>
<b>Change in Fund Balance</b>	<u>\$ 93,417</u>	<u>\$ 93,417</u>	<u>156,383</u>	<u>\$ 62,966</u>
<b>Fund Balance:</b>				
Beginning of year			<u>(24,216)</u>	
End of year			<u>\$ 132,167</u>	

**City of Placerville**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**Budget Comparison Schedules-Grants Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 17,443	\$ 17,443
Intergovernmental	208,107	247,000	246,648	(352)
Grant revenues	64,695	37,000	36,652	(348)
<b>Total Revenues</b>	<u>272,802</u>	<u>284,000</u>	<u>300,743</u>	<u>16,743</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	272,656	290,000	290,225	(225)
<b>Total Expenditures</b>	<u>272,656</u>	<u>290,000</u>	<u>290,225</u>	<u>(225)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>146</u>	<u>(6,000)</u>	<u>10,518</u>	<u>16,968</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	10,000	10,028	28
Transfers out	-	(38,000)	(37,289)	711
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(28,000)</u>	<u>(27,261)</u>	<u>739</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 146</u>	<u>\$ (6,000)</u>	<u>(16,743)</u>	<u>\$ 16,968</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>459,396</u>	
End of year			<u>\$ 442,653</u>	

**City of Placerville**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**Budget Comparison Schedules-BAD, CFD, & LLMD Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Use of money and property	\$ 1,460	\$ 1,460	\$ 2,007	\$ 547
Charges for services	68,989	68,989	78,719	9,730
<b>Total Revenues</b>	<u>70,449</u>	<u>70,449</u>	<u>80,726</u>	<u>10,277</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	35,000	35,000	14,317	20,683
Parks and recreation	35,019	35,019	40,029	(5,010)
<b>Total Expenditures</b>	<u>70,019</u>	<u>70,019</u>	<u>54,346</u>	<u>15,673</u>
<b>Change in Fund Balance</b>	<u>\$ 430</u>	<u>\$ 430</u>	\$ 26,380	<u>\$ 25,950</u>
<b>Fund Balance:</b>				
Beginning of year			<u>195,082</u>	
End of year			<u>\$ 221,462</u>	

**City of Placerville**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**Budget Comparison Schedules-Capital Projects Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	85,000	84,648	352
Parks and recreation	-	11,000	10,700	300
<b>Total Expenditures</b>	<u>-</u>	<u>96,000</u>	<u>95,348</u>	<u>652</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(96,000)</u>	<u>(95,348)</u>	<u>652</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	72,920	126,000	125,973	(27)
<b>Total Other Financing Sources (Uses)</b>	<u>72,920</u>	<u>126,000</u>	<u>125,973</u>	<u>(27)</u>
<b>Change in Fund Balance</b>	<u>\$ 72,920</u>	<u>\$ 30,000</u>	30,625	<u>\$ 625</u>
<b>Fund Balance:</b>				
Beginning of year			<u>18,128</u>	
End of year			<u>\$ 48,753</u>	

**City of Placerville**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**Budget Comparison Schedules-Park Development Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ 800	\$ 881	\$ 81
Charges for services	-	35,000	35,627	627
Intergovernmental	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>35,800</b>	<b>36,508</b>	<b>708</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	57,000	56,913	87
<b>Total Expenditures</b>	<b>-</b>	<b>57,000</b>	<b>56,913</b>	<b>87</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(21,200)</b>	<b>(20,405)</b>	<b>795</b>
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (21,200)</b>	<b>(20,405)</b>	<b>\$ 795</b>
<b>Fund Balance:</b>				
Beginning of year			112,826	
End of year			<u>\$ 92,421</u>	

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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 11, 2020.

**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 City'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 of 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*.

To the Honorable Mayor and Members of the City Council  
of the City of Placerville  
Placerville, California  
Page 2

**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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The PwC Group, LLP*

Walnut Creek, California  
May 11, 2020