

City of Placerville

Placerville, California

Annual Financial Report and Independent Auditors' Reports

For the Year Ended June 30, 2020

Prepared By the
The Finance Department
of the City of Placerville

CITY OF PLACERVILLE
Annual Financial Report
For the Year Ended June 30, 2020
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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, 2020, 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, 2020, 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, Schedules of Changes in Total OPEB Liability and Related Ratios on pages 5 through 11 and 94 through 104 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 108 through 117 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 September 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

The PwC Group, LLP

Walnut Creek, California
September 30, 2021

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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, 2020. 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 \$65.93M, an increase of \$4.72M. 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 \$(13.69)M.
- The governmental net position increased by \$2.89M or 6.78%, and the business-type net position increased by \$1.83M or 9.85%.
- Program revenues from governmental activities increased by \$0.61M or 6.34%. Program revenues from business-type activities increased by \$0.11M or 1.29%. General revenues, net of transfers, increased \$1.10M or 9.34%.

City Highlights

- Continued construction of the Upper Broadway Bike Lanes, \$1.50M
- Began construction of the Mosquito Road Stabilization-Clay Street to City Limits, \$0.91M
- Completed the Lighting and HVAC Replacement, \$0.73M
- Continued construction of the Western Placerville Interchange, Phase 2 Off-ramp, \$0.60M
- Continued construction of the Sewer Lift Station Rehabilitation, \$0.45M
- Continued design phase of the Placerville Drive Bicycle & Pedestrian Facility Improvements, \$0.37M
- Began construction of the Storm Drain Replacement at Broadway and Schnell School Road, \$0.31M

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 \$65.93M, an increase of \$4.72M. The governmental net position increased by \$2.89M or 6.78% and the business-type net position increased by \$1.83M or 9.85%. The increase in governmental net position is primarily due to a \$1.19M or 11.68% increase in total general revenues and transfers. The City and its contractors completed \$6.34M in capital projects as of June 30, 2020. Please see the "Capital Assets" section below for more details.

Net Position

June 30, 2020

(amounts expressed in thousands)

	Governmental Activities		Business Type Activities		Total Primary Government	
	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20
Current assets	\$ 6,324	\$ 6,902	\$ 6,353	\$ 7,016	\$ 12,677	\$ 13,918
Restricted Assets	7,539	8,176	1,839	1,865	9,378	10,041
Capital assets	48,662	52,363	65,509	65,152	114,171	117,515
Total assets	62,525	67,441	73,701	74,033	136,226	141,474
Total Deferred Outflows of Resources	3,149	3,505	859	885	4,008	4,390
Current liabilities	3,493	3,565	2,834	2,912	6,327	6,477
Noncurrent liabilities	18,972	20,546	52,935	51,216	71,907	71,762
Total liabilities	22,465	24,111	55,769	54,128	78,234	78,239
Total Deferred Inflows of Resources	582	1,319	211	379	793	1,698
Net position:						
Net investment in capital assets	47,099	51,439	15,651	16,963	62,750	68,402
Restricted	7,876	8,200	3,229	3,016	11,105	11,216
Unrestricted (deficit)	(12,348)	(14,123)	(300)	432	(12,648)	(13,691)
Total net position	\$ 42,627	\$ 45,516	\$ 18,580	\$ 20,411	\$ 61,207	\$ 65,927

Changes in Net Position

Program revenues from governmental activities increased \$0.61M or 6.34%. The increase is primarily due to a \$1.20M increase in capital and grants and contributions, which are one-time in nature. General revenues, net of transfers, increased \$1.10M or 9.34%. This net increase is primarily due to a \$0.41M or 4.34% increase in local sales tax revenues and \$0.57M or 445.47% in miscellaneous revenues. Program revenues from business-type activities increased by \$0.11M or 1.29% which was primarily due to \$0.23M increase in charges for services. Business-type revenues exceeded expenditures by \$1.83M primarily due to \$0.11M increase in program revenues. Water Enterprise Fund revenues exceeded expenditures by \$0.62M which was primarily due to a \$0.25M increase in operating revenues. Sewer Enterprise Fund revenues exceeded expenditures by \$1.45M which was primarily due to an \$0.13M increase in charges for service and a \$0.22M increase in fund transfers in for capitalized infrastructure projects.

Condensed Statement of Activities and Changes in Net Position
For the year ended June 30, 2020
(amounts expressed in thousands)

	Net (Expense) Revenue and Changes in Net Position							
	Expenses		Program Revenues		Government Activities		Business-type Activities	
	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20
<i>Governmental activities</i>								
General government	\$ 4,440	\$ 3,378	\$ 635	\$ 928	\$ (3,805)	\$ (2,450)		
Public safety	4,920	5,893	373	517	(4,547)	(5,376)		
Highways and streets	5,270	6,897	7,452	7,951	2,182	1,054		
Community development	689	730	410	246	(279)	(484)		
Parks and recreation	2,120	1,795	699	534	(1,421)	(1,261)		
Total governmental activities	<u>17,439</u>	<u>18,693</u>	<u>9,569</u>	<u>10,176</u>	<u>(7,870)</u>	<u>(8,517)</u>		
<i>Business-type activities</i>								
Water	1,781	1,901	2,023	2,203			242	302
Sewer	6,327	6,294	6,417	6,346			90	52
Total business-type activities	<u>8,108</u>	<u>8,195</u>	<u>8,440</u>	<u>8,549</u>			<u>332</u>	<u>354</u>
Total primary government	<u>\$ 25,547</u>	<u>\$ 26,888</u>	<u>\$ 18,009</u>	<u>\$ 18,725</u>				
					10,213	11,407	1,570	1,477
					2,343	2,890	1,902	1,831
					Net Position:			
					40,284	42,627	16,678	18,580
					<u>\$ 42,627</u>	<u>\$ 45,517</u>	<u>\$ 18,580</u>	<u>\$ 20,411</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:

<u>Fiscal Year</u>	<u>Annual Pension Contributions</u>	<u>Aggregate Net Pension Liability</u>
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
2019/2020	1,876,941	19,571,157

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 2019/2020, the City's governmental funds reported a combined ending fund balance of \$10.14M an increase of \$0.35M or 3.54%.

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 \$2.28M during Fiscal Year 2019/2020. The Measure L Fund provided \$1.64M 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, 2020 was \$1.94M, an increase of \$0.02M from the prior year. Of the \$1.94M fund balance, \$1.24M is available for contingencies. The \$1.24 unassigned balance represents 13.67% 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 \$1.83M or 9.85% which was primarily due to \$0.41M increase in charges for services.

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 \$1.10M in Fiscal Year 2019/2020. The Measure H Fund provided \$0.52M for Sewer Enterprise Fund debt service payments and \$0.85M 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. Effective June 16, 2020, the water and wastewater rates were increased by an additional 5.50% and 4.50% respectively.

Capital Assets and Debt Administration

Debt Administration

Long Term Debt - At the end of the current fiscal year, the City had \$49.11M in long term debt outstanding compared to \$51.42M last year, a \$2.31M or 4.49% net decrease. The decrease is primarily due to debt service payments made in Fiscal Year 2019/2020. 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 2019/2020 include:

Governmental Activities

- Continued construction of the Upper Broadway Bike Lanes, \$1.36M
- Continued construction of the Western Placerville Interchange, Phase 2 Off-ramp, \$0.60M
- Completed the Lighting and HVAC Replacement, \$0.55M
- Continued design phase of the Placerville Drive Bicycle & Pedestrian Facility Improvements, \$0.37M
- Began construction of the Storm Drain Replacement at Broadway and Schnell School Road, \$0.31M
- Began construction of the Mosquito Road Stabilization-Clay Street to City Limits, \$0.25M

Governmental Capital Assets

June 30, 2020

(amounts expressed in thousands)

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<i>Non-Depreciable Assets:</i>					
Land and improvements	\$ 12,934	\$ -	\$ -	\$ -	\$ 12,934
Construction in progress	16,723	4,459	(47)	(278)	20,857
Total nondepreciable assets	29,657	4,459	(47)	(278)	33,791
<i>Depreciable Assets:</i>					
Buildings and structures	12,266	-	-	225	12,491
Machinery and equipment	3,281	78	(50)	19	3,328
Infrastructure	14,432	-	-	34	14,466
Total depreciable assets	29,979	78	(50)	278	30,285
Less accumulated depreciation	(10,974)	(786)	47	-	(11,713)
Total governmental activities	\$ 48,662	\$ 3,751	\$ (50)	\$ -	\$ 52,363

Business Type Activities

- Completed the Lighting and HVAC Replacement, \$0.73M
- Began construction of the Mosquito Road Stabilization-Clay Street to City Limits, \$0.65M
- Continued construction of the Sewer Lift Station Rehabilitation, \$0.45M
- Continued construction of the Upper Broadway Bike Lanes, \$0.14M

Business-Type Capital Assets

June 30, 2020

(amounts expressed in thousands)

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<i>Non-depreciable Assets:</i>					
Land and improvements	\$ 2,329	\$ -	\$ -	\$ -	\$ 2,329
Construction in progress	6,027	1,882	(12)	(3,644)	4,253
Total nondepreciable assets	8,356	1,882	(12)	(3,644)	6,582
<i>Depreciable Assets:</i>					
Buildings and structures	73,934	-	-	61	73,995
Machinery and equipment	1,407	28	(11)	-	1,424
Infrastructure	50,058	-	-	3,583	53,641
Total depreciable assets	125,399	28	(11)	3,644	129,060
Less accumulated depreciation	(68,246)	(2,255)	11	-	(70,490)
Total depreciable assets, net	57,153	(2,227)	-	3,644	58,570
Total business-type activities	\$ 65,509	\$ (345)	\$ (12)	\$ -	\$ 65,152

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.

Economic Factors and Next Year's Budget

Due to the uncertain economic impacts of the COVID-19 Pandemic, the City Council adopted 90-day continuing budget appropriations totaling \$5.17M in June 2020 for the period of July 1 to September 30, 2020 until such time when the results of the sales tax receipts for the quarter ended June 30, 2020 were known. The second quarter sales tax information was critical in forecasting the sales tax revenues through June 30, 2021. The City Council adopted the Fiscal Year 2020/2021 Operating Budget which totaled \$19.90M. The adopted Budget assumed a \$.06M 1.10% decrease in Bradley Burns (General Fund) sales tax revenues. The 1.10% projected decrease was due to the estimated economic impact from the Pandemic through December 31, 2020. General Fund charges for services were projected to be \$0.38M or 41.75% less in Fiscal Year 2020/2021 as compared to the previous year primarily due to the temporary closure of the Aquatics Center and Gold Bug Park. The 41.75% decrease in charges for services was also due to temporary cancellations of league sports and special interest classes. Other revenue sources remained relatively flat.

The adopted Budget also assumes the projected cost increases in employee health, welfare, and pension benefits as well as utility expenses. The City implemented a Voluntary Separation Incentive Program (VSIP) in the fall of 2020 for eligible employees who are interested in retiring from the City. The cost savings from the VSIP program will be used to help offset other cost increases and loss of revenue due to the Pandemic.

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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 656,855	\$ 4,168,395	\$ 4,825,250
Receivables:			
Accounts	6,180,001	272,245	6,452,246
Interest	2,467	7,595	10,062
Utility billings, net	-	2,478,808	2,478,808
Inventory	18,780	-	18,780
Prepaid items	133,241	-	133,241
Internal balances	(89,076)	89,076	-
Total current assets	<u>6,902,268</u>	<u>7,016,119</u>	<u>13,918,387</u>
Restricted:			
Cash and investments	5,893,036	-	5,893,036
Deposits held by fiscal agents	169,046	1,864,931	2,033,977
Receivables:			
Accounts	1,367,062	-	1,367,062
Interest	15,019	-	15,019
Loans	732,058	-	732,058
Total restricted assets	<u>8,176,221</u>	<u>1,864,931</u>	<u>10,041,152</u>
Capital assets:			
Non-depreciable	33,791,338	6,582,180	40,373,518
Depreciable, net	18,571,736	58,569,322	77,141,058
Total capital assets, net	<u>52,363,074</u>	<u>65,151,502</u>	<u>117,514,576</u>
Total Assets	<u>67,441,563</u>	<u>74,032,552</u>	<u>141,474,115</u>
Deferred Outflows of Resources			
Pension related deferred outflow of resources	3,226,861	786,942	4,013,803
OPEB related deferred outflow of resources	277,966	97,545	375,511
Total Deferred Outflows of Resources	<u>3,504,827</u>	<u>884,487</u>	<u>4,389,314</u>

City of Placerville
Statement of Net Position (Continued)
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Current liabilities:			
Accounts payable	2,523,913	794,675	3,318,588
Payroll and related taxes payable	536,910	-	536,910
Deposits	48,398	35,751	84,149
Interest payable	3,336	269,512	272,848
Current portion of compensated absences	324,644	-	324,644
Current portion of long-term debt	127,786	1,820,721	1,948,507
Total current liabilities	<u>3,564,987</u>	<u>2,920,659</u>	<u>6,485,646</u>
Long-term liabilities:			
Compensated absences	830,806	-	830,806
Claims payable	315,954	-	315,954
Long-term debt, net	796,267	46,368,206	47,164,473
Total OPEB liability (Note 8)	2,865,041	1,005,413	3,870,454
Aggregate net pension liability (Note 7)	15,737,496	3,833,661	19,571,157
Total long-term liabilities	<u>20,545,564</u>	<u>51,207,280</u>	<u>71,752,844</u>
Total Liabilities	<u>24,110,551</u>	<u>54,127,939</u>	<u>78,238,490</u>
Deferred Inflows of Resources			
Pension related deferred inflow of resources	788,532	192,132	980,664
OPEB related deferred inflow of resources	530,758	186,255	717,013
Total Deferred Inflows of Resources	<u>1,319,290</u>	<u>378,387</u>	<u>1,697,677</u>
Net Position:			
Net investment in capital assets	51,439,021	16,962,575	68,401,596
Restricted:			
Capital projects	284,097	3,016,228	3,300,325
Special projects and programs	7,916,001	-	7,916,001
Total restricted	<u>8,200,098</u>	<u>3,016,228</u>	<u>11,216,326</u>
Unrestricted (Deficit)	<u>(14,122,570)</u>	<u>431,910</u>	<u>(13,690,660)</u>
Total Net Position	<u>\$ 45,516,549</u>	<u>\$ 20,410,713</u>	<u>\$ 65,927,262</u>

City of Placerville
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 3,378,285	\$ 686,861	\$ -	\$ 241,300	\$ 928,161
Public safety	5,892,457	120,229	357,138	39,327	516,694
Highways and streets	6,897,269	440,430	459,696	7,051,614	7,951,740
Community development	729,616	245,920	-	-	245,920
Parks and recreation	1,795,427	423,422	-	110,216	533,638
Total governmental activities	18,693,054	1,916,862	816,834	7,442,457	10,176,153
Business-type activities:					
Water	1,900,838	2,202,790	-	-	2,202,790
Sewer	6,293,750	6,345,546	-	-	6,345,546
Total business-type activities	8,194,588	8,548,336	-	-	8,548,336
Total primary government	\$ 26,887,642	\$ 10,465,198	\$ 816,834	\$ 7,442,457	\$ 18,724,489

City of Placerville
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (2,450,124)	\$ -	\$ (2,450,124)
Public safety	(5,375,763)	-	(5,375,763)
Highways and streets	1,054,471	-	1,054,471
Community development	(483,696)	-	(483,696)
Parks and recreation	(1,261,789)	-	(1,261,789)
Total governmental activities	(8,516,901)	-	(8,516,901)
Business-type activities:			
Water	-	301,952	301,952
Sewer	-	51,796	51,796
Total business-type activities	-	353,748	353,748
Total primary government	(8,516,901)	353,748	(8,163,153)
 General revenues and transfers:			
Taxes:			
Property	308,090	-	308,090
Sales	8,790,974	1,098,822	9,889,796
Motor vehicle	1,007,957	-	1,007,957
Other	780,800	-	780,800
Total taxes	10,887,821	1,098,822	11,986,643
Interest and investment earnings	121,294	73,350	194,644
Miscellaneous	640,442	61,679	702,121
Transfers	(242,981)	242,981	-
Total general revenues and transfers	11,406,576	1,476,832	12,883,408
 Changes in net position	 2,889,675	 1,830,580	 4,720,255
 Net Position:			
Beginning of year	42,626,874	18,580,133	61,207,007
End of year	\$ 45,516,549	\$ 20,410,713	\$ 65,927,262

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FUND FINANCIAL STATEMENTS

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**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

**City of Placerville
Balance Sheet
Governmental Funds
June 30, 2020**

	Major Funds			
	General Fund	Transportation Development Fund	Measure J Fund	Measure L Fund
ASSETS				
Cash and investments	\$ 471,667	\$ 28,841	\$ -	\$ -
Receivables:				
Accounts	1,351,533	4,820,800	-	-
Interest	2,467	-	-	-
Prepays	133,241	-	-	-
Inventories	18,780	-	-	-
Due from other funds	199,013	-	-	-
Advances to other funds	545,000	-	-	-
Restricted:				
Cash and investments	-	-	423	3,318,400
Cash and investments held by fiscal agents	-	-	-	-
Receivables:				
Accounts	-	-	176,401	358,383
Interest	-	-	-	9,036
Grants	-	-	-	-
Due from other funds	-	-	-	-
Loans	-	-	-	-
Total assets	\$ 2,721,701	\$ 4,849,641	\$ 176,824	\$ 3,685,819
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 200,104	\$ 2,149,486	\$ 371	\$ -
Payroll and related liabilities	536,910	-	-	-
Due to other funds	-	296,029	-	-
Deposits payable	46,139	-	-	-
Advances from other funds	-	1,130,253	-	-
Total liabilities	783,153	3,575,768	371	-
Deferred inflows of resources:				
Unavailable revenues	-	106,192	-	-
Total deferred inflows of resources	-	106,192	-	-
Fund Balances:				
Nonspendable	697,021	-	-	-
Restricted	-	1,167,681	176,453	3,685,819
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,241,527	-	-	-
Total fund balances	1,938,548	1,167,681	176,453	3,685,819
Total liabilities, deferred inflows of resources and fund balances	\$ 2,721,701	\$ 4,849,641	\$ 176,824	\$ 3,685,819

City of Placerville
Balance Sheet (Continued)
Governmental Funds
June 30, 2020

	Major Funds	Other	Total
	Development	Governmental	Governmental
	Impact	Funds	Funds
	Fund	Funds	Funds
ASSETS			
Cash and investments	\$ -	\$ -	\$ 500,508
Receivables:			
Accounts	-	-	6,172,333
Interest	-	-	2,467
Prepays	-	-	133,241
Inventories	-	-	18,780
Due from other funds	-	-	199,013
Advances to other funds	-	-	545,000
Restricted:			
Cash and investments	1,356,341	1,217,872	5,893,036
Cash and investments held by fiscal agents	-	-	-
Receivables:			
Accounts	254,803	577,475	1,367,062
Interest	2,903	3,080	15,019
Grants	-	-	-
Due from other funds	-	-	-
Loans	-	732,058	732,058
Total assets	\$ 1,614,047	\$ 2,530,485	\$ 15,578,517
LIABILITIES, DEFERRED INFLOWS			
OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 30,375	\$ 75,143	\$ 2,455,479
Payroll and related liabilities	-	-	536,910
Due to other funds	-	-	296,029
Deposits payable	-	2,259	48,398
Advances from other funds	-	134,552	1,264,805
Total liabilities	30,375	211,954	4,601,621
Deferred inflows of resources:			
Unavailable revenues	-	732,058	838,250
Total deferred inflows of resources	-	732,058	838,250
Fund Balances:			
Nonspendable	-	-	697,021
Restricted	1,583,672	1,302,376	7,916,001
Committed	-	284,097	284,097
Assigned	-	-	-
Unassigned	-	-	1,241,527
Total fund balances	1,583,672	1,586,473	10,138,646
Total liabilities, deferred inflows			
of resources and fund balances	\$ 1,614,047	\$ 2,530,485	\$ 15,578,517

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City of Placerville
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 10,138,646
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	33,791,338
Depreciable	18,571,736
Total capital assets adjustment	52,363,074
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.	
	(3,336)
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	(324,644)
Compensated absences - due in more than one year	(830,806)
Claims payable - due in more than one year	(315,954)
Long-term debt - due within one year	(127,786)
Long-term debt - due in more than one year	(796,267)
Total reported in Government-Wide Statement of Net Position	(2,395,457)
Plus: Amount reported in Internal Service Funds	
Claims payable - due in more than one year	315,954
Total reported in Internal Service Funds	315,954
Net long-term liabilities	(2,079,503)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	
	(15,737,496)
Total OPEB liability is not due and payable in the current period and therefore is not reported in the governmental funds.	
	(2,865,041)
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	3,226,861
Pension-related deferred inflows of resources	(788,532)
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	277,966
OPEB-related deferred inflows of resources	(530,758)
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	838,250
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.	
	676,418
Net Position of Governmental Activities	\$ 45,516,549

City of Placerville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds			
	General	Transportation Development	Measure J	Measure L
	Fund	Fund	Fund	Fund
REVENUES:				
Property taxes	\$ 308,089	\$ -	\$ -	\$ -
Sales tax	5,482,507	-	1,084,275	2,224,192
Transient occupancy taxes	209,896	-	-	-
Other taxes	225,133	-	-	-
Franchise fees	345,770	-	-	-
Licenses and permits	143,411	-	-	-
Fines and forfeitures	71,368	-	-	-
Use of money and property	130,429	-	-	54,265
Intergovernmental	1,026,635	7,094,891	-	-
Charges for services	595,081	-	-	-
Grant revenues	-	-	-	-
Other revenues	567,491	-	-	-
Total revenues	9,105,810	7,094,891	1,084,275	2,278,457
EXPENDITURES:				
Current:				
General government	2,711,144	-	10,997	-
Public safety	3,160,327	-	1,382,948	-
Highways and streets	657,513	9,164,782	-	-
Community development	685,155	-	-	-
Parks and recreation	1,623,220	-	-	-
Total expenditures	8,837,359	9,164,782	1,393,945	-
REVENUES OVER (UNDER) EXPENDITURES	268,451	(2,069,891)	(309,670)	2,278,457
OTHER FINANCING SOURCES (USES):				
Transfers in	301,958	1,527,166	335,000	-
Transfers out	(547,530)	-	-	(1,642,779)
Total other financing sources (uses)	(245,572)	1,527,166	335,000	(1,642,779)
CHANGES IN FUND BALANCES	22,879	(542,725)	25,330	635,678
FUND BALANCES:				
Beginning of year	1,915,669	1,710,406	151,123	3,050,141
End of year	\$ 1,938,548	\$ 1,167,681	\$ 176,453	\$ 3,685,819

City of Placerville
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds		
	Development	Other	Total
	Impact	Governmental	Governmental
	Fund	Funds	Funds
REVENUES:			
Property taxes	\$ -	\$ -	\$ 308,089
Sales tax	-	-	8,790,974
Transient occupancy taxes	-	-	209,896
Other taxes	-	-	225,133
Franchise fees	-	-	345,770
Licenses and permits	-	-	143,411
Fines and forfeitures	-	75,574	146,942
Use of money and property	20,979	75,218	280,891
Intergovernmental	-	1,207,881	9,329,407
Charges for services	148,418	263,415	1,006,914
Grant revenues	72,150	514,068	586,218
Other revenues	-	-	567,491
Total revenues	241,547	2,136,156	21,941,136
EXPENDITURES:			
Current:			
General government	-	718,872	3,441,013
Public safety	-	312,389	4,855,664
Highways and streets	81,901	336,333	10,240,529
Community development	-	-	685,155
Parks and recreation	-	39,092	1,662,312
Total expenditures	81,901	1,406,686	20,884,673
REVENUES OVER (UNDER) EXPENDITURES	159,646	729,470	1,056,463
OTHER FINANCING SOURCES (USES):			
Transfers in	-	62,346	2,226,470
Transfers out	(325,054)	(420,973)	(2,936,336)
Total other financing sources (uses)	(325,054)	(358,627)	(709,866)
CHANGES IN FUND BALANCES	(165,408)	370,843	346,597
FUND BALANCES:			
Beginning of year	1,749,080	1,215,630	9,792,049
End of year	\$ 1,583,672	\$ 1,586,473	\$ 10,138,646

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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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	346,597
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.		4,536,816
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.		(786,249)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased Net Position.		(49,413)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.		1,742
Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.		
Loans payable		(558,534)
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		1,197,648
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		(47,404)
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).		(992,924)
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.		(371,364)
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).		90,721
The net effect of various miscellaneous transactions involving OPEB plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.		(281,406)
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.		(115,426)
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.		(81,129)
Change in Net Position of Governmental Activities	\$	2,889,675

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PROPRIETARY FUND FINANCIAL STATEMENTS

City of Placerville
Statement of Net Position
Proprietary Funds
June 30, 2020

	Major Funds			Total	Governmental
	Water Fund	Sewer Fund	Measure H Fund		Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 1,461,028	\$ 1,736,963	\$ 970,404	\$ 4,168,395	\$ 156,347
Receivables:					
Accounts	87,819	7,446	176,980	272,245	7,668
Interest	2,550	1,132	3,913	7,595	-
Utility billings, net	673,768	1,805,040	-	2,478,808	-
Due from other funds	45,119	43,957	-	89,076	7,940
Advances to other funds	-	-	-	-	719,805
Total current assets	2,270,284	3,594,538	1,151,297	7,016,119	891,760
Noncurrent assets:					
Restricted assets:					
Cash with fiscal agents	61,697	1,803,234	-	1,864,931	169,046
Capital assets:					
Non-depreciable assets	1,439,787	5,142,393	-	6,582,180	-
Depreciable assets, net of accumulated depreciation	6,847,014	51,722,308	-	58,569,322	-
Total capital assets, net	8,286,801	56,864,701	-	65,151,502	-
Total noncurrent assets	8,348,498	58,667,935	-	67,016,433	169,046
Total assets	10,618,782	62,262,473	1,151,297	74,032,552	1,060,806
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows of resources	205,448	581,494	-	786,942	-
OPEB-related deferred outflows of resources	27,120	70,425	-	97,545	-
Total deferred outflows of resources	232,568	651,919	-	884,487	-

City of Placerville
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2020

	Major Funds			Total	Governmental
	Water Fund	Sewer Fund	Measure H Fund		Activities Internal Service Funds
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	209,192	585,483	-	794,675	68,434
Payroll and related liabilities	-	-	-	-	-
Deposits payable	33,411	2,340	-	35,751	-
Interest payable	1,055	268,457	-	269,512	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Compensated absences - due within one year	-	-	-	-	-
Claims payable - due within one year	-	-	-	-	-
Long term debt - due within one year	34,922	1,785,799	-	1,820,721	-
Total current liabilities	<u>278,580</u>	<u>2,642,079</u>	<u>-</u>	<u>2,920,659</u>	<u>68,434</u>
Noncurrent liabilities:					
Advances from other funds	-	-	-	-	-
Net OPEB obligation - due in more than one year	-	-	-	-	-
Compensated absences - due in more than one year	-	-	-	-	-
Claims payable - due in more than one year	-	-	-	-	315,954
Long term debt - due in more than one year	84,306	46,283,900	-	46,368,206	-
Total OPEB liability (Note 8)	279,528	725,885	-	1,005,413	-
Aggregate net pension liability (Note 7)	1,000,858	2,832,803	-	3,833,661	-
Total noncurrent liabilities	<u>1,364,692</u>	<u>49,842,588</u>	<u>-</u>	<u>51,207,280</u>	<u>315,954</u>
Total liabilities	<u>1,643,272</u>	<u>52,484,667</u>	<u>-</u>	<u>54,127,939</u>	<u>384,388</u>
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred inflows of resources	50,160	141,972	-	192,132	-
OPEB-related deferred inflows of resources	51,783	134,472	-	186,255	-
Total deferred inflows of resources	<u>101,943</u>	<u>276,444</u>	<u>-</u>	<u>378,387</u>	<u>-</u>
Net Position (Deficit):					
Net investment in capital assets	8,167,573	8,795,002	-	16,962,575	-
Restricted	61,697	1,803,234	1,151,297	3,016,228	169,046
Unrestricted (deficit)	876,865	(444,955)	-	431,910	507,372
Total net position (deficit)	<u>\$ 9,106,135</u>	<u>\$ 10,153,281</u>	<u>\$ 1,151,297</u>	<u>\$ 20,410,713</u>	<u>\$ 676,418</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, 2020

	Major Funds			Total	Governmental
	Water	Sewer	Measure H		Activities
	Fund	Fund	Fund		Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 2,171,061	\$ 6,279,396	\$ -	\$ 8,450,457	\$ 330,063
Sales tax	-	-	1,098,822	1,098,822	-
Other operating revenues	48,540	13,139	-	61,679	-
Total operating revenues	2,219,601	6,292,535	1,098,822	9,610,958	330,063
OPERATING EXPENSES:					
General and administrative	360,795	383,357	-	744,152	848,817
Maintenance and operations	1,200,488	3,162,421	-	4,362,909	29,260
Depreciation	335,243	1,919,572	-	2,254,815	-
Total operating expenses	1,896,526	5,465,350	-	7,361,876	878,077
OPERATING INCOME (LOSS)	323,075	827,185	1,098,822	2,249,082	(548,014)
NONOPERATING REVENUES (EXPENSES):					
Connection fees	31,729	66,150	-	97,879	-
Interest income	19,149	29,407	24,794	73,350	-
Interest expense and fiscal charges	(4,312)	(828,400)	-	(832,712)	-
Total nonoperating revenues (expenses)	46,566	(732,843)	24,794	(661,483)	-
INCOME (LOSS) BEFORE TRANSFERS	369,641	94,342	1,123,616	1,587,599	(548,014)
TRANSFERS:					
Transfers in	400,988	1,504,411	-	1,905,399	466,885
Transfers out	(150,183)	(150,183)	(1,362,052)	(1,662,418)	-
Total transfers	250,805	1,354,228	(1,362,052)	242,981	466,885
CHANGES IN NET POSITION	620,446	1,448,570	(238,436)	1,830,580	(81,129)
NET POSITION:					
Beginning of year	8,485,689	8,704,711	1,389,733	18,580,133	757,547
End of year	\$ 9,106,135	\$ 10,153,281	\$ 1,151,297	\$ 20,410,713	\$ 676,418

City of Placerville
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Major Funds			Total	Governmental
	Water	Sewer	Measure H		Activities
	Fund	Fund	Fund		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 2,092,791	\$ 6,276,542	\$ -	\$ 8,369,333	\$ 323,689
Cash received from sales taxes	-	-	1,061,481	1,061,481	-
Cash payments to suppliers and employees for goods and services	(1,523,793)	(3,409,330)	-	(4,933,123)	(925,462)
Cash received from (paid for) other activities	48,540	13,139	-	61,679	-
Net cash provided by (used in) operating activities	617,538	2,880,351	1,061,481	4,559,370	(601,773)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(412,794)	(1,484,395)	-	(1,897,189)	-
Proceeds from disposal of assets	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Principal paid on capital-related debt	(52,665)	(1,617,047)	-	(1,669,712)	-
Interest paid on capital-related debt	(4,805)	(831,502)	-	(836,307)	-
Connection fees	31,729	66,150	-	97,879	-
Net cash (used in) capital and related financing activities	(438,535)	(3,866,794)	-	(4,305,329)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund borrowings	(45,119)	(43,957)	-	(89,076)	(343,193)
Interest expense	-	-	-	-	-
Transfers in	400,988	1,504,411	-	1,905,399	466,885
Transfers (out)	(150,183)	(150,183)	(1,362,052)	(1,662,418)	-
Net cash provided by (used in) noncapital financing activities	205,686	1,310,271	(1,362,052)	153,905	123,692
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sales and maturities of investments	-	-	-	-	-
Purchase of investments	-	-	-	-	-
Investment income	16,856	29,958	26,369	73,183	-
Net cash provided by investing activities	16,856	29,958	26,369	73,183	-
Net change in cash and cash equivalents	401,545	353,786	(274,202)	481,129	(478,081)
CASH AND CASH EQUIVALENTS:					
Beginning of year	1,121,180	3,186,411	1,244,606	5,552,197	803,474
End of year	<u>\$ 1,522,725</u>	<u>\$ 3,540,197</u>	<u>\$ 970,404</u>	<u>\$ 6,033,326</u>	<u>\$ 325,393</u>
RECONCILIATION TO STATEMENT OF NET POSITION:					
Cash and investments	\$ 1,461,028	\$ 1,736,963	\$ 970,404	\$ 4,168,395	\$ 156,347
Restricted cash and cash equivalents	61,697	1,803,234	-	1,864,931	169,046
Total cash and cash equivalents	<u>\$ 1,522,725</u>	<u>\$ 3,540,197</u>	<u>\$ 970,404</u>	<u>\$ 6,033,326</u>	<u>\$ 325,393</u>

City of Placerville
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Major Funds			Total	Governmental
	Water	Sewer	Measure H		Activities
	Fund	Fund	Fund		Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 323,075	\$ 827,185	\$ 1,098,822	\$ 2,249,082	\$ (548,014)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	335,243	1,919,572	-	2,254,815	-
Changes in operating assets and liabilities:					
Accounts receivable	(484)	(323)	(37,341)	(38,148)	(6,374)
Utility billings, net	(77,786)	(2,531)	-	(80,317)	-
Pension-related deferred outflows	13,260	18,604	-	31,864	-
OPEB-related deferred outflows	(16,571)	(41,067)	-	(57,638)	-
Accounts payable and accrued liabilities	24,549	87,012	-	111,561	36,687
Deposits payable	1,465	1	-	1,466	-
Claims and judgments payable	-	-	-	-	(84,072)
Total OPEB liability	7,763	(30,409)	-	(22,646)	-
Aggregate net pension liability	(38,746)	(19,698)	-	(58,444)	-
OPEB-related deferred inflows	42,242	119,936	-	162,178	-
Pension-related deferred inflows	3,528	2,069	-	5,597	-
Total adjustments	294,463	2,053,166	(37,341)	2,310,288	(53,759)
Net cash provided by (used in) operating activities	\$ 617,538	\$ 2,880,351	\$ 1,061,481	\$ 4,559,370	\$ (601,773)

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Placerville
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Public Financing Authority Agency Fund	Other Agency Funds	Total
ASSETS			
Cash and investments	\$ 152,211	\$ 229,468	\$ 381,679
Receivables:			
Accounts	-	1,863	1,863
Interest	306	368	674
Total assets	\$ 152,517	\$ 231,699	\$ 384,216
LIABILITIES			
Accounts payable	\$ -	\$ 42,921	\$ 42,921
Deposits payable	27,906	188,778	216,684
Due to bondholders	124,611	-	124,611
	\$ 152,517	\$ 231,699	\$ 384,216

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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, 2020

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City of Placerville
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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 30th as their fiscal year-end.

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. 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, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements

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 Fund Balances 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, 2020

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, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Property Taxes

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

D. Cash, Cash Equivalents, and Investments

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

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

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

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

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

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

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

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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.

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

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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

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

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

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

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, 2019
Measurement Date	June 30, 2020
Measurement Period:	July 1, 2019 to June 30, 2020

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 expenses when incurred.

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.

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Net Position and Fund Equity (Continued)

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.

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Accounting Changes

New Governmental Accounting Standards Implemented for the Year Ended June 30, 2020

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, 2020. 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. 95

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2020.

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. 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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Accounting Changes (Continued)

Upcoming Government Accounting Standards Implementation (Continued)

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 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, 2022.

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Accounting Changes (Continued)

Upcoming Government Accounting Standards Implementation (Continued)

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

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, 2020:

	<u>Primary Government</u>				
	<u>Governmental</u>		<u>Business-Type</u>		<u>Fiduciary</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Funds</u>	<u>Total</u>
Cash and investments	\$ 656,855	\$ 4,168,395	\$ 4,825,250	\$ 381,679	\$ 5,206,929
Restricted cash and investments	5,893,036	-	5,893,036	-	5,893,036
Cash and investments with fiscal agent	169,046	1,864,931	2,033,977	-	2,033,977
Total	\$ 6,718,937	\$ 6,033,326	\$ 12,752,263	\$ 381,679	\$ 13,133,942

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

A. Summary of Cash and Investments (Continued)

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

Cash and cash equivalents:	
Petty cash	\$ 3,395
Demand deposits	2,442,622
Investments:	
Local Agency Investment Fund	8,653,948
Money market funds	2,033,977
Total	<u><u>\$ 13,133,942</u></u>

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, 2020, the carrying amount of the City's deposits was \$2,442,622. Bank balances before reconciling items were \$2,601,182 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.

C. Investments

At June 30, 2020, 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, 2020:

<u>Investment Type</u>	<u>Total as of June 30, 2020</u>	<u>Percentage of Investments</u>	<u>Measurement Inputs</u>
Local Agency Investment Fund	\$ 8,653,948	80.97%	N/A
Money market funds	2,033,977	19.03%	Not Rated
Total	<u><u>\$ 10,687,925</u></u>		

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

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.

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 \$2,033,977 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, 2020, the City’s pooled cash and investments had the following maturities:

	Amount	Maturities 1 year or less
Cash and cash equivalent:		
Petty cash	\$ 3,395	\$ 3,395
Demand deposits	2,442,622	2,442,622
Investments:		
Local Agency Investment Fund	8,653,948	8,653,948
Money market funds	2,033,977	2,033,977
Total	\$ 13,133,942	\$ 13,133,942

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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
Investments:			
Local Agency Investment Fund	\$ 8,653,948	Not Rated	Not Rated
Money market funds	2,033,977	Not Rated	Not Rated
Total	\$ 10,687,925		

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

Federal instrumentalities must have a rating of AAA or the equivalent by a NRSRO at the time of purchase. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

The City's investments (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, 2020, amounted to an unrealized gain of \$42,515.

F. Investments in Local Agency Investment Fund

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2020, 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, 2020, the City had \$8,653,948 invested in LAIF, which had invested 3.37% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.004912795 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, 2020

Note 3 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2020, the City had the following short-term interfund receivables and payables:

		Due To
		Governmental Activities
	Due From	Transportation Development
Governmental Activities		
General		\$ 199,013
Internal Service		7,940
Business-Type Activities		
Water		45,119
Sewer		43,957
Totals		\$ 296,029

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, 2020, the City had the following long-term interfund advances:

	Advances to Other Funds		
	Governmental Activities		
Advances From Other Funds	Transportation Development	Non-Major	Total
Governmental Activities			
General Fund	\$ 545,000	\$ -	\$ 545,000
Internal Service	585,253	134,552	719,805
Totals	\$ 1,130,253	\$ 134,552	\$ 1,264,805

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, 2020

Note 3 – Interfund Transactions (Continued)

C. Transfers In and Out

At June 30, 2020, 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	Water	Sewer	
Governmental Activities								
General	\$ -	\$ -	\$ 335,000	\$ 62,346	\$ 150,184	\$ -	\$ -	\$ 547,530
Measure L	-	1,099,432	-	-	-	400,371	142,976	1,642,779
Development Impact	-	325,054	-	-	-	-	-	325,054
Non-Major	301,958	102,680	-	-	16,335	-	-	420,973
Business-Type Activities								
Water	-	-	-	-	150,183	-	-	150,183
Sewer	-	-	-	-	150,183	-	-	150,183
Measure H	-	-	-	-	-	617	1,361,435	1,362,052
Totals	<u>\$ 301,958</u>	<u>\$ 1,527,166</u>	<u>\$ 335,000</u>	<u>\$ 62,346</u>	<u>\$ 466,885</u>	<u>\$ 400,988</u>	<u>\$ 1,504,411</u>	<u>\$ 4,598,754</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, 2020, 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	20,857,798	4,253,206	25,111,004
Total non-depreciable assets	<u>33,791,338</u>	<u>6,582,180</u>	<u>40,373,518</u>
Depreciable Assets:			
Building and structures	12,490,961	73,994,618	86,485,579
Machinery and equipment	3,327,262	1,423,101	4,750,363
Infrastructure	14,466,311	53,641,580	68,107,891
	<u>30,284,534</u>	<u>129,059,299</u>	<u>159,343,833</u>
Less accumulated depreciation	<u>(11,712,798)</u>	<u>(70,489,977)</u>	<u>(82,202,775)</u>
Total depreciable assets, net	<u>18,571,736</u>	<u>58,569,322</u>	<u>77,141,058</u>
Total capital assets	<u>\$ 52,363,074</u>	<u>\$ 65,151,502</u>	<u>\$ 117,514,576</u>

In fiscal year ended June 30, 2020, 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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Capital Assets (Continued)

A. Government-Wide Financial Statements (Continued)

Governmental Activities

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

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Non-Depreciable Assets:					
Land and improvements	\$ 12,933,540	\$ -	\$ -	\$ -	\$ 12,933,540
Construction in progress	16,723,152	4,458,866	(46,579)	(277,641)	20,857,798
Total non-depreciable assets	<u>29,656,692</u>	<u>4,458,866</u>	<u>(46,579)</u>	<u>(277,641)</u>	<u>33,791,338</u>
Depreciable Assets:					
Building and structures	12,265,779	-	-	225,182	12,490,961
Machinery and equipment	3,280,752	77,950	(50,249)	18,809	3,327,262
Infrastructure	14,432,661	-	-	33,650	14,466,311
Total depreciable assets	29,979,192	77,950	(50,249)	277,641	30,284,534
Less accumulated depreciation	<u>(10,973,964)</u>	<u>(786,249)</u>	<u>47,415</u>	<u>-</u>	<u>(11,712,798)</u>
Total depreciable assets, net	19,005,228	(708,299)	(2,834)	277,641	18,571,736
Total capital assets	<u>\$ 48,661,920</u>	<u>\$ 3,750,567</u>	<u>\$ (49,413)</u>	<u>\$ -</u>	<u>\$ 52,363,074</u>

Depreciation expense in governmental activities for capital assets for the year ended June 30, 2020 was as follows:

General government	\$ 276,518
Public safety	99,471
Highways and street	349,038
Community Development	26,215
Parks and recreation	35,007
Total	<u>\$ 786,249</u>

B. Business-Type Activities

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

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Non-Depreciable Assets:					
Land and improvements	\$ 2,328,974	\$ -	\$ -	\$ -	\$ 2,328,974
Construction in progress	6,026,952	1,881,901	(11,834)	(3,643,813)	4,253,206
Total non-depreciable assets	<u>8,355,926</u>	<u>1,881,901</u>	<u>(11,834)</u>	<u>(3,643,813)</u>	<u>6,582,180</u>
Depreciable Assets:					
Building and structures	73,934,145	-	-	60,473	73,994,618
Machinery and equipment	1,406,319	27,789	(11,007)	-	1,423,101
Infrastructure	50,058,240	-	-	3,583,340	53,641,580
Total depreciable assets	125,398,704	27,789	(11,007)	3,643,813	129,059,299
Less accumulated depreciation	<u>(68,245,502)</u>	<u>(2,254,815)</u>	<u>10,340</u>	<u>-</u>	<u>(70,489,977)</u>
Total depreciable assets, net	57,153,202	(2,227,026)	10,341	3,643,813	58,569,322
Total capital assets	<u>\$ 65,509,128</u>	<u>\$ (345,125)</u>	<u>\$ (1,493)</u>	<u>\$ -</u>	<u>\$ 65,151,502</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Capital Assets (Continued)

B. Business-Type Activities (Continued)

Business-type activities depreciation expense for capital assets for the year ended June 30, 2020, were as follows:

Water	\$	335,243
Sewer		1,919,572
		2,254,815
Total		2,254,815

C. Fund Financial Statements

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

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

Note 5 – Long-Term Debt

A. Government-Wide Financial Statements

Following is a summary of all long-term debt balances for the fiscal year ended June 30, 2020:

	Governmental Activities	Business-Type Activities	Total
Long-term debt, due within one year	\$ 127,786	\$ 1,820,721	\$ 1,948,507
Noncurrent portion of long-term debt			
2006 State Revolving Loan	-	29,235,588	29,235,588
2006 Sewer Revenue Bonds	-	16,815,000	16,815,000
2017 City Hall Capital Lease	-	-	-
2015 Equipment Lease	137,170	100,636	237,806
2018 SACOG Loan	-	-	-
2019 Equipment Lease	104,474	55,200	159,674
2019 CEC Loan	554,623	161,782	716,405
Total noncurrent portion of long-term debt	796,267	46,368,206	47,164,473
Total long-term debt	\$ 924,053	\$ 48,188,927	\$ 49,112,980

Governmental Activities

Following is a summary of governmental activity long-term debt transactions during the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due within one year	Due in more than one year
2017 City Hall Capital Lease	\$ 172,376	\$ -	\$ 114,129	\$ 58,247	\$ 58,247	\$ -
2015 Equipment Lease	222,072	-	52,078	169,994	32,824	137,170
2018 SACOG Loan	1,000,000	-	1,000,000	-	-	-
2019 Equipment Lease	168,719	-	31,441	137,278	32,804	104,474
2019 CEC Loan	-	558,534	-	558,534	3,911	554,623
Total	\$ 1,563,167	\$ 558,534	\$ 1,197,648	\$ 924,053	\$ 127,786	\$ 796,267

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Long-Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

Business-Type Activities

Following is a summary of business-type activity long-term debt transactions during the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due within one year	Due in more than one year
2006 State Revolving Loan	\$ 32,292,852	\$ -	\$ 1,528,633	\$ 30,764,219	\$ 1,528,631	\$ 29,235,588
2006 Sewer Revenue Bonds	17,215,000	-	195,000	17,020,000	205,000	16,815,000
2017 City Hall Capital Lease	103,074	-	68,244	34,830	34,830	-
2015 Equipment Lease	158,570	-	35,536	123,034	22,398	100,636
2019 Equipment Lease	89,143	-	16,611	72,532	17,332	55,200
2019 CEC Loan	-	174,312	-	174,312	12,530	161,782
Total	<u>\$ 49,858,639</u>	<u>\$ 174,312</u>	<u>\$ 1,844,024</u>	<u>\$ 48,188,927</u>	<u>\$ 1,820,721</u>	<u>\$ 46,368,206</u>

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:

June 30,	Principal	Interest	Total
2021	\$ 93,079	\$ 1,284	\$ 94,363
Total	<u>\$ 93,079</u>	<u>\$ 1,284</u>	<u>\$ 94,363</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%. Net revenues from the General Fund, Sewer Enterprise Fund, and Water Enterprise Fund have been pledged for the lease payments. The 13 pieces of equipment that were purchased with the lease proceeds are secured in the borrowing, and should a default in payment occur or budget appropriations fail to be made for the annual lease payments, the said equipment could be repossessed. 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
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	63,467
2025	62,091	1,377	63,468
Total	<u>\$ 293,028</u>	<u>\$ 24,311</u>	<u>\$ 317,339</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Long-Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

Business-Type Activities (Continued)

Capital Leases (Continued)

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. Net revenues from the General Fund, Sewer Enterprise Fund, and Water Enterprise Fund have been pledged for the lease payments. The 12 pieces of equipment that were purchased with the lease proceeds are secured in the borrowing, and should a default in payment occur or budget appropriations fail to be made for the annual lease payments, the said equipment could be repossessed. The annual debt service requirements for the 2019 Equipment Lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 50,137	\$ 6,237	\$ 56,374
2022	51,733	4,640	56,373
2023	53,380	2,993	56,373
2024	54,560	1,292	55,852
Total	<u>\$ 209,810</u>	<u>\$ 15,162</u>	<u>\$ 224,972</u>

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:

	<u>June 30, 2020</u>
Building and structures	\$ 2,052,000
Machinery and equipment	<u>964,380</u>
Assets under capitalized lease, at cost	3,016,380
Accumulated depreciation	<u>(1,410,602)</u>
Assets under capitalized lease, net	<u>\$ 1,605,778</u>

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 principal and interest payments for the Fiscal Year ended June 30, 2020, required 22.05% of net revenues. The total remaining principal and interest to be paid on the bonds is \$17,020,000. Principal and interest paid for the current year and total net revenues were \$1,021,758 and \$4,633,673, 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, 2020

Note 5 – Long-Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

Business-Type Activities (Continued)

Revenue Bonds Payable (Continued)

The 2006 Wastewater System Refinancing and Improvement Project Revenue Bonds are secured by and payable from net revenues from the City's Sewer Enterprise Fund, amounts that are derived from user rates collected by the City for wastewater collection and treatment services. Application of amounts in the enterprise fund is governed by the requirements of Article XIID, Section 6 of the California Constitution, which provides that the enterprise fund may only be used for the wastewater enterprise and may not be used for general governmental purposes.

Net revenues from the Sewer Enterprise Fund are pledged toward settlement payments with the Bond insurer for the 2006 Bonds. There is a covenant to set rates such that they will provide net coverage for Operation and Maintenance of 1.20% coverage. The City is in compliance with its covenants in connection with its obligations, including covenants on the current rates and charges, and the Sewer Enterprise Fund has sufficient revenues to meet the operation and maintenance costs of the wastewater utility, scheduled debt service, and required debt service coverage.

Events of default with finance related consequences are included in section 8.01 of the indenture for the bond. In the event of unresolved payment default, the Trustee would pull from funds on hand under the separate section of the agreement, and then upon court order from net revenues of the system held by the City.

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
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	250,000	779,658	1,029,658
2026-2030	3,320,000	3,666,833	6,986,833
2031-2035	12,570,000	1,629,269	14,199,269
Total	<u>\$ 17,020,000</u>	<u>\$ 9,295,068</u>	<u>\$ 26,315,068</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Long-Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

Business-Type Activities (Continued)

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, 2020, required 32.99% of net revenues. The total remaining principal to be paid on the loan is \$30,764,219. Principal paid for the current year and total net revenues were \$1,528,631 and \$4,633,673 respectively. Principal payments are due in September and March of each year. The City pledged Sewer Enterprise Fund net revenues as collateral for the loan. There is a covenant to set rates such that they will provide net coverage for Operation and Maintenance of 1.20% coverage. The City is in compliance with its covenants in connection with its obligations, including covenants on the current rates and charges, and the Sewer Enterprise Fund has sufficient revenues to meet the operation and maintenance costs of the wastewater utility, scheduled debt service, and required debt service coverage. The annual debt service requirements for the 2006 State Revolving Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,528,631	-	1,528,631
2026-2030	7,643,156	-	7,643,156
2031-2035	7,643,157	-	7,643,157
2036-2040	7,834,751	-	7,834,751
Total	<u>\$ 30,764,219</u>	<u>\$ -</u>	<u>\$ 30,764,219</u>

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 was paid in full in Fiscal Year 2019/2020.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Long-Term Debt (Continued)

B. Government-Wide Financial Statements (Continued)

Business-Type Activities (Continued)

Loans (Continued)

On July 29, 2019, the City secured a California Energy Commission (CEC) Loan in the amount of \$732,846 with an interest rate of 1.00% to finance interior and exterior lighting and heating and cooling improvements to various City facilities in order to achieve greater energy efficiency. The loan is payable payable through 2035. The loan payable is allocated between the governmental activities, 74.69%, and business-type activities, 25.31%. Principal and interest payments are due in June and December each year. The City pledged savings in energy costs or other legally available funds from the General Fund, Parking District Fund, and the Sewer Enterprise Fund as collateral for the loan. The loan is secured by the lighting and HVAC equipment that was financed by the loan. A default on the loan would require immediate payment of the remaining loan balance. The annual debt service requirements for the 2019 CEC loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 16,441	\$ 11,043	\$ 27,484
2022	47,923	7,045	54,968
2023	48,403	6,564	54,967
2024	48,872	6,096	54,968
2025	49,378	5,589	54,967
2026-2030	254,406	20,432	274,838
2031-2035	267,423	7,416	274,839
Total	<u>\$ 732,846</u>	<u>\$ 64,185</u>	<u>\$ 797,031</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	1,948,510	845,568	2,794,078
2022	1,900,151	828,243	2,728,394
2023	1,913,969	814,799	2,728,768
2024	1,927,359	800,826	2,728,185
2025	1,890,100	786,624	2,676,724
2026-2030	11,217,562	3,687,265	14,904,827
2031-2035	20,480,580	1,636,685	22,117,265
2036-2040	7,834,751	-	7,834,751
Total	<u>\$ 49,112,982</u>	<u>\$ 9,400,010</u>	<u>\$ 58,512,992</u>

C. 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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 \$1,155,450. The City primarily uses the General Fund to liquidate compensated absences.

				<u>Classification</u>		
	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due within one year	Due in more than one year
Governmental Activities:						
Compensated Absences	\$ 1,108,046	\$ 47,404	\$ -	\$ 1,155,450	\$ 324,644	\$ 830,806
Total	<u>\$ 1,108,046</u>	<u>\$ 47,404</u>	<u>\$ -</u>	<u>\$ 1,155,450</u>	<u>\$ 324,644</u>	<u>\$ 830,806</u>

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, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 769,821	\$ 356,748	\$ 1,126,569
CalPERS Safety	762,764	-	762,764
Total pension contribution made after measurement date	<u>1,532,585</u>	<u>356,748</u>	<u>1,889,333</u>
Change in assumption:			
CalPERS Miscellaneous	254,639	118,003	372,642
CalPERS Safety	246,261	-	246,261
Total change in assumption	<u>500,900</u>	<u>118,003</u>	<u>618,903</u>
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	18,309	8,484	26,793
CalPERS Safety	32,312	-	32,312
Total adjustment due to difference in proportions	<u>50,621</u>	<u>8,484</u>	<u>59,105</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	530,052	245,634	775,686
CalPERS Safety	487,389	-	487,389
Total difference between expected and actual experience	<u>1,017,441</u>	<u>245,634</u>	<u>1,263,075</u>
Employer contributions in excess of proportionate share of contribution:			
CalPERS Miscellaneous	125,314	58,073	183,387
Total employer contributions in excess of proportionate share of contribution	<u>125,314</u>	<u>58,073</u>	<u>183,387</u>
Total deferred outflows of resources:			
CalPERS Miscellaneous	1,698,135	786,942	2,485,077
CalPERS Safety	1,528,726	-	1,528,726
Total deferred outflows of resources	<u>\$ 3,226,861</u>	<u>\$ 786,942</u>	<u>\$ 4,013,803</u>
Net pension liabilities:			
CalPERS Miscellaneous	8,272,638	3,833,661	\$ 12,106,299
CalPERS Safety	7,464,858	-	7,464,858
Total net pension liabilities	<u>\$ 15,737,496</u>	<u>\$ 3,833,661</u>	<u>\$ 19,571,157</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Public Employees’ Retirement System (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred inflows of Resources:			
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	269,968	125,108	395,076
CalPERS Safety	<u>\$ 49,323</u>	<u>\$ -</u>	<u>\$ 49,323</u>
Total adjustment due to difference in proportions	<u>319,291</u>	<u>125,108</u>	<u>444,399</u>
Employer contributions in excess of proportionate share of contribution:			
CalPERS Safety	<u>221,917</u>	<u>-</u>	<u>221,917</u>
Total employer contributions in excess of proportionate share of contribution	<u>221,917</u>	<u>-</u>	<u>221,917</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	144,632	67,024	211,656
CalPERS Safety	<u>102,692</u>	<u>-</u>	<u>102,692</u>
Total difference between expected and actual experience	<u>247,324</u>	<u>67,024</u>	<u>314,348</u>
Total deferred inflows of resources:			
CalPERS Miscellaneous	414,600	192,132	606,732
CalPERS Safety	<u>373,932</u>	<u>-</u>	<u>373,932</u>
Total deferred inflows of resources	<u>\$ 788,532</u>	<u>\$ 192,132</u>	<u>\$ 980,664</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 1,323,089	\$ 613,140	\$ 1,936,229
CalPERS Safety	<u>1,239,296</u>	<u>-</u>	<u>1,239,296</u>
Total net pension expenses	<u>\$ 2,562,385</u>	<u>\$ 613,140</u>	<u>\$ 3,175,525</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, 2020

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, 2019 measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Miscellaneous		Safety	Safety	
	<u>Miscellaneous</u>	<u>Second Tier</u>	<u>PEPRA</u>	<u>Safety</u>	<u>Second Tier</u>	<u>PEPRA</u>
Active employees	27	3	33	8	2	9
Transferred and terminated employees	52	12	16	31	3	3
Retired employees and beneficiaries	88	4	1	48	-	2
Total	<u>167</u>	<u>19</u>	<u>50</u>	<u>87</u>	<u>5</u>	<u>14</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%.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

Benefits Provided (Continued)

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%

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 13.034% for the Safety PEPRA Plan, and 7.026%, for Miscellaneous PEPRA Plan. The average employer’s contribution rate was 11.112% of annual payroll for the Miscellaneous Classic Plan, 20.707% for the Safety Classic Plan, 13.034% for the Safety PEPRA Plan, and 7.026% for the Miscellaneous PEPRA Plan.

For the year ended June 30, 2020, the plan’s employer contributions made for each Plan was as follows:

Miscellaneous	\$ 1,126,569
Safety	<u>762,764</u>
	<u>\$ 1,889,333</u>

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, 2019, 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, 2018 rolled forward to June 30, 2019 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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

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

	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Miscellaneous			
Balance at: 6/30/18 (Valuation date)	\$ 33,231,655	\$ 21,834,428	\$ 11,397,227
Balance at: 6/30/19 (Measurement date)	33,964,938	21,858,639	12,106,299
Net changes during 2018-2019	733,283	24,211	709,072
Safety			
Balance at: 6/30/18 (Valuation date)	\$ 23,070,378	\$ 16,101,982	\$ 6,968,396
Balance at: 6/30/19 (Measurement date)	23,969,716	16,504,858	7,464,858
Net changes during 2018-2019	899,338	402,876	496,462
Total net changes during 2018-2019	1,632,621	427,087	1,205,534

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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2018	0.30242%	0.11876%	0.42118%
Proportion - June 30, 2019	0.30232%	0.11958%	0.42190%
Change - Increase/(Decrease)	<u>-0.00010%</u>	<u>0.00082%</u>	<u>0.00072%</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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)

For the year ended June 30, 2020, the City recognized pension expense of \$1,936,229 and \$1,239,296, for the Miscellaneous and Safety plans, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plans		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 1,126,569	\$ -
Difference between projected and actual earning on pension plan investments	-	211,656
Adjustment due to differences in proportions	26,793	395,076
Changes in assumptions	372,642	-
Difference between actual and expected experience	775,686	-
Difference between employer's actual contributions and proportionate share of contributions	183,387	-
Total	<u>\$ 2,485,077</u>	<u>\$ 606,732</u>
Safety Plans		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 762,764	\$ -
Difference between projected and actual earning on pension plan investments	-	102,692
Adjustment due to differences in proportions	32,312	49,323
Changes in assumptions	246,261	-
Difference between actual and expected experience	487,389	-
Difference between employer's actual contributions and proportionate share of contributions	-	221,917
Total	<u>\$ 1,528,726</u>	<u>\$ 373,932</u>
Aggregate Total		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 1,889,333	\$ -
Difference between projected and actual earning on pension plan investments	-	314,348
Adjustment due to differences in proportions	59,105	444,399
Changes in assumptions	618,903	-
Difference between actual and expected experience	1,263,075	-
Difference between employer's actual contributions and proportionate share of contributions	183,387	221,917
Total	<u>\$ 4,013,803</u>	<u>\$ 980,664</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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)

For the Miscellaneous Plan and Safety Plan, \$1,126,569 and \$762,764, 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, 2020). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Miscellaneous Plans</u>	<u>Safety Plans</u>	<u>Total</u>
2021	\$ 777,163	\$ 432,819	\$ 1,209,982
2022	(206,956)	(107,444)	(314,400)
2023	138,800	46,674	185,474
2024	42,769	19,981	62,750
	<u>\$ 751,776</u>	<u>\$ 392,030</u>	<u>\$ 1,143,806</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
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.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a January 2017 actuarial experience study for the period 1998 to 2013. 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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11 +²
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%		

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% 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.

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:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
Miscellaneous	\$ 16,674,687	\$ 12,106,299	\$ 8,335,417
Safety	\$ 10,749,749	\$ 7,464,858	\$ 4,771,762
Total	\$ 27,424,436	\$ 19,571,157	\$ 13,107,179

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

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

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, 2020, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2020.

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 \$3,283,232 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 \$329,984 as of June 30, 2020.

Note 8 – Post-Retirement Medical Care Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of Resources:			
Changes in assumptions	\$ 277,966	\$ 97,545	\$ 375,511
Total deferred outflows of resources	<u>\$ 277,966</u>	<u>\$ 97,545</u>	<u>\$ 375,511</u>
Total OPEB Liability	<u>\$ 2,865,041</u>	<u>\$ 1,005,413</u>	<u>\$ 3,870,454</u>
Deferred inflows of Resources:			
Changes in assumptions	\$ 62,683	\$ 22,021	\$ 84,704
Difference between actual and expected experience	468,075	164,234	632,309
Total deferred inflows of resources	<u>\$ 530,758</u>	<u>\$ 186,255</u>	<u>\$ 717,013</u>
OPEB Expense	<u>\$ 97,325</u>	<u>\$ 277,434</u>	<u>\$ 374,759</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

B. 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.

C. 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, 2019, actuarial valuation study performed by Demsey, Filliger & Associates.

D. Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability at June 30, 2020 was:

Total OPEB Liability	\$ 3,870,454
Total OPEB Liability	<u>\$ 3,870,454</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

E. Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	2.45%
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 5.9% initially reduced by decrements to an ultimate of 5.0% therefore.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2020.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 2.45% 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.

G. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 3,983,821
Changes Recognized for the Measurement Period:	
Service Cost	320,283
Interest on the total OPEB liability	112,667
Difference between expected and actual experience	(735,965)
Changes in assumptions	297,706
Benefit payments	(108,058)
Net changes during July 1, 2019 to June 30, 2020	(113,367)
Balance at June 30, 2020	<u>\$ 3,870,454</u>

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 (1.45 percent) or 1-percentage-point higher (3.45 percent) than the current discount rate:

Total OPEB Liability / (Asset)		
Discount Rate - 1% (1.45%)	Current Discount Rate (2.45%)	Discount Rate + 1% (3.45%)
\$ 4,217,927	\$ 3,870,454	\$ 3,563,751

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

G. Change in the Total OPEB Liability (Continued)

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 (4.90 percent decreasing to 4.00 percent) or 1-percentage-point higher (6.90 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

Total OPEB Liability/(Asset)		
1% Decrease (4.90% for 2020, 4.00% ultimate)	Trend Rate (5.90% for 2020, 5.00% ultimate)	1% Increase (6.90% for 2020 6.00% ultimate)
\$ 3,540,856	\$ 3,870,454	\$ 4,254,659

H. 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 2020, the City contributed \$108,058 to the plan for current premiums.

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$374,759. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	\$ -	\$ 632,309
Changes in assumptions	375,511	84,704
	\$ 375,511	\$ 717,013

The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 6.1 years, which was determined as of June 30, 2019, 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, 2020

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

I. 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:

Year Ending June 30	Amount
2021	\$ (58,191)
2022	(58,191)
2023	(48,779)
2024	(46,716)
2025	(61,727)
Thereafter	(67,898)
Total	<u>\$ (341,502)</u>

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	\$ 133,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,241
Advances to other funds	545,000	-	-	-	-	-	545,000
Inventory	18,780	-	-	-	-	-	18,780
Total	<u>697,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>697,021</u>
<i>Restricted</i>							
Transportation	-	1,167,360	-	3,685,819	-	-	4,853,179
Police services	-	-	176,453	-	-	-	176,453
Gas Tax	-	-	-	-	-	275,341	275,341
Development Impact	-	-	-	-	1,583,672	-	1,583,672
Parking District	-	-	-	-	-	120,959	120,959
Grants	-	-	-	-	-	541,278	541,278
BAD, CFD, & LLMD	-	-	-	-	-	258,541	258,541
Park Development	-	-	-	-	-	106,579	106,579
Total	<u>-</u>	<u>1,167,360</u>	<u>176,453</u>	<u>3,685,819</u>	<u>1,583,672</u>	<u>1,302,698</u>	<u>7,916,002</u>
<i>Committed</i>							
Capital projects	-	-	-	-	-	284,097	284,097
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,097</u>	<u>284,097</u>
<i>Unassigned</i>	1,241,527	-	-	-	-	-	1,241,527
Total fund balances	<u>\$ 1,938,548</u>	<u>\$ 1,167,360</u>	<u>\$ 176,453</u>	<u>\$ 3,685,819</u>	<u>\$ 1,583,672</u>	<u>\$ 1,586,795</u>	<u>\$ 10,138,647</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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, 2020 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, 2020.

Fund Equity Deficits

The City's governmental activities had an unrestricted net position (deficit) of \$(14,122,570) as of June 30, 2020. This is mainly due to reporting of net pension liability of \$(15,737,496) as required under GASB Statement No. 68 (Note 7) and reporting of Total OPEB liability of \$(2,865,041) 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, 2020.

Fund	Function	Excess
General	General government	\$ (48,802)
General	Public Safety	\$ (21,264)
General	Highways and streets	\$ (16,037)
General	Community development	\$ (102,304)
Measure J	General government	\$ (1,117)
Measure J	Public Safety	\$ (29,973)
Parking District	Highways and streets	\$ (637)
Capital projects	Parks and recreation	\$ (272)

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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, 2018, 2019, and 2020:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments For Current and Prior Years	End of Year Liability
2017-2018	347,094	504,731	(513,009)	338,816
2018-2019	338,816	566,866	(505,656)	400,026
2019-2020	400,026	534,481	(618,553)	315,954

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, 2020

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, 2020:

Total Assets (Primary Investments)	<u>\$ 71,377,660</u>
Total Liability	<u>\$ 46,831,765</u>
Net Position	<u>\$ 24,545,895</u>
Total Revenues	<u>\$ 25,458,159</u>
Total Expenses	<u>\$ 22,741,800</u>
Net Income (Loss)	<u>\$ 2,716,359</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, 2020:

Total Assets (Primary Investments)	<u>\$ 53,207,938</u>
Deferred Outflow of Resources	<u>\$ 284,775</u>
Total Liability	<u>\$ 23,656,162</u>
Deferred Inflows of Resources	<u>\$ 357,290</u>
Net Position	<u>\$ 29,479,261</u>
Total Revenues	<u>\$ 17,958,255</u>
Total Expenses	<u>\$ 13,923,859</u>
Net Income (Loss)	<u>\$ 4,034,396</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, 2020

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, 2020, City property tax revenue assigned to the District amounted to approximately \$1,896,089.

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, 2020

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, 2020

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

Limited Obligation Assessment Bonds and Revenue Bonds (Continued)

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

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

¹ Paid in full.

² Issued in 2006. Not in default.

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

Defaults

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

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

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

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

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 – COVID-19

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.

Note 15 – Subsequent Events

Coronavirus Relief Funds Allocation

On June 29, 2020, the State approved the budget and authorized the Department of Finance to allocate \$1,289,065,000 to address the public health and public safety impacts of COVID-19 including homelessness. Pursuant to the provisions of Control Section 11.90, cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. Based on the City's population, the City is allocated \$135,572 and will be received in six installments starting July 2020.

American Rescue Plan Act

On March, 2021, the American Rescue Plan Act was signed into delivering \$65 billion of direct and flexible aid to cities and towns across the nation to provide substantial flexibility for each government to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. Based on the City's population, the City was allocated \$2,673,298 and received in two installments starting July 2021.

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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, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 287,401	\$ 287,401	\$ 308,089	\$ 20,688
Sales tax	5,279,200	5,279,200	5,482,507	203,307
Transient occupancy taxes	217,935	217,935	209,896	(8,039)
Other taxes	216,369	216,369	225,133	8,764
Franchise fees	333,631	333,631	345,770	12,139
Licenses and permits	155,564	155,564	143,411	(12,153)
Fines and forfeitures	52,120	52,120	71,368	19,248
Use of money and property	99,140	99,140	130,429	31,289
Intergovernmental	963,219	963,219	1,026,635	63,416
Charges for services	988,703	988,703	595,081	(393,622)
Other revenues	567,491	567,491	567,491	-
Total Revenues	<u>9,160,773</u>	<u>9,160,773</u>	<u>9,105,810</u>	<u>(54,963)</u>
EXPENDITURES:				
Current:				
General government	2,647,342	2,662,342	2,711,144	(48,802)
Public safety	3,139,063	3,139,063	3,160,327	(21,264)
Highways and streets	641,476	641,476	657,513	(16,037)
Community development	582,851	582,851	685,155	(102,304)
Parks and recreation	2,094,945	2,125,049	1,623,220	501,829
Total Expenditures	<u>9,105,677</u>	<u>9,150,781</u>	<u>8,837,359</u>	<u>313,422</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>55,096</u>	<u>9,992</u>	<u>268,451</u>	<u>258,459</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	291,573	291,573	301,958	10,385
Transfers out	(458,637)	(458,637)	(547,530)	(88,893)
Total Other Financing Sources (Uses)	<u>(167,064)</u>	<u>(167,064)</u>	<u>(245,572)</u>	<u>(78,508)</u>
		34,496		
Change in Fund Balance	<u>\$ (111,968)</u>	<u>\$ (157,072)</u>	22,879	<u>\$ 179,951</u>
Fund Balance:				
Beginning of year			<u>1,915,669</u>	
End of year			<u>\$ 1,938,548</u>	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Transportation Development Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Intergovernmental	\$ -	\$ 7,000,000	\$ 7,094,891	\$ 94,891
Total Revenues	-	7,000,000	7,094,891	94,891
EXPENDITURES:				
Current:				
Highways and streets	-	9,200,000	9,164,782	35,218
Total Expenditures	-	9,200,000	9,164,782	35,218
REVENUES OVER (UNDER EXPENDITURES)	-	(2,200,000)	(2,069,891)	130,109
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,500,000	1,527,166	27,166
Total Other Financing Sources (Uses)	-	1,500,000	1,527,166	27,166
Change in Fund Balance	\$ -	\$ (700,000)	(542,725)	\$ 157,275
Fund Balance:				
Beginning of year			1,710,406	
End of year			\$ 1,167,681	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Measure J Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Sales tax	\$ 1,110,970	\$ 988,000	\$ 1,084,275	\$ 96,275
Use of money and property	500	-	-	-
Total Revenues	<u>1,111,470</u>	<u>988,000</u>	<u>1,084,275</u>	<u>96,275</u>
EXPENDITURES:				
Current:				
General government	11,110	9,880	10,997	(1,117)
Public safety	<u>1,371,467</u>	<u>1,352,975</u>	<u>1,382,948</u>	<u>(29,973)</u>
Total Expenditures	<u>1,382,577</u>	<u>1,362,855</u>	<u>1,393,945</u>	<u>(31,090)</u>
REVENUES OVER (UNDER EXPENDITURES)	<u>(271,107)</u>	<u>(374,855)</u>	<u>(309,670)</u>	<u>65,185</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>271,107</u>	<u>374,855</u>	<u>335,000</u>	<u>(39,855)</u>
Total Other Financing Sources (Uses)	<u>271,107</u>	<u>374,855</u>	<u>335,000</u>	<u>(39,855)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	25,330	<u>\$ 25,330</u>
Fund Balance:				
Beginning of year			<u>151,123</u>	
End of year			<u>\$ 176,453</u>	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Measure L Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Sales tax	\$ 2,236,900	\$ 2,236,900	\$ 2,224,192	\$ (12,708)
Use of money and property	22,000	22,000	54,265	32,265
Total Revenues	<u>2,258,900</u>	<u>2,258,900</u>	<u>2,278,457</u>	<u>19,557</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER EXPENDITURES)	<u>2,258,900</u>	<u>2,258,900</u>	<u>2,278,457</u>	<u>19,557</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(575,000)	(1,650,000)	(1,642,779)	7,221
Total Other Financing Sources (Uses)	<u>(575,000)</u>	<u>(1,650,000)</u>	<u>(1,642,779)</u>	<u>7,221</u>
Change in Fund Balance	<u>\$ 1,683,900</u>	<u>\$ 608,900</u>	635,678	<u>\$ 26,778</u>
Fund Balance:				
Beginning of year			<u>3,050,141</u>	
End of year			<u>\$ 3,685,819</u>	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Development Impact Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ -	\$ 21,000	\$ 20,979	\$ (21)
Other revenues	-	-	-	-
Charges for services	-	148,000	148,418	418
Grant revenues	-	72,000	72,150	150
Total Revenues	-	241,000	241,547	547
EXPENDITURES:				
Current:				
Highways and streets	-	82,000	81,901	99
Total Expenditures	-	82,000	81,901	99
REVENUES OVER (UNDER) EXPENDITURES	-	159,000	159,646	646
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(325,000)	(325,054)	(54)
Total Other Financing Sources (Uses)	-	(325,000)	(325,054)	(54)
Change in Fund Balance	\$ -	\$ (166,000)	(165,408)	\$ 592
Fund Balance:				
Beginning of year			1,749,080	
End of year			\$ 1,583,672	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2020

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, 2020, 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.

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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, 2020

Miscellaneous Plan

Measurement period, year ended	<u>6/30/2019</u>	<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> ¹
Plan's proportion of the net pension liability	0.3023173%	0.3024169%	0.2922869%	0.1180300%	0.1279368%	0.1167000%
Plan's proportionate share of the net pension liability	\$ 12,106,299	\$ 11,397,227	\$ 11,522,089	\$ 10,213,253	\$ 8,781,468	\$ 7,270,669
Plan's covered-employee payroll	\$ 3,573,174	\$ 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	338.81%	318.97%	332.13%	303.24%	268.55%	229.02%
Plan's fiduciary net position	\$ 21,858,639	\$ 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	64.36%	65.70%	64.13%	64.29%	68.11%	73.37%
Plan's proportionate share of aggregate employer contributions	\$ 993,063	\$ 892,071	\$ 821,706	\$ 758,296	\$ 563,533	\$ 588,875

¹Information only presented from the implementation year

Safety Plan

Measurement period, year ended	<u>6/30/2019</u>	<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> ¹
Plan's proportion of the net pension liability	0.119580%	0.118760%	0.115576%	0.070494%	0.073132%	0.071310%
Plan's proportionate share of the net pension liability	\$ 7,464,858	\$ 6,968,396	\$ 6,905,882	\$ 6,099,938	\$ 5,019,871	\$ 4,440,588
Plan's covered-employee payroll	\$ 1,373,049	\$ 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	543.67%	538.42%	549.60%	500.02%	423.83%	386.17%
Plan's fiduciary net position	\$ 16,504,858	\$ 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	68.86%	69.80%	67.39%	68.06%	73.49%	75.85%
Plan's proportionate share of aggregate employer contributions	\$ 1,373,049	\$ 1,333,057	\$ 1,294,230	\$ 1,256,534	\$ 1,219,936	\$ 1,184,404

¹Information only presented from the implementation year

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions
For the Year Ended June 30, 2020

Miscellaneous Plan

Fiscal Year Ended June 30:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 1,126,569	\$ 993,063	\$ 892,071	\$ 821,706	\$ 758,296	\$ 563,533
Contributions in relation to the actuarially determined contribution	(1,126,569)	(993,063)	(892,071)	(821,706)	(758,296)	(563,533)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,590,976	\$ 3,486,384	\$ 3,573,174	\$ 3,469,101	\$ 3,368,059	\$ 3,269,960
Contributions as a percentage of covered payroll	31.37%	28.48%	24.97%	23.69%	22.51%	17.23%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were derived from the June 30, 2016 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report
Asset valuation method	Market value of assets
Inflation	2.63%
Salary increases	Varies based on entry age and service
Payroll growth	2.875%
Investment rate of return	7.000% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Actuaries.

¹Information only presented from the implementation year

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2020

Safety Plan

Fiscal Year Ended June 30:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 762,764	\$ 668,141	\$ 568,532	\$ 488,725	\$ 457,324	\$ 332,478
Contributions in relation to the actuarially determined contribution	(762,764)	(668,141)	(568,532)	(488,725)	(457,324)	(332,478)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,373,049	\$ 1,333,057	\$ 1,294,230	\$ 1,256,534	\$ 1,219,936	\$ 1,184,404
Contributions as a percentage of covered payroll	55.55%	50.12%	43.93%	38.89%	37.49%	28.07%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were derived from the June 30, 2016 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report
Asset valuation method	Market value of assets
Inflation	2.63%
Salary increases	Varies based on entry age and service
Payroll growth	2.875%
Investment rate of return	7.000% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Actuaries.

¹Information only presented from the implementation year

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

Measurement period, year ending:	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017¹</u>
Total OPEB liability			
Service cost	\$ 320,283	\$ 275,001	\$ 288,351
Interest	112,667	124,596	104,326
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(735,966)	-	-
Changes of assumptions	297,706	189,551	(178,820)
Benefit payments, including refunds of member contributions	(108,058)	(93,565)	(116,520)
Net change in total OPEB liability	<u>(113,368)</u>	<u>495,583</u>	<u>97,337</u>
Total OPEB liability - beginning	<u>3,983,821</u>	<u>3,488,238</u>	<u>3,390,901</u>
Total OPEB liability - ending (a)	<u><u>\$ 3,870,453</u></u>	<u><u>\$ 3,983,821</u></u>	<u><u>\$ 3,488,238</u></u>
OPEB fiduciary net position			
Contributions - employer	\$ 108,058	\$ 93,565	\$ 116,520
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(108,058)	(93,565)	(116,520)
Administrative expense	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>	<u>-</u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 3,870,453</u></u>	<u><u>\$ 3,983,821</u></u>	<u><u>\$ 3,488,238</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	\$ 6,361,144	\$ 6,361,144	\$ 6,361,144
Plan net OPEB liability as a percentage of covered payroll	54.84%	54.84%	54.84%

¹Information only presented from the implementation year

**SUPPLEMENTARY
INFORMATION**

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NON-MAJOR GOVERNMENTAL FUNDS

City of Placerville
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Gas Tax	Parking District	Grants	BAD, CFD, & LLMD
ASSETS				
Cash and investments	\$ 256,694	\$ 226,280	\$ 42,204	\$ 254,342
Receivables:				
Accounts	28,873	36,353	503,065	9,184
Interest	1,004	606	-	399
Loans	-	-	732,058	-
Total assets	\$ 286,571	\$ 263,239	\$ 1,277,327	\$ 263,925
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 11,230	\$ 5,791	\$ 3,991	\$ 5,384
Deposits payable	-	2,259	-	-
Advances from other funds	-	134,552	-	-
Total liabilities	11,230	142,602	3,991	5,384
Deferred inflows of resources:				
Unavailable revenues	-	-	732,058	-
Total deferred inflows of resources	-	-	732,058	-
Fund Balances:				
Restricted	275,341	120,637	541,278	258,541
Committed	-	-	-	-
Total fund balances	275,341	120,637	541,278	258,541
Total liabilities, deferred inflows of resources and fund balances	\$ 286,571	\$ 263,239	\$ 1,277,327	\$ 263,925

City of Placerville
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Special Revenue Funds		Total Other Governmental Funds
	Capital Projects	Park Development	
ASSETS			
Cash and investments	\$ 331,972	\$ 106,380	\$ 1,217,872
Receivables:			
Accounts	-	-	577,475
Interest	872	199	3,080
Loans	-	-	732,058
Total assets	\$ 332,844	\$ 106,579	\$ 2,530,485
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 48,747	\$ -	\$ 75,143
Deposits payable	-	-	2,259
Advances from other funds	-	-	134,552
Total liabilities	48,747	-	211,954
Deferred inflows of resources:			
Unavailable revenues	-	-	732,058
Total deferred inflows of resources	-	-	732,058
Fund Balances:			
Restricted	-	106,579	1,302,376
Committed	284,097	-	284,097
Total fund balances	284,097	106,579	1,586,473
Total liabilities, deferred inflows of resources and fund balances	\$ 332,844	\$ 106,579	\$ 2,530,485

(Concluded)

City of Placerville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	Gas Tax	Parking District	Grants	BAD, CFD, & LLMD
REVENUES:				
Fines and forfeitures	\$ -	\$ 75,574	\$ -	\$ -
Use of money and property	6,148	6,051	10,561	16,119
Intergovernmental	459,696	-	233,913	-
Charges for services	-	189,843	-	60,821
Grant revenues	-	-	272,768	-
Total revenues	465,844	271,468	517,242	76,940
EXPENDITURES:				
Current:				
General government	-	67,622	54,672	-
Public safety	-	-	312,389	-
Highways and streets	107,655	215,637	-	13,041
Parks and recreation	-	-	-	26,820
Total expenditures	107,655	283,259	367,061	39,861
REVENUES OVER (UNDER) EXPENDITURES	358,189	(11,791)	150,181	37,079
OTHER FINANCING SOURCES (USES):				
Transfers in	-	8,656	-	-
Transfers out	(361,022)	(8,395)	(51,556)	-
Total other financing sources (uses)	(361,022)	261	(51,556)	-
CHANGE IN FUND BALANCE	468,677 (2,833)	(11,530)	98,625	37,079
FUND BALANCE:				
Beginning of year	278,174	132,167	442,653	221,462
End of year	\$ 275,341	\$ 120,637	\$ 541,278	\$ 258,541

City of Placerville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds		Total Other Governmental Funds
	Capital Projects	Park Development	
REVENUES:			
Fines and forfeitures	\$ -	\$ -	\$ 75,574
Use of money and property	34,932	1,407	75,218
Intergovernmental	514,272	-	1,207,881
Charges for services	-	12,751	263,415
Grant revenues	241,300	-	514,068
Total revenues	<u>790,504</u>	<u>14,158</u>	<u>2,136,156</u>
EXPENDITURES:			
Current:			
General government	596,578	-	718,872
Public safety	-	-	312,389
Highways and streets	-	-	336,333
Parks and recreation	12,272	-	39,092
Total expenditures	<u>608,850</u>	<u>-</u>	<u>1,406,686</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>181,654</u>	<u>14,158</u>	<u>729,470</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	53,690	-	62,346
Transfers out	-	-	(420,973)
Total other financing sources (uses)	<u>53,690</u>	<u>-</u>	<u>(358,627)</u>
CHANGES IN FUND BALANCES	235,344	14,158	370,843
FUND BALANCES:			
Beginning of year	48,753	92,421	1,215,630
End of year	<u>\$ 284,097</u>	<u>\$ 106,579</u>	<u>\$ 1,586,473</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, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ 2,745	\$ 2,745	\$ 6,148	\$ 3,403
Intergovernmental	478,475	478,475	459,696	(18,779)
Total Revenues	481,220	481,220	465,844	(15,376)
EXPENDITURES:				
Current:				
Highways and streets	30,000	108,000	107,655	345
Total Expenditures	30,000	108,000	107,655	345
REVENUES OVER (UNDER) EXPENDITURES	451,220	373,220	358,189	(15,031)
OTHER FINANCING SOURCES (USES):				
Transfers out	291,573	(361,000)	(361,022)	(22)
Total Other Financing Sources (Uses)	291,573	(361,000)	(361,022)	(22)
Change in Fund Balance	\$ 742,793	\$ 12,220	(2,833)	\$ (15,053)
Fund Balance:				
Beginning of year			278,174	
End of year			\$ 275,341	

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, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Fines and forfeitures	\$ 104,990	\$ 76,829	\$ 75,574	\$ (1,255)
Use of money and property	1,722	1,722	6,051	4,329
Charges for services	238,097	177,664	189,843	12,179
Total Revenues	<u>344,809</u>	<u>256,215</u>	<u>271,468</u>	<u>15,253</u>
EXPENDITURES:				
Current:				
General government	90,087	79,153	67,622	11,531
Highways and streets	135,487	215,000	215,637	(637)
Total Expenditures	<u>225,574</u>	<u>294,153</u>	<u>283,259</u>	<u>10,894</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>119,235</u>	<u>(37,938)</u>	<u>(11,791)</u>	<u>26,147</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	8,656	8,656	8,656	-
Transfers out	(8,395)	(8,395)	(8,395)	-
Total Other Financing Sources (Uses)	<u>261</u>	<u>261</u>	<u>261</u>	<u>-</u>
Change in Fund Balance	<u>\$ 119,496</u>	<u>\$ (37,677)</u>	<u>(11,530)</u>	<u>\$ 26,147</u>
Fund Balance:				
Beginning of year			<u>132,167</u>	
End of year			<u>\$ 120,637</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, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ -	\$ 10,000	\$ 10,561	\$ 561
Intergovernmental	-	234,000	233,913	(87)
Grant revenues	399,525	263,000	272,768	9,768
Total Revenues	<u>399,525</u>	<u>507,000</u>	<u>517,242</u>	<u>10,242</u>
EXPENDITURES:				
Current:				
General government	-	55,000	54,672	328
Public safety	399,523	315,000	312,389	2,611
Total Expenditures	<u>399,523</u>	<u>370,000</u>	<u>367,061</u>	<u>2,939</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>137,000</u>	<u>150,181</u>	<u>7,303</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(52,000)	(51,556)	444
Total other financing sources (uses)	<u>-</u>	<u>(52,000)</u>	<u>(51,556)</u>	<u>444</u>
CHANGE IN FUND BALANCE	<u>\$ 2</u>	<u>\$ 137,000</u>	<u>98,625</u>	<u>\$ 7,303</u>
FUND BALANCE:				
Beginning of year			442,653	
End of year			<u>\$ 541,278</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, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ 3,173	\$ 3,173	\$ 16,119	\$ 12,946
Charges for services	68,989	68,989	60,821	(8,168)
Total Revenues	<u>72,162</u>	<u>72,162</u>	<u>76,940</u>	<u>4,778</u>
EXPENDITURES:				
Current:				
Highways and streets	36,891	36,891	13,041	23,850
Parks and recreation	35,271	35,271	26,820	8,451
Total Expenditures	<u>72,162</u>	<u>72,162</u>	<u>39,861</u>	<u>32,301</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,079</u>	<u>\$ 37,079</u>
Fund Balance:				
Beginning of year			221,462	
End of year			<u>\$ 258,541</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, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ -	\$ 35,000	\$ 34,932	\$ (68)
Intergovernmental	-	515,000	514,272	728
Grant revenues	-	240,000	241,300	(1,300)
Total Revenues	-	790,000	790,504	(640)
EXPENDITURES:				
Current:				
General government	-	597,000	596,578	422
Parks and recreation	-	12,000	12,272	(272)
Total Expenditures	-	609,000	608,850	150
REVENUES OVER (UNDER) EXPENDITURES	-	181,000	181,654	(490)
OTHER FINANCING SOURCES (USES):				
Transfers in	28,690	53,700	53,690	(10)
Total Other Financing Sources (Uses)	28,690	53,700	53,690	(10)
Change in Fund Balance	\$ 28,690	\$ 234,700	235,344	\$ (500)
Fund Balance:				
Beginning of year			48,753	
End of year			\$ 284,097	

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, 2020

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ -	\$ 1,400	\$ 1,407	\$ 7
Charges for services	-	12,000	12,751	751
Intergovernmental	-	-	-	-
Total Revenues	<u>-</u>	<u>13,400</u>	<u>14,158</u>	<u>758</u>
EXPENDITURES:				
Current:				
Parks and recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>13,400</u>	<u>14,158</u>	<u>758</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 13,400</u>	<u>14,158</u>	<u>\$ 758</u>
Fund Balance:				
Beginning of year			<u>92,421</u>	
End of year			<u>\$ 106,579</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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 30, 2021.

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") as a basis for designing 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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
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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
September 30, 2021