

City of Placerville

Placerville, California

Annual Financial Report and Independent Auditors' Reports

For the Year Ended June 30, 2021

Prepared By the
The Finance Department
of the City of Placerville

CITY OF PLACERVILLE
Annual Financial Report
For the Year Ended June 30, 2021
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**INDEPENDENT AUDITORS' REPORT**www.pungroup.cpa

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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Implementation of GASB Statement No. 84

As discussed in Note 1 to the financial statements, the City implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation, the City converted the former agency funds, which previously reported assets and liabilities only, to custodial funds and reported a restatement of its net position in the amount of \$341,295. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of 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 92 through 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules on pages 106 through 115 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, 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, 2022

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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, 2021. 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 \$79.62M, an increase of \$13.69M. 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 \$(13.80)M.
- The governmental net position increased by \$11.82M or 25.96%, and the business-type net position increased by \$1.88M or 9.19%.
- Program revenues from governmental activities increased by \$1.63M or 16.04%. Program revenues from business-type activities increased by \$0.59M or 6.91%. General revenues, net of transfers, increased \$0.93M or 7.22%.

City Highlights

- Continued construction of the Upper Broadway Bike Lanes, \$3.61M
- Continued construction of the Western Placerville Interchange, Phase 2.2 On-ramp, \$2.78M
- Began construction of the Mosquito Road Stabilization-Clay Street to City Limits, \$1.75M
- Began construction of the Spring Street Pavement Repair-From Coloma Road to Bedford Avenue, \$1.35M
- Continued construction of the Western Placerville Interchange, Phase 2 Off-ramp, \$0.50M
- Began construction of the Modular Treatment Unit No. 2 Underdrain and Filter Media Replacement, \$0.27M
- Continued design phase of Clay Street Bridge and Intersection at Main Street, \$0.17M
- Continued design phase of the Placerville Drive Bicycle & Pedestrian Facility Improvements, \$0.12M

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 government-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 \$79.62M, an increase of \$13.69M. The governmental activities net position increased by \$11.81M or 24.87% and the business-type activities net position increased by \$1.88M or 9.19%. The increase in governmental net position is primarily due to a \$6.22M or 33.25% decrease in governmental expenditures, \$1.63M or 16.04% increase in program revenue, and a \$1.08M or 9.46% increase in general revenues and transfers. The City and its contractors completed \$11.56M in capital projects as of June 30, 2021. Please see the "Capital Assets" section below for more details.

Net Position

June 30, 2021

(amounts expressed in thousands)

	Governmental Activities		Business Type Activities		Total Primary Government	
	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21
Current assets	\$ 6,902	\$ 10,207	\$ 7,016	\$ 7,493	\$ 13,918	\$ 17,700
Restricted Assets	8,176	8,030	1,865	1,865	10,041	9,895
Capital assets	52,363	61,507	65,152	64,641	117,515	126,148
Total assets	67,441	79,744	74,033	73,999	141,474	153,743
Total Deferred Outflows of Resou	3,505	3,789	885	842	4,390	4,631
Current liabilities	3,565	3,816	2,920	2,313	6,485	6,129
Noncurrent liabilities	20,546	21,476	51,207	50,009	71,753	71,485
Total liabilities	24,111	25,292	54,127	52,322	78,238	77,614
Total Deferred Inflows of Resourc	1,319	907	378	232	1,697	1,139
Net position:						
Net investment in capital assets	51,439	60,719	16,963	18,264	68,402	78,983
Restricted	8,200	10,965	3,016	3,480	11,216	14,445
Unrestricted (deficit)	(14,122)	(14,350)	432	543	(13,690)	(13,807)
Total net position	\$ 45,517	\$ 57,334	\$ 20,411	\$ 22,287	\$ 65,928	\$ 79,621

Changes in Net Position

Program revenues from governmental activities increased \$1.63M or 16.04%. The increase is primarily due to a \$1.93M increase in capital and grants and contributions, which are one-time in nature. General revenues, net of transfers, increased \$1.63M or 16.04%. This net increase is primarily due to a \$1.40M or 15.95% increase in local sales tax revenues. Program revenues from business-type activities increased by \$0.59M or 6.91% which was due to a \$0.59M increase in charges for services. Business-type revenues exceeded expenditures by \$1.88M primarily due to \$1.15M transfers in from other funds for capital projects and the \$0.59M increases in charges for services. Water Enterprise Fund revenues exceeded expenditures by \$0.37M which was primarily due to a \$0.30M increase in operating revenues. Sewer Enterprise Fund revenues exceeded expenditures by \$1.04M which was primarily due to an \$0.28M increase in charges for service and \$0.92M in fund transfers in for capitalized infrastructure projects.

Condensed Statement of Activities and Changes in Net Position
For the year ended June 30, 2021
(amounts expressed in thousands)

					Net (Expense) Revenue and Changes in Net Position								
					Government Activities		Business-type Activities						
					FY 19/20	FY 20/21	FY 19/20	FY 20/21					
					FY 19/20	FY 20/21	FY 19/20	FY 20/21					
Governmental activities													
General government	\$	3,378	\$	3,129	\$	928	\$	652	\$	(2,450)	\$	(2,477)	
Public safety		5,893		5,300		517		510		(5,376)		(4,790)	
Highways and streets		6,897		1,705		7,951		9,997		1,054		8,292	
Community development		730		760		246		324		(484)		(436)	
Parks and recreation		1,795		1,584		534		326		(1,261)		(1,258)	
Total governmental activities		18,693		12,478		10,176		11,809		(8,517)		(669)	
Business-type activities													
Water		1,901		2,232		2,203		2,523				302	291
Sewer		6,294		6,358		6,346		6,616				52	258
Total business-type activities		8,195		8,590		8,549		9,139				354	549
Total primary government	\$	26,888	\$	21,068	\$	18,725	\$	20,948					
General revenues and transfers										11,406	12,487	1,477	1,327
Changes in net position										2,889	11,818	1,831	1,876
Net Position:													
Beginning of year										42,627	45,516	18,580	20,411
End of year										\$ 45,516	\$ 57,334	\$ 20,411	\$ 22,287

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>
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
2020/2021	2,370,339	21,325,257

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 2020/2021, the City's governmental funds reported a combined ending fund balance of \$13.12M an increase of \$2.98M or 29.40%.

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 \$2.75M during Fiscal Year 2020/2021. The Measure L Fund provided \$3.30M 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, 2021 was \$2.70M, an increase of \$0.76M or 39.23% from the prior year. Of the \$2.70M fund balance, \$1.98M is available for contingencies. The \$1.98M unassigned balance represents 22.53% 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 \$1.88M or 9.19% which was primarily due to \$1.15M transfers in from other funds for capital projects and the \$0.59M increases 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 \$1.12M in Fiscal Year 2020/2021. The Measure H Fund provided \$0.52M for Sewer Enterprise Fund debt service payments and \$0.38M 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, 2021, the water and wastewater rates were increased by an additional 5.00% and 4.00% respectively.

Capital Assets and Debt Administration

Debt Administration

Long Term Debt - At the end of the current fiscal year, the City had \$47.16M in long term debt outstanding compared to \$49.11M last year, a \$1.95M or 3.97% net decrease. The decrease is primarily due to debt service payments made in Fiscal Year 2020/2021. 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 2020/20201 include:

Governmental Activities

- Continued construction of the Upper Broadway Bike Lanes, \$3.61M
- Continued construction of the Western Placerville Interchange, Phase 2.2 On-ramp, \$2.78M
- Began construction of the Mosquito Road Stabilization-Clay Street to City Limits, \$0.96M
- Began construction of the Spring Street Pavement Repair-From Coloma Road to Bedford Avenue, \$1.10M
- Continued construction of the Western Placerville Interchange, Phase 2 Off-ramp, \$0.50M
- Continued design phase of Clay Street Bridge and Intersection at Main Street, \$0.17M
- Continued design phase of the Placerville Drive Bicycle & Pedestrian Facility Improvements, \$0.12M

Governmental Capital Assets

June 30, 2021

(amounts expressed in thousands)

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
<i>Non-Depreciable Assets:</i>					
Land and improvements	\$ 12,934	\$ 26	\$ -	\$ -	\$ 12,960
Construction in progress	20,857	9,808	-	(1,378)	29,287
Total nondepreciable assets	33,791	9,834	-	(1,378)	42,247
<i>Depreciable Assets:</i>					
Buildings and structures	12,491	-	-	401	12,892
Machinery and equipment	3,328	94	(86)	7	3,343
Infrastructure	14,466	-	-	970	15,436
Total depreciable assets	30,285	94	(86)	1,378	31,671
Less accumulated depreciation	(11,713)	(778)	80	-	(12,411)
Total governmental activities	\$ 52,363	\$ 9,150	\$ (6)	\$ -	\$ 61,507

Business Type Activities

- Began construction of the Modular Treatment Unit No. 2 Underdrain and Filter Media Replacement, \$0.27M
- Began construction of the Mosquito Road Stabilization-Clay Street to City Limits, \$0.79M
- Began construction of the Spring Street Pavement Repair-From Coloma Road to Bedford Avenue, \$0.25M
- Began construction of the Water Reclamation Facility Pressure Filter Replacement, \$0.13M

Business-Type Capital Assets

June 30, 2021

(amounts expressed in thousands)

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
<i>Non-depreciable Assets:</i>					
Land and improvements	\$ 2,329	\$ -	\$ -	\$ -	\$ 2,329
Construction in progress	4,253	1,748	-	(1,088)	4,913
Total nondepreciable assets	6,582	1,748	-	(1,088)	7,242
<i>Depreciable Assets:</i>					
Buildings and structures	73,995	-	-	397	74,392
Machinery and equipment	1,423	-	-	-	1,423
Infrastructure	53,641	-	-	690	54,331
Total depreciable assets	129,059	-	-	1,087	130,146
Less accumulated depreciation	(70,490)	(2,257)	-	-	(72,747)
Total depreciable assets, net	58,569	(2,257)	-	1,087	57,399
Total business-type activities	\$ 65,151	\$ (509)	\$ -	\$ (1)	\$ 64,641

Other Information

The Placerville Public Financing Authority

As discussed in Note 13 of the *notes to the basic financial statements*, the Placerville Public Finance Authority has defaulted on certain Revenue Bonds. That default was the product of a default on certain assessment bonds issued by the City of Placerville on behalf of improvement districts created by the City in response to a petition by property owners for a specific purpose. The City is not obligated to pay the assessment bonds with any funds other than assessments levied against the properties within those districts.

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

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

City of Placerville
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 943,351	\$ 4,001,634	\$ 4,944,985
Receivables:			
Accounts	9,293,712	344,363	9,638,075
Interest	424	1,970	2,394
Utility billings, net	-	2,941,723	2,941,723
Inventory	17,449	-	17,449
Prepaid items	156,016	-	156,016
Internal balances	(203,333)	203,333	-
Total current assets	10,207,619	7,493,023	17,700,642
Restricted:			
Cash and investments	5,706,870	-	5,706,870
Deposits held by fiscal agents	169,125	1,865,332	2,034,457
Receivables:			
Accounts	1,456,403	-	1,456,403
Interest	3,241	-	3,241
Loans	693,990	-	693,990
Total restricted assets	8,029,629	1,865,332	9,894,961
Capital assets:			
Non-depreciable	42,247,215	7,242,345	49,489,560
Depreciable, net	19,259,809	57,398,701	76,658,510
Total capital assets, net	61,507,024	64,641,046	126,148,070
Total Assets	79,744,272	73,999,401	153,743,673
Deferred Outflows of Resources			
Pension related deferred outflow of resources	3,447,948	720,940	4,168,888
OPEB related deferred outflow of resources	341,107	121,213	462,320
Total Deferred Outflows of Resources	3,789,055	842,153	4,631,208

City of Placerville
Statement of Net Position (Continued)
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Current liabilities:			
Accounts payable	3,131,042	210,183	3,341,225
Payroll and related taxes payable	253,129	-	253,129
Deposits	64,582	40,146	104,728
Interest payable	2,339	266,237	268,576
Current portion of compensated absences	261,360	-	261,360
Current portion of long-term debt	103,572	1,796,579	1,900,151
Total current liabilities	3,816,024	2,313,145	6,129,169
Long-term liabilities:			
Compensated absences	727,933	-	727,933
Claims payable	296,009	-	296,009
Long-term debt, net	684,282	44,580,040	45,264,322
Total OPEB liability (Note 8)	3,217,390	1,143,303	4,360,693
Aggregate net pension liability (Note 7)	16,550,824	4,285,467	20,836,291
Total long-term liabilities	21,476,438	50,008,810	71,485,248
Total Liabilities	25,292,462	52,321,955	77,614,417
Deferred Inflows of Resources			
Pension related deferred inflow of resources	477,755	79,929	557,684
OPEB related deferred inflow of resources	429,397	152,587	581,984
Total Deferred Inflows of Resources	907,152	232,516	1,139,668
Net Position:			
Net investment in capital assets	60,719,170	18,264,427	78,983,597
Restricted:			
Capital projects	-	3,479,784	3,479,784
Special projects and programs	10,964,742	-	10,964,742
Total restricted	10,964,742	3,479,784	14,444,526
Unrestricted (Deficit)	(14,350,199)	542,872	(13,807,327)
Total Net Position	\$ 57,333,713	\$ 22,287,083	\$ 79,620,796

City of Placerville
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 3,128,731	\$ 651,769	\$ -	\$ -	\$ 651,769
Public safety	5,300,293	80,572	383,330	45,779	509,681
Highways and streets	1,705,016	329,012	466,450	9,201,444	9,996,906
Community development	759,860	324,454	-	-	324,454
Parks and recreation	1,584,307	203,263	-	122,576	325,839
Total governmental activities	12,478,207	1,589,070	849,780	9,369,799	11,808,649
Business-type activities:					
Water	2,231,750	2,523,374	-	-	2,523,374
Sewer	6,357,787	6,616,011	-	-	6,616,011
Total business-type activities	8,589,537	9,139,385	-	-	9,139,385
Total primary government	\$ 21,067,744	\$ 10,728,455	\$ 849,780	\$ 9,369,799	\$ 20,948,034

City of Placerville
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (2,476,962)	\$ -	\$ (2,476,962)
Public safety	(4,790,612)	-	(4,790,612)
Highways and streets	8,291,890	-	8,291,890
Community development	(435,406)	-	(435,406)
Parks and recreation	(1,258,468)	-	(1,258,468)
Total governmental activities	(669,558)	-	(669,558)
Business-type activities:			
Water	-	291,624	291,624
Sewer	-	258,224	258,224
Total business-type activities	-	549,848	549,848
Total primary government	(669,558)	549,848	(119,710)
 General revenues and transfers:			
Taxes:			
Property	325,255	-	325,255
Sales	10,192,823	1,356,380	11,549,203
Motor vehicle	1,042,612	-	1,042,612
Other	788,975	-	788,975
Total taxes	12,349,665	1,356,380	13,706,045
Interest and investment earnings	18,184	13,693	31,877
Miscellaneous	68,081	7,241	75,322
Transfers	50,792	(50,792)	-
Total general revenues and transfers	12,486,722	1,326,522	13,813,244
 Changes in net position	11,817,164	1,876,370	13,693,534
 Net Position:			
Beginning of year	45,516,549	20,410,713	65,927,262
End of year	<u>\$ 57,333,713</u>	<u>\$ 22,287,083</u>	<u>\$ 79,620,796</u>

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FUND FINANCIAL STATEMENTS

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**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

City of Placerville
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds			
	General Fund	Transportation Development Fund	Measure J Fund	Measure L Fund
ASSETS				
Cash and investments	\$ 679,696	\$ 245,780	\$ -	\$ -
Receivables:				
Accounts	1,511,295	7,754,866	-	-
Interest	424	-	-	-
Prepays	156,016	-	-	-
Inventories	17,449	-	-	-
Due from other funds	380,855	-	-	-
Advances to other funds	545,000	-	-	-
Restricted:				
Cash and investments	-	-	10,153	2,625,445
Receivables:				
Accounts	-	-	249,933	504,369
Interest	-	-	-	1,935
Due from other funds	-	-	-	-
Loans	-	-	-	-
Total assets	\$ 3,290,735	\$ 8,000,646	\$ 260,086	\$ 3,131,749
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 276,287	\$ 2,748,685	\$ 373	\$ -
Payroll and related liabilities	253,129	-	-	-
Due to other funds	-	574,298	-	-
Deposits payable	62,323	-	-	-
Advances from other funds	-	1,130,253	-	-
Total liabilities	591,739	4,453,236	373	-
Deferred inflows of resources:				
Unavailable revenues	-	106,192	-	-
Total deferred inflows of resources	-	106,192	-	-
Fund Balances:				
Nonspendable	718,465	-	-	-
Restricted	-	3,441,218	259,713	3,131,749
Committed	-	-	-	-
Unassigned	1,980,531	-	-	-
Total fund balances	2,698,996	3,441,218	259,713	3,131,749
Total liabilities, deferred inflows of resources and fund balances	\$ 3,290,735	\$ 8,000,646	\$ 260,086	\$ 3,131,749

(Continued)

City of Placerville
Balance Sheet (Continued)
Governmental Funds
June 30, 2021

	Major Funds Development Impact Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ -	\$ -	\$ 925,476
Receivables:			
Accounts	-	-	9,266,161
Interest	-	-	424
Prepays	-	-	156,016
Inventories	-	-	17,449
Due from other funds	-	-	380,855
Advances to other funds	-	-	545,000
Restricted:			
Cash and investments	1,524,676	1,546,596	5,706,870
Receivables:			
Accounts	130,534	571,567	1,456,403
Interest	736	570	3,241
Due from other funds	-	656	656
Loans	-	693,990	693,990
Total assets	\$ 1,655,946	\$ 2,813,379	\$ 19,152,541
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 27,673	\$ 12,888	\$ 3,065,906
Payroll and related liabilities	-	-	253,129
Due to other funds	-	-	574,298
Deposits payable	-	2,259	64,582
Advances from other funds	-	145,098	1,275,351
Total liabilities	27,673	160,245	5,233,266
Deferred inflows of resources:			
Unavailable revenues	-	693,990	800,182
Total deferred inflows of resources	-	693,990	800,182
Fund Balances:			
Nonspendable	-	-	718,465
Restricted	1,628,273	1,703,607	10,164,560
Committed	-	255,537	255,537
Unassigned	-	-	1,980,531
Total fund balances	1,628,273	1,959,144	13,119,093
Total liabilities, deferred inflows of resources and fund balances	\$ 1,655,946	\$ 2,813,379	\$ 19,152,541

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City of Placerville
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds	\$ 13,119,093
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	42,247,215
Depreciable	19,259,809
Total capital assets adjustment	61,507,024
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.	(2,339)
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	(261,360)
Compensated absences - due in more than one year	(727,933)
Claims payable - due in more than one year	(296,009)
Long-term debt - due within one year	(103,572)
Long-term debt - due in more than one year	(684,282)
Total reported in Government-Wide Statement of Net Position	(2,073,156)
Plus: Amount reported in Internal Service Funds	
Claims payable - due in more than one year	296,009
Total reported in Internal Service Funds	296,009
Net long-term liabilities	(1,777,147)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(16,550,824)
Total OPEB liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(3,217,390)
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	3,447,948
Pension-related deferred inflows of resources	(477,755)
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	341,107
OPEB-related deferred inflows of resources	(429,397)
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	800,182
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.	573,211
Net Position of Governmental Activities	\$ 57,333,713

City of Placerville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds			
	General	Transportation	Measure J	Measure L
	Fund	Development	Fund	Fund
	Fund	Fund	Fund	Fund
REVENUES:				
Property taxes	\$ 325,255	\$ -	\$ -	\$ -
Sales tax	6,112,754	-	1,351,131	2,728,342
Transient occupancy taxes	189,513	-	-	-
Other taxes	178,948	-	-	-
Franchise fees	420,514	-	-	-
Licenses and permits	175,501	-	-	-
Fines and forfeitures	66,214	-	-	-
Use of money and property	87,271	-	-	16,414
Intergovernmental	1,051,135	9,016,640	-	-
Charges for services	376,488	-	-	-
Grant revenues	-	-	-	-
Other revenues	567,491	-	-	-
Total revenues	9,551,084	9,016,640	1,351,131	2,744,756
EXPENDITURES:				
Current:				
General government	2,760,780	-	13,517	-
Public safety	3,085,087	-	1,450,354	-
Highways and streets	630,825	9,792,690	-	-
Community development	705,813	-	-	-
Parks and recreation	1,363,086	-	-	-
Total expenditures	8,545,591	9,792,690	1,463,871	-
REVENUES OVER				
(UNDER) EXPENDITURES	1,005,493	(776,050)	(112,740)	2,744,756
OTHER FINANCING SOURCES (USES):				
Transfers in	317,037	3,049,587	196,000	-
Transfers out	(562,082)	-	-	(3,298,826)
Total other financing sources (uses)	(245,045)	3,049,587	196,000	(3,298,826)
CHANGES IN FUND BALANCES	760,448	2,273,537	83,260	(554,070)
FUND BALANCES:				
Beginning of year	1,938,548	1,167,681	176,453	3,685,819
End of year	\$ 2,698,996	\$ 3,441,218	\$ 259,713	\$ 3,131,749

(Continued)

City of Placerville
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds		
	Development	Other	Total
	Impact	Governmental	Governmental
	Fund	Funds	Funds
REVENUES:			
Property taxes	\$ -	\$ -	\$ 325,255
Sales tax	-	-	10,192,227
Transient occupancy taxes	-	-	189,513
Other taxes	-	-	178,948
Franchise fees	-	-	420,514
Licenses and permits	-	-	175,501
Fines and forfeitures	-	51,266	117,480
Use of money and property	6,879	10,427	120,991
Intergovernmental	-	666,200	10,733,975
Charges for services	98,703	221,195	696,386
Grant revenues	279,541	284,825	564,366
Other revenues	-	-	567,491
Total revenues	385,123	1,233,913	24,282,647
EXPENDITURES:			
Current:			
General government	-	316,896	3,091,193
Public safety	-	247,115	4,782,556
Highways and streets	340,522	134,101	10,898,138
Community development	-	-	705,813
Parks and recreation	-	27,651	1,390,737
Total expenditures	340,522	725,763	20,868,437
REVENUES OVER (UNDER) EXPENDITURES	44,601	508,150	3,414,210
OTHER FINANCING SOURCES (USES):			
Transfers in	-	193,662	3,756,286
Transfers out	-	(329,141)	(4,190,049)
Total other financing sources (uses)	-	(135,479)	(433,763)
CHANGES IN FUND BALANCES	44,601	372,671	2,980,447
FUND BALANCES:			
Beginning of year	1,583,672	1,586,473	10,138,646
End of year	\$ 1,628,273	\$ 1,959,144	\$ 13,119,093

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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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 2,980,447
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.	9,927,968
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.	(778,018)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased Net Position.	(6,000)
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.	997
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	136,199
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	166,157
Changes in net pension liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds (Note 7).	(1,213,942)
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.	932,478
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).	(352,349)
The net effect of various miscellaneous transactions involving OPEB plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.	164,502
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.	(38,068)
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.	(103,207)
Change in Net Position of Governmental Activities	\$ 11,817,164

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PROPRIETARY FUND FINANCIAL STATEMENTS

City of Placerville
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Measure H Fund	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 1,291,090	\$ 1,346,937	\$ 1,363,607	\$ 4,001,634	\$ 17,875
Receivables:					
Accounts	86,888	7,446	250,029	344,363	27,551
Interest	585	569	816	1,970	-
Utility billings, net	839,814	2,101,909	-	2,941,723	-
Due from other funds	102,404	100,929	-	203,333	-
Advances to other funds	-	-	-	-	719,805
Total current assets	2,320,781	3,557,790	1,614,452	7,493,023	765,231
Noncurrent assets:					
Restricted assets:					
Cash with fiscal agents	61,726	1,803,606	-	1,865,332	169,125
Capital assets:					
Non-depreciable assets	1,630,514	5,611,831	-	7,242,345	-
Depreciable assets, net of accumulated depreciation	7,118,118	50,280,583	-	57,398,701	-
Total capital assets, net	8,748,632	55,892,414	-	64,641,046	-
Total noncurrent assets	8,810,358	57,696,020	-	66,506,378	169,125
Total assets	11,131,139	61,253,810	1,614,452	73,999,401	934,356
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows of resources	146,406	574,534	-	720,940	-
OPEB-related deferred outflows of resources	34,231	86,982	-	121,213	-
Total deferred outflows of resources	180,637	661,516	-	842,153	-

(Continued)

City of Placerville
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Major Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Measure H Fund	Total	
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	81,681	128,502	-	210,183	65,136
Deposits payable	37,806	2,340	-	40,146	-
Interest payable	767	265,470	-	266,237	-
Long term debt - due within one year	22,789	1,773,790	-	1,796,579	-
Total current liabilities	143,043	2,170,102	-	2,313,145	65,136
Noncurrent liabilities:					
Claims payable - due in more than one year	-	-	-	-	296,009
Long term debt - due in more than one year	61,516	44,518,524	-	44,580,040	-
Total OPEB liability (Note 8)	322,871	820,432	-	1,143,303	-
Aggregate net pension liability (Note 7)	1,245,341	3,040,126	-	4,285,467	-
Total noncurrent liabilities	1,629,728	48,379,082	-	50,008,810	296,009
Total liabilities	1,772,771	50,549,184	-	52,321,955	361,145
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred inflows of resources	15,924	64,005	-	79,929	-
OPEB-related deferred inflows of resources	43,091	109,496	-	152,587	-
Total deferred inflows of resources	59,015	173,501	-	232,516	-
Net Position (Deficit):					
Net investment in capital assets	8,664,327	9,600,100	-	18,264,427	-
Restricted	61,726	1,803,606	1,614,452	3,479,784	169,125
Unrestricted (deficit)	753,937	(211,065)	-	542,872	404,086
Total net position (deficit)	<u>\$ 9,479,990</u>	<u>\$ 11,192,641</u>	<u>\$ 1,614,452</u>	<u>\$ 22,287,083</u>	<u>\$ 573,211</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, 2021

	Major Funds				Governmental
	Water	Sewer	Measure H		Activities
	Fund	Fund	Fund	Total	Internal
					Service Funds
OPERATING REVENUES:					
Charges for services	\$ 2,513,318	\$ 6,568,530	\$ -	\$ 9,081,848	\$ 473,160
Sales tax	-	-	1,356,380	1,356,380	-
Other operating revenues	4,955	2,286	-	7,241	-
Total operating revenues	2,518,273	6,570,816	1,356,380	10,445,469	473,160
OPERATING EXPENSES:					
General and administrative	305,355	300,995	-	606,350	1,011,582
Maintenance and operations	1,571,687	3,330,008	-	4,901,695	49,340
Depreciation	351,816	1,905,446	-	2,257,262	-
Total operating expenses	2,228,858	5,536,449	-	7,765,307	1,060,922
OPERATING INCOME (LOSS)	289,415	1,034,367	1,356,380	2,680,162	(587,762)
NONOPERATING REVENUES (EXPENSES):					
Connection fees	10,056	47,481	-	57,537	-
Interest income	5,603	2,459	5,631	13,693	-
Interest expense and fiscal charges	(2,892)	(821,338)	-	(824,230)	-
Total nonoperating revenues (expenses)	12,767	(771,398)	5,631	(753,000)	-
INCOME (LOSS) BEFORE TRANSFERS	302,182	262,969	1,362,011	1,927,162	(587,762)
TRANSFERS:					
Transfers in	221,688	926,407	-	1,148,095	558,561
Transfers out	(150,015)	(150,016)	(898,856)	(1,198,887)	(74,006)
Total transfers	71,673	776,391	(898,856)	(50,792)	484,555
CHANGES IN NET POSITION	373,855	1,039,360	463,155	1,876,370	(103,207)
NET POSITION:					
Beginning of year	9,106,135	10,153,281	1,151,297	20,410,713	676,418
End of year	\$ 9,479,990	\$ 11,192,641	\$ 1,614,452	\$ 22,287,083	\$ 573,211

City of Placerville
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Major Funds				Governmental
	Water	Sewer	Measure H		Activities
	Fund	Fund	Fund	Total	Internal
					Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 2,348,203	\$ 6,271,661	\$ -	\$ 8,619,864	\$ 453,277
Cash received from sales taxes	-	-	1,283,331	1,283,331	-
Cash payments to suppliers and employees for goods and services	(1,703,329)	(3,898,654)	-	(5,601,983)	(1,084,165)
Cash received from (paid for) other activities	4,955	2,286	-	7,241	-
Net cash provided by (used in) operating activities	649,829	2,375,293	1,283,331	4,308,453	(630,888)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(813,647)	(933,159)	-	(1,746,806)	-
Principal paid on capital-related debt	(34,923)	(1,777,385)	-	(1,812,308)	-
Interest paid on capital-related debt	(3,180)	(824,325)	-	(827,505)	-
Connection fees	10,056	47,481	-	57,537	-
Net cash (used in) capital and related financing activities	(841,694)	(3,487,388)	-	(4,329,082)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund borrowings	(57,285)	(56,972)	-	(114,257)	7,940
Transfers in	221,688	926,407	-	1,148,095	558,561
Transfers (out)	(150,015)	(150,016)	(898,856)	(1,198,887)	(74,006)
Net cash provided by (used in) noncapital financing activities	14,388	719,419	(898,856)	(165,049)	492,495
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	7,568	3,022	8,728	19,318	-
Net cash provided by investing activities	7,568	3,022	8,728	19,318	-
Net change in cash and cash equivalents	(169,909)	(389,654)	393,203	(166,360)	(138,393)
CASH AND CASH EQUIVALENTS:					
Beginning of year	1,522,725	3,540,197	970,404	6,033,326	325,393
End of year	\$ 1,352,816	\$ 3,150,543	\$ 1,363,607	\$ 5,866,966	\$ 187,000
RECONCILIATION TO STATEMENT OF NET POSITION:					
Cash and investments	\$ 1,291,090	\$ 1,346,937	\$ 1,363,607	\$ 4,001,634	\$ 17,875
Restricted cash and cash equivalents	61,726	1,803,606	-	1,865,332	169,125
Total cash and cash equivalents	\$ 1,352,816	\$ 3,150,543	\$ 1,363,607	\$ 5,866,966	\$ 187,000

City of Placerville
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Major Funds				Governmental
	Water	Sewer	Measure H		Activities
	Fund	Fund	Fund	Total	Internal
					Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 289,415	\$ 1,034,367	\$ 1,356,380	\$ 2,680,162	\$ (587,762)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	351,816	1,905,446	-	2,257,262	-
Changes in operating assets and liabilities:					
Accounts receivable	931	-	(73,049)	(72,118)	(19,883)
Utility billings, net	(166,046)	(296,869)	-	(462,915)	-
Pension-related deferred outflows	59,042	6,960	-	66,002	-
OPEB-related deferred outflows	(7,111)	(16,557)	-	(23,668)	-
Accounts payable and accrued liabilities	(127,511)	(456,981)	-	(584,492)	(3,298)
Deposits payable	4,395	-	-	4,395	-
Claims and judgments payable	-	-	-	-	(19,945)
Total OPEB liability	43,343	94,547	-	137,890	-
Aggregate net pension liability	244,483	207,323	-	451,806	-
Pension-related deferred inflows	(7,069)	(32,476)	-	(39,545)	-
OPEB-related deferred inflows	(35,859)	(70,467)	-	(106,326)	-
Total adjustments	360,414	1,340,926	(73,049)	1,628,291	(43,126)
Net cash provided by (used in) operating activities	\$ 649,829	\$ 2,375,293	\$ 1,283,331	\$ 4,308,453	\$ (630,888)

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Placerville
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Custodial Funds		
		Public Financing Authority Custodial Fund	Other Custodial Funds	Total
ASSETS				
Cash and investments		\$ 153,052	\$ 456,932	\$ 609,984
Receivables:				
Accounts		-	858	858
Interest		63	92	155
Total assets		<u>153,115</u>	<u>457,882</u>	<u>610,997</u>
LIABILITIES				
Accounts payable		-	101,028	101,028
		<u>-</u>	<u>101,028</u>	<u>101,028</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments		153,115	356,854	509,969
		<u>\$ 153,115</u>	<u>\$ 356,854</u>	<u>\$ 509,969</u>

City of Placerville
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds		
	Public Financing Authority Custodial Fund	Other Custodial Funds	Total
ADDITIONS:			
Investment income	\$ 598	\$ 805	\$ 1,403
Fee and deposits collected for others	-	483,060	483,060
Total additions	<u>598</u>	<u>483,865</u>	<u>484,463</u>
DEDUCTIONS:			
Other	\$ -	\$ 315,789	\$ 315,789
Total deductions	<u>\$ -</u>	<u>\$ 315,789</u>	<u>\$ 315,789</u>
NET POSITION:			
Beginning of year, as restated	152,517	188,778	341,295
End of year	<u>\$ 153,115</u>	<u>\$ 356,854</u>	<u>\$ 509,969</u>

**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, 2021

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City of Placerville
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021

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, 2021

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 proprietary fund type:

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has one type of fiduciary fund, custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Fiduciary funds are accounted for using the accrual basis of accounting.

The City reports the following fiduciary funds:

Custodial Funds are used to account for resources held by the government in a purely custodial capacity. Such funds include the Public Financing Authority Custodial Fund and Other Custodial Funds.

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents, and Investments (Continued)

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.

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

J. Unearned/Unavailable Revenue

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

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

K. Pensions

The City participates in the Miscellaneous and Safety cost-sharing multiple-employer defined benefit plans administered by CalPERS. 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, 2019
Measurement Date	June 30, 2020
Measurement Period:	July 1, 2019 to June 30, 2020

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Pensions (Continued)

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

L. Other Postemployment Benefits

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

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Measurement Period:	July 1, 2020 to June 30, 2021

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Net Position and Fund Equity

Government-Wide Financial Statements and Proprietary Fund Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Net Position and Fund Equity (Continued)

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

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

P. Accounting Changes

New Governmental Accounting Standards Implemented for the Year Ended June 30, 2021

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, 2021. 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. 84 - In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. As a result of the implementation, the City converted the former agency funds, which previously reported assets and liabilities only, to custodial funds and reported a restatement of its net position in the amount of \$341,295.

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* (GASB Statement No. 90), to improve 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. This statement requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Application of this statement did not have a material financial effect on the City's financial statements for the fiscal year ending June 30, 2021.

GASB Statement No. 98 - In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, to establish the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. Application of this statement did not have a material financial effect on the City's financial statements for the fiscal year ending June 30, 2021.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Accounting Changes (Continued)

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. 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.

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

GASB Statement No. 92 - In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement is effective for the City's fiscal year ending June 30, 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, 2021

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.

GASB Statement No. 99 - In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the Authority's fiscal year ending June 30, 2023.

GASB Statement No. 100 - In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the Authority's fiscal year ending June 30, 2024.

GASB Statement No. 101- In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the Authority's fiscal year ending June 30, 2025.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021:

	Primary Government			Fiduciary	
	Governmental	Business-Type	Total	Funds	Total
	Activities	Activities			
Cash and investments	\$ 943,351	\$ 4,001,634	\$ 4,944,985	\$ 609,984	\$ 5,554,969
Restricted cash and investments	5,706,870	-	5,706,870	-	5,706,870
Cash and investments with fiscal agent	169,125	1,865,332	2,034,457	-	2,034,457
Total	\$ 6,819,346	\$ 5,866,966	\$ 12,686,312	\$ 609,984	\$ 13,296,296

Cash, cash equivalents, and investments, consisted of the following at June 30, 2021:

	Amount	Maturities	
		1 year or less	1 - 5 years
Cash and cash equivalent:			
Petty cash	\$ 3,395	\$ 3,395	\$ -
Demand deposits	3,164,648	3,164,648	-
Investments:			
Local Agency Investment Fund	8,093,794	8,093,794	-
Money market funds	2,034,457	2,034,457	-
Total	\$ 13,296,294	\$ 13,296,294	\$ -

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, 2021, the carrying amount of the City's deposits was \$3,164,648. Bank balances before reconciling items were \$3,696,282 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

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

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

C. Investments

At June 30, 2021, 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, 2021:

Investment Type	Amount	Percentage of Investments	Measurement Inputs
Local Agency Investment Fund	\$ 8,093,794	79.91%	N/A
Money market funds	2,034,457	20.09%	Not Rated
Total	\$ 10,128,251		

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 \$2,034,457 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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

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, 2021, the City's pooled cash and investments had the following maturities:

	<u>Amount</u>	<u>Maturities 1 year or less</u>
Cash and cash equivalent:		
Petty cash	\$ 3,395	\$ 3,395
Demand deposits	3,164,650	3,164,650
Investments:		
Local Agency Investment Fund	8,093,794	8,093,794
Money market funds	2,034,457	2,034,457
Total	<u>\$ 13,296,296</u>	<u>\$ 13,296,296</u>

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.

		<u>Credit Quality Ratings</u>	
			<u>Standard & Moody's Poor's</u>
	<u>Amount</u>	<u>Moody's</u>	<u>Poor's</u>
Investments:			
Local Agency Investment Fund	\$ 8,093,794	Not Rated	Not Rated
Money market funds	2,034,457	Not Rated	Not Rated
Total	<u>\$ 10,128,251</u>		

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, 2021, amounted to an unrealized gain of \$672.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

F. Investments in Local Agency Investment Fund

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2021, 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, 2021, the City had \$8,093,794 invested in LAIF, which had invested 2.31% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.00008297 was used to calculate the fair value of the investments in LAIF.

Note 3 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2021, the City had the following short-term interfund receivables and payables:

Due From	Due To		
	Governmental Activities		Total
	Transportation Development	Non-Major	
Governmental Activities			
General	\$ 370,309	\$ 10,545	\$ 380,854
Non-major	656	-	656
Business-Type Activities			
Water	102,404	-	102,404
Sewer	100,929	-	100,929
Totals	<u>\$ 574,298</u>	<u>\$ 10,545</u>	<u>\$ 584,843</u>

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

B. Long-Term Advances

At June 30, 2021, 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, 2021

Note 3 – Interfund Transactions (Continued)

C. Transfers In and Out

At June 30, 2021, the City had the following transfers:

Transfers In								
Transfers Out	Governmental Activities					Business-Type Activities		Total
	General	Transportation Development	Measure J	Non-Major	Internal Service	Water	Sewer	
Governmental Activities								
General	\$ -	\$ -	\$ 196,000	\$ 119,656	\$ 246,426	\$ -	\$ -	\$ 562,082
Measure L	-	3,049,587	-	-	-	221,688	27,551	3,298,826
Non-Major	317,037	-	-	-	12,104	-	-	329,141
Internal Service	-	-	-	74,006	-	-	-	74,006
Business-Type Activities								
Water	-	-	-	-	150,015	-	-	150,015
Sewer	-	-	-	-	150,016	-	-	150,016
Measure H	-	-	-	-	-	-	898,856	898,856
Totals	\$ 317,037	\$ 3,049,587	\$ 196,000	\$ 193,662	\$ 558,561	\$ 221,688	\$ 926,407	\$ 5,462,942

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, 2021, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-Depreciable Assets:			
Land and improvements	\$ 12,959,322	\$ 2,328,974	\$ 15,288,296
Construction in progress	29,287,893	4,913,371	34,201,264
Total non-depreciable assets	42,247,215	7,242,345	49,489,560
Depreciable Assets:			
Building and structures	12,892,021	74,391,284	87,283,305
Machinery and equipment	3,342,150	1,423,101	4,765,251
Infrastructure	15,436,672	54,331,555	69,768,227
	31,670,843	130,145,940	161,816,783
Less accumulated depreciation	(12,411,034)	(72,747,239)	(85,158,273)
Total depreciable assets, net	19,259,809	57,398,701	76,658,510
Total capital assets	\$ 61,507,024	\$ 64,641,046	\$ 126,148,070

In fiscal year ended June 30, 2021, 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, 2021

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, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Non-Depreciable Assets:					
Land and improvements	\$ 12,933,540	\$ 25,782	\$ -	\$ -	\$ 12,959,322
Construction in progress	20,857,798	9,807,968	-	(1,377,873)	29,287,893
Total non-depreciable assets	33,791,338	9,833,750	-	(1,377,873)	42,247,215
Depreciable Assets:					
Building and structures	12,490,961	-	-	401,060	12,892,021
Machinery and equipment	3,327,262	94,218	(85,782)	6,452	3,342,150
Infrastructure	14,466,311	-	-	970,361	15,436,672
Total depreciable assets	30,284,534	94,218	(85,782)	1,377,873	31,670,843
Less accumulated depreciation	(11,712,798)	(778,018)	79,782	-	(12,411,034)
Total depreciable assets, net	18,571,736	(683,800)	(6,000)	1,377,873	19,259,809
Total capital assets	\$ 52,363,074	\$ 9,149,950	\$ (6,000)	\$ -	\$ 61,507,024

Depreciation expense in governmental activities for capital assets for the year ended June 30, 2021 was as follows:

General government	\$ 257,161
Public safety	89,150
Highways and street	362,757
Community Development	26,884
Parks and recreation	42,066
Total	<u>\$ 778,018</u>

Business-Type Activities

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

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Non-Depreciable Assets:					
Land and improvements	\$ 2,328,974	\$ -	\$ -	\$ -	\$ 2,328,974
Construction in progress	4,253,206	1,747,871	-	(1,087,706)	4,913,371
Total non-depreciable assets	6,582,180	1,747,871	-	(1,087,706)	7,242,345
Depreciable Assets:					
Building and structures	73,994,618	-	-	396,666	74,391,284
Machinery and equipment	1,423,101	-	-	-	1,423,101
Infrastructure	53,641,580	-	-	689,975	54,331,555
Total depreciable assets	129,059,299	-	-	1,086,641	130,145,940
Less accumulated depreciation	(70,489,977)	(2,257,262)	-	-	(72,747,239)
Total depreciable assets, net	58,569,322	(2,257,262)	-	1,086,641	57,398,701
Total capital assets	\$ 65,151,502	\$ (509,391)	\$ -	\$ (1,065)	\$ 64,641,046

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 4 – Capital Assets (Continued)

A. Government-Wide Financial Statements (Continued)

Business-Type Activities (Continued)

Business-type activities depreciation expense for capital assets for the year ended June 30, 2021, were as follows:

Water	\$ 351,816
Sewer	1,905,446
Total	<u>\$ 2,257,262</u>

B. 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, 2021:

	Governmental Activities	Business-Type Activities	Total
Long-term debt, due within one year	\$ 103,572	\$ 1,796,579	\$ 1,900,151
Noncurrent portion of long-term debt			
2006 State Revolving Loan	-	27,706,957	27,706,957
2006 Sewer Revenue Bonds	-	16,600,000	16,600,000
2017 City Hall Capital Lease	-	-	-
2015 Equipment Lease	103,370	77,572	180,942
2019 Equipment Lease	70,625	37,316	107,941
2019 CEC Loan	510,287	158,195	668,482
Total noncurrent portion of long-term debt	684,282	44,580,040	45,264,322
Total long-term debt	<u>\$ 787,854</u>	<u>\$ 46,376,619</u>	<u>\$ 47,164,473</u>

Governmental Activities

Following is a summary of governmental activity long-term debt transactions during the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due within one year	Due in more than one year
2017 City Hall Capital Lease	\$ 58,247	\$ -	\$ 58,247	\$ -	\$ -	\$ -
2015 Equipment Lease	169,994	-	32,824	137,170	33,800	103,370
2019 Equipment Lease	137,278	-	32,804	104,474	33,849	70,625
2019 CEC Loan	558,534	-	12,324	546,210	35,923	510,287
Total	<u>\$ 924,053</u>	<u>\$ -</u>	<u>\$ 136,199</u>	<u>\$ 787,854</u>	<u>\$ 103,572</u>	<u>\$ 684,282</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due within one year	Due in more than one year
2006 State Revolving Loan	\$ 30,764,219	\$ -	\$ 1,528,631	\$ 29,235,588	\$ 1,528,631	\$ 27,706,957
2006 Sewer Revenue Bonds	17,020,000	-	205,000	16,815,000	215,000	16,600,000
2017 City Hall Capital Lease	34,830	-	34,830	-	-	-
2015 Equipment Lease	123,034	-	22,398	100,636	23,064	77,572
2019 Equipment Lease	72,532	-	17,332	55,200	17,884	37,316
2019 CEC Loan	174,312	-	4,117	170,195	12,000	158,195
Total	<u>\$ 48,188,927</u>	<u>\$ -</u>	<u>\$ 1,812,308</u>	<u>\$ 46,376,619</u>	<u>\$ 1,796,579</u>	<u>\$ 44,580,040</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 lease was paid in full during Fiscal Year 2020/2021.

In February 2015, the City secured a capital lease in the amount of \$706,518 in order to finance thirteen (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 thirteen (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
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>\$ 237,806</u>	<u>\$ 16,065</u>	<u>\$ 253,871</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 twelve (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 twelve (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
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	49,873	5,094	54,967
2027-2031	256,957	17,882	274,839
2032-2035	214,999	4,873	219,872
Total	<u>\$ 716,405</u>	<u>\$ 53,143</u>	<u>\$ 769,548</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:

Machinery and equipment	<u>\$ 964,380</u>
Assets under capitalized lease, at cost	964,380
Accumulated depreciation	<u>(579,349)</u>
Assets under capitalized lease, net	<u>\$ 385,031</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, 2021, required 21.48% 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 \$1,023,758 and \$4,767,138, 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, 2021

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
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	265,000	768,392	1,033,392
2027-2031	5,330,000	3,466,085	8,796,085
2032-2035	10,295,000	1,061,625	11,356,625
Total	<u>\$ 16,815,000</u>	<u>\$ 8,476,310</u>	<u>\$ 25,291,310</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 32.07% of net revenues. The total remaining principal to be paid on the loan is \$29,235,588. Principal paid for the current year and total net revenues were \$1,528,631 and \$4,767,138 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
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	1,528,631	-	1,528,631
2027-2031	7,643,156	-	7,643,156
2032-2036	7,643,156	-	7,643,156
2037-2040	6,306,121	-	6,306,121
Total	<u>\$ 29,235,588</u>	<u>\$ -</u>	<u>\$ 29,235,588</u>

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 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
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	49,873	5,094	54,967
2027-2031	256,957	17,882	274,839
2032-2035	214,999	4,873	219,872
Total	<u>\$ 716,405</u>	<u>\$ 53,143</u>	<u>\$ 769,548</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Long-Term Debt (Continued)

A. Government-Wide Financial Statements (Continued)

Business-Type Activities (Continued)

Debt Service

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

Year Ending June 30,	Principal	Interest	Total
2022	1,900,151	828,243	2,728,394
2023	1,913,969	814,799	2,728,768
2024	1,927,360	800,826	2,728,186
2025	1,890,100	786,624	2,676,724
2026	1,843,504	773,486	2,616,990
2027-2031	13,230,113	3,483,967	16,714,080
2032-2036	18,153,155	1,066,498	19,219,653
2037-2040	6,306,121	-	6,306,121
Total	<u>\$ 47,164,473</u>	<u>\$ 8,554,443</u>	<u>\$ 55,718,916</u>

B. Fund Financial Statements

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

Note 6 – Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. The total of vacation and other compensated leaves is \$989,293. The City primarily uses the General Fund to liquidate compensated absences.

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Classification	
					Due within one year	Due in more than one year
Governmental Activities:						
Compensated Absences	\$ 1,155,450	\$ -	\$ 166,157	\$ 989,293	\$ 261,360	\$ 727,933
Total	<u>\$ 1,155,450</u>	<u>\$ -</u>	<u>\$ 166,157</u>	<u>\$ 989,293</u>	<u>\$ 261,360</u>	<u>\$ 727,933</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Public Employees’ Retirement System

Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 856,326	\$ 352,822	\$ 1,209,148
CalPERS Safety	799,484	-	799,484
Total pension contribution made after measurement date	1,655,810	352,822	2,008,632
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	268,544	110,645	379,189
CalPERS Safety	175,435	-	175,435
Total projected earnings on pension plan investments in excess of actual earnings	443,979	110,645	554,624
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	9,574	3,944	13,518
CalPERS Safety	97,321	-	97,321
Total adjustment due to difference in proportions	106,895	3,944	110,839
Difference between expected and actual experience:			
CalPERS Miscellaneous	465,852	191,939	657,791
CalPERS Safety	625,929	-	625,929
Total difference between expected and actual experience	1,091,781	191,939	1,283,720
Employer contributions in excess of proportionate share of contribution:			
CalPERS Miscellaneous	149,483	61,590	211,073
Total employer contributions in excess of proportionate share of contribution	149,483	61,590	211,073
Total deferred outflows of resources:			
CalPERS Miscellaneous	1,749,779	720,940	2,470,719
CalPERS Safety	1,698,169	-	1,698,169
Total deferred outflows of resources	<u>\$ 3,447,948</u>	<u>\$ 720,940</u>	<u>\$ 4,168,888</u>
Net pension liabilities:			
CalPERS Miscellaneous	\$ 8,478,995	\$ 4,285,467	\$ 12,764,462
CalPERS Safety	8,071,829	-	8,071,829
Total net pension liabilities	<u>\$ 16,550,824</u>	<u>\$ 4,285,467</u>	<u>\$ 20,836,291</u>
Deferred inflows of Resources:			
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	124,844	52,851	177,695
CalPERS Safety	<u>\$ 15,969</u>	<u>\$ -</u>	<u>\$ 15,969</u>
Total adjustment due to difference in proportions	140,813	52,851	193,664
Employer contributions in excess of proportionate share of contribution:			
CalPERS Safety	246,091	-	246,091
Total employer contributions in excess of proportionate share of contribution	246,091	-	246,091
Changes in assumptions			
CalPERS Miscellaneous	63,964	27,078	91,042
CalPERS Safety	26,887	-	26,887
Total difference between expected and actual experience	90,851	27,078	117,929
Total deferred inflows of resources:			
CalPERS Miscellaneous	188,808	79,929	268,737
CalPERS Safety	288,947	-	288,947
Total deferred inflows of resources	<u>\$ 477,755</u>	<u>\$ 79,929</u>	<u>\$ 557,684</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Public Employees’ Retirement System (Continued)

Summary (Continued)

	Governmental Activities	Business-Type Activities	Total
Pension expenses:			
CalPERS Miscellaneous	\$ 1,084,547	\$ 459,127	\$ 1,543,674
CalPERS Safety	1,152,027	-	1,152,027
Total net pension expenses	<u>\$ 2,236,574</u>	<u>\$ 459,127</u>	<u>\$ 2,695,701</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.

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, 2020, measurement date, the following employees were covered by the benefit terms for each Plan:

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

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

Benefits Provided

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 36 months preceding death.

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

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

Following are the benefit provisions for each plan:

	Miscellaneous	Miscellaneous Second Tier	Miscellaneous PEPRA	Safety	Safety Second Tier	Safety PEPRA
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%	7.000%	9.000%	9.000%	13.000%
Required employer contribution rate	12.053%	10.801%	7.794%	22.437%	20.585%	13.044%

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 13.00% for the Safety PEPRA Plan, and 7.00%, for Miscellaneous PEPRA Plan. The average employer’s contribution rate was 12.053% of annual payroll for the Miscellaneous Classic Plan, 22.43% for the Safety Classic Plan, 13.044% for the Safety PEPRA Plan, and 7.794% for the Miscellaneous PEPRA Plan.

For the year ended June 30, 2021, the plan’s employer contributions made for each Plan was as follows:

Miscellaneous	\$ 1,209,148
Safety	799,484
	<u>\$ 2,008,632</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

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

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2020, 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, 2019 rolled forward to June 30, 2020 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

Proportionate Share of Net Pension Liability and Pension Expense

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

	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Miscellaneous			
Balance at: 6/30/19 (Measurement date)	33,964,938	21,858,639	12,106,299
Balance at: 6/30/20 (Measurement date)	34,800,361	22,035,899	12,764,462
Net changes during 2019-2020	835,423	177,260	658,163
Safety			
Balance at: 6/30/19 (Measurement date)	23,969,716	16,504,858	7,464,858
Balance at: 6/30/20 (Measurement date)	25,806,010	17,734,181	8,071,829
Net changes during 2019-2020	1,836,294	1,229,323	606,971
Total net changes during 2019-2020	2,671,717	1,406,583	1,265,134

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, 2019, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2019	0.30232%	0.11958%	0.42190%
Proportion - June 30, 2020	0.30261%	0.12116%	0.42377%
Change - Increase/(Decrease)	0.00029%	0.00158%	0.00187%

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense of \$1,543,674 and \$1,152,027, for the Miscellaneous and Safety plans, respectively. At June 30, 2021, 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	\$ 1,209,148	\$ -
Difference between projected and actual earning on pension plan investments	379,189	-
Adjustment due to differences in proportions	13,518	177,695
Changes in assumptions	-	91,042
Difference between actual and expected experience	657,791	-
Difference between employer's actual contributions and proportionate share of contributions	211,073	-
Total	\$ 2,470,719	\$ 268,737
Safety Plans		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 799,484	\$ -
Difference between projected and actual earning on pension plan investments	175,435	-
Adjustment due to differences in proportions	97,321	15,969
Changes in assumptions	-	26,887
Difference between actual and expected experience	625,929	-
Difference between employer's actual contributions and proportionate share of contributions	-	246,091
Total	\$ 1,698,169	\$ 288,947
Aggregate Total		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 2,008,632	\$ -
Difference between projected and actual earning on pension plan investments	554,624	-
Adjustment due to differences in proportions	110,839	193,664
Changes in assumptions	-	117,929
Difference between actual and expected experience	1,283,720	-
Difference between employer's actual contributions and proportionate share of contributions	211,073	246,091
Total	\$ 4,168,888	\$ 557,684

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, \$1,209,148 and \$799,484, 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, 2021). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Miscellaneous Plans	Safety Plans	Total
2022	\$ 78,639	\$ 86,553	\$ 165,192
2023	424,588	242,055	666,643
2024	307,737	193,227	500,964
2025	181,869	87,903	269,772
	<u>\$ 992,833</u>	<u>\$ 609,738</u>	<u>\$ 1,602,571</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.63%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.25%
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, 2019 valuation were based on the results of a January 2017 actuarial experience study for the period 1998 to 2014. 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, 2021

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%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	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%
	<u>100.00%</u>		

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 7.00%. 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% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 17,395,541	\$ 12,764,462	\$ 8,937,947
Safety	\$ 11,576,381	\$ 8,071,829	\$ 5,196,013
Total	\$ 28,971,922	\$ 20,836,291	\$ 14,133,960

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2021.

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 \$3,888,712 at June 30, 2021, 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 \$494,010 as of June 30, 2021.

Note 8 – Post-Retirement Medical Care Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of Resources:			
Changes in assumptions	\$ 341,107	\$ 121,213	\$ 462,320
Total deferred outflows of resources	<u>\$ 341,107</u>	<u>\$ 121,213</u>	<u>\$ 462,320</u>
Total OPEB Liability	<u>\$ 3,217,390</u>	<u>\$ 1,143,303</u>	<u>\$ 4,360,693</u>
Deferred inflows of Resources:			
Changes in assumptions	\$ 39,330	\$ 14,002	\$ 53,332
Difference between actual and expected experience	390,067	138,585	528,652
Total deferred inflows of resources	<u>\$ 429,397</u>	<u>\$ 152,587</u>	<u>\$ 581,984</u>
OPEB Expense	<u>\$ 115,277</u>	<u>\$ 324,544</u>	<u>\$ 439,821</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability at June 30, 2021 was \$4,360,693.

E. Actuarial Assumptions

The total OPEB liability in the June 30, 2019 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	1.92%
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, 2019.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

F. Discount Rate

The discount rate used to measure the total OPEB liability was 1.92% 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, 2020 (measurement date)	\$ 3,870,453
Changes Recognized for the Measurement Period:	
Service Cost	367,057
Interest on the total OPEB liability	101,733
Difference between expected and actual experience	-
Changes in assumptions	192,870
Benefit payments	(171,420)
Net changes during July 1, 2020 to June 30, 2021	490,240
Balance at June 30, 2021 (measurement date)	\$ 4,360,693

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 (0.92 percent) or 1-percentage-point higher (2.92 percent) than the current discount rate:

Total OPEB Liability/(Asset)		
Discount Rate - 1% (0.92%)	Current Discount Rate (1.92%)	Discount Rate + 1% (2.92%)
\$ 4,762,135	\$ 4,360,693	\$ 4,007,217

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 (4.80 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 (4.80% for 2020, 4.00% ultimate)	Trend Rate (5.80% for 2020, 5.00% ultimate)	1% Increase (6.80% for 2020 6.00% ultimate)
\$ 3,955,334	\$ 4,360,693	\$ 4,837,399

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 2021, the City contributed \$171,420 to the plan for current premiums.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

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

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$439,821. At June 30, 2021, 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	\$ -	\$ 528,652
Changes in assumptions	462,320	53,332
	<u>\$ 462,320</u>	<u>\$ 581,984</u>

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.

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

Year Ending June 30	Amount
2022	\$ (28,968)
2023	(19,556)
2024	(17,493)
2025	(32,504)
2026	(32,504)
Thereafter	11,361
Total	<u>\$ (119,664)</u>

Note 9 – Classification of Fund Balance and Other Fund Disclosures

In governmental funds, fund balances are classified as follows:

	Major Funds						
	General	Transportation Development	Measure J	Measure L	Development Impact Fees	Non-Major	Total
<i>Nonspendable</i>							
Prepaid items	\$ 156,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,016
Advances to other funds	545,000	-	-	-	-	-	545,000
Inventory	17,449	-	-	-	-	-	17,449
Total	<u>718,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>718,465</u>
<i>Restricted</i>							
Transportation	-	3,441,218	-	3,131,749	-	-	6,572,967
Police services	-	-	259,713	-	-	-	259,713
Gas Tax	-	-	-	-	-	499,243	499,243
Development Impact	-	-	-	-	1,628,273	-	1,628,273
Parking District	-	-	-	-	-	143,907	143,907
Grants	-	-	-	-	-	642,636	642,636
BAD, CFD, & LLMD	-	-	-	-	-	302,987	302,987
Park Development	-	-	-	-	-	114,834	114,834
Total	<u>-</u>	<u>3,441,218</u>	<u>259,713</u>	<u>3,131,749</u>	<u>1,628,273</u>	<u>1,703,607</u>	<u>10,164,560</u>
<i>Committed</i>							
Capital projects	-	-	-	-	-	255,537	255,537
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,537</u>	<u>255,537</u>
<i>Unassigned</i>	1,980,531	-	-	-	-	-	1,980,531
Total fund balances	<u>\$ 2,698,996</u>	<u>\$ 3,441,218</u>	<u>\$ 259,713</u>	<u>\$ 3,131,749</u>	<u>\$ 1,628,273</u>	<u>\$ 1,959,144</u>	<u>\$ 13,119,093</u>

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021 as follows:

<u>Fund</u>	<u>Amount</u>
Governmental Activities:	
Transportation Development	\$ 1,291,685
Development Impact	181,335
General Fund	81,153
Business-Type Activities:	
Water	9,500
Sewer	98,233
Total encumbrances	<u>\$ 1,661,906</u>

Capital Commitments

The City is undertaking a number of capital improvement projects. However, there are no capital project commitments at June 30, 2021.

Fund Equity Deficits

The City's governmental activities had an unrestricted net position (deficit) of \$(14,350,199) as of June 30, 2021. This is mainly due to reporting of net pension liability of \$(16,550,824) as required under GASB Statement No. 68 (Note 7) and reporting of Total OPEB liability of \$(3,217,390) as required under GASB Statement No. 75.

Expenditures in Excess of Appropriations

The following funds/functions reported expenditures in excess of appropriations for the year ended June 30, 2021:

<u>Fund</u>	<u>Function</u>	<u>Excess</u>
General	General government	\$ (218,622)
General	Public safety	(179,663)
General	Community development	(50,204)
Measure J	General government	(2,177)
Measure J	Public safety	(61,521)
Gas Tax	Highways and streets	(5,000)
Capital Projects	Highways and streets	(8,697)

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2019, 2020, and 2021:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments For Current and Prior Years	End of Year Liability
2018-2019	338,816	566,866	(505,656)	400,026
2019-2020	400,026	534,481	(618,553)	315,954
2020-2021	315,954	664,131	(684,076)	296,009

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.

The following is a summary of financial information of the Authority as of and for the year ended June 30, 2021:

Total Assets (Primary Investments)	\$ 77,647,453
Total Liability	\$ 53,668,397
Net Position	\$ 23,979,056
Total Revenues	\$ 24,672,100
Total Expenses	\$ 25,238,939
Net Income (Loss)	\$ (566,839)

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Risk Management (Continued)

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, 2021:

Total Assets (Primary Investments)	\$ 56,159,832
Deferred Outflow of Resources	\$ 199,009
Total Liability	\$ 24,622,567
Deferred Inflows of Resources	\$ 180,837
Net Position	\$ 31,555,437
Total Revenues	\$ 18,899,740
Total Expenses	\$ 16,823,564
Net Income (Loss)	\$ 2,076,176

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.

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, 2021, City property tax revenue assigned to the District was \$1,978,480.

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

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.

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

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.

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

Defaults (Continued)

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.

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.

City of Placerville
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – Prior Period Adjustments

The beginning net position at July 1, 2020 of the Fiduciary Fund Financial Statements was restated as follows:

	Public Financing Authority Custodial Fund	Other Custodial Funds	Total
Net position, as previously reported, at July 1, 2020	\$ -	\$ -	\$ -
To implement GASB 84	152,517	188,778	341,295
Net position at July 1, 2020, as restated	<u>\$ 152,517</u>	<u>\$ 188,778</u>	<u>\$ 341,295</u>

Note 15 – Subsequent Events

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, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 303,824	\$ 317,880	\$ 325,255	\$ 7,375
Sales tax	5,422,200	5,409,250	6,112,754	703,504
Transient occupancy taxes	200,950	177,834	189,513	11,679
Other taxes	213,172	226,358	178,948	(47,410)
Franchise fees	339,668	355,572	420,514	64,942
Licenses and permits	124,220	150,869	175,501	24,632
Fines and forfeitures	66,208	66,671	66,214	(457)
Use of money and property	52,608	35,041	87,271	52,230
Intergovernmental	1,015,692	1,048,077	1,051,135	3,058
Charges for services	530,174	380,605	376,488	(4,117)
Other revenues	567,491	567,491	567,491	-
Total Revenues	8,836,207	8,735,648	9,551,084	815,436
EXPENDITURES:				
Current:				
General government	2,536,712	2,542,158	2,760,780	(218,622)
Public safety	3,109,006	2,905,424	3,085,087	(179,663)
Highways and streets	607,402	636,437	630,825	5,612
Community development	635,370	655,609	705,813	(50,204)
Parks and recreation	1,690,583	1,441,367	1,363,086	78,281
Total Expenditures	8,579,073	8,180,995	8,545,591	(364,596)
REVENUES OVER (UNDER) EXPENDITURES	257,134	554,653	1,005,493	450,840
OTHER FINANCING SOURCES (USES):				
Transfers in	291,573	291,573	317,037	25,464
Transfers out	(533,685)	(558,142)	(562,082)	(3,940)
Total Other Financing Sources (Uses)	(242,112)	(266,569)	(245,045)	21,524
Change in Fund Balance	\$ 15,022	\$ 288,084	760,448	\$ 472,364
Fund Balance:				
Beginning of year			1,938,548	
End of year			\$ 2,698,996	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Transportation Development Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Intergovernmental	\$ -	\$ 9,020,000	\$ 9,016,640	\$ (3,360)
Total Revenues	-	9,020,000	9,016,640	(3,360)
EXPENDITURES:				
Current:				
Highways and streets	-	9,800,000	9,792,690	7,310
Total Expenditures	-	9,800,000	9,792,690	7,310
REVENUES OVER (UNDER EXPENDITURES)	-	(780,000)	(776,050)	3,950
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,050,000	3,049,587	(413)
Total Other Financing Sources (Uses)	-	3,050,000	3,049,587	(413)
Change in Fund Balance	<u>\$ -</u>	<u>\$ 2,270,000</u>	2,273,537	<u>\$ 3,537</u>
Fund Balance:				
Beginning of year			1,167,681	
End of year			<u>\$ 3,441,218</u>	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Measure J Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Sales tax	\$ 1,086,735	\$ 1,134,000	\$ 1,351,131	\$ 217,131
Use of money and property	-	-	-	-
Total Revenues	<u>1,086,735</u>	<u>1,134,000</u>	<u>1,351,131</u>	<u>217,131</u>
EXPENDITURES:				
Current:				
General government	10,000	11,340	13,517	(2,177)
Public safety	<u>1,451,749</u>	<u>1,388,833</u>	<u>1,450,354</u>	<u>(61,521)</u>
Total Expenditures	<u>1,461,749</u>	<u>1,400,173</u>	<u>1,463,871</u>	<u>(63,698)</u>
REVENUES OVER (UNDER EXPENDITURES)	<u>(375,014)</u>	<u>(266,173)</u>	<u>(112,740)</u>	<u>153,433</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>375,014</u>	<u>266,173</u>	<u>196,000</u>	<u>(70,173)</u>
Total Other Financing Sources (Uses)	<u>375,014</u>	<u>266,173</u>	<u>196,000</u>	<u>(70,173)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	83,260	<u>\$ 83,260</u>
Fund Balance:				
Beginning of year			<u>176,453</u>	
End of year			<u>\$ 259,713</u>	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Measure L Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Sales tax	\$ 2,199,726	\$ 2,268,000	\$ 2,728,342	\$ 460,342
Use of money and property	33,286	20,296	16,414	(3,882)
Total Revenues	<u>2,233,012</u>	<u>2,288,296</u>	<u>2,744,756</u>	<u>456,460</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	575,000	(3,300,000)	(3,298,826)	1,174
Total Other Financing Sources (Uses)	<u>575,000</u>	<u>(3,300,000)</u>	<u>(3,298,826)</u>	<u>1,174</u>
Change in Fund Balance	<u>\$ 2,808,012</u>	<u>\$ (1,011,704)</u>	(554,070)	<u>\$ 457,634</u>
Fund Balance:				
Beginning of year			<u>3,685,819</u>	
End of year			<u>\$ 3,131,749</u>	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedules – Development Impact Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ -	\$ 6,800	\$ 6,879	\$ 79
Charges for services	-	99,000	98,703	(297)
Grant revenues	-	280,000	279,541	(459)
Total Revenues	-	385,800	385,123	(677)
EXPENDITURES:				
Current:				
Highways and streets	-	341,000	340,522	478
Total Expenditures	-	341,000	340,522	478
Change in Fund Balance	<u>\$ -</u>	<u>\$ 44,800</u>	44,601	<u>\$ (199)</u>
Fund Balance:				
Beginning of year			1,583,672	
End of year			<u>\$ 1,628,273</u>	

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2021

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, 2021, 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, 2021

Miscellaneous Plan							
Measurement period, year ended	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014¹
Plan's proportion of the net pension liability	0.3026100%	0.3023200%	0.3024169%	0.2922869%	0.1180300%	0.1279368%	0.1167000%
Plan's proportionate share of the net pension liability	\$ 12,764,462	\$ 12,106,299	\$ 11,397,227	\$ 11,522,089	\$ 10,213,253	\$ 8,781,468	\$ 7,270,669
Plan's covered payroll	\$ 3,590,976	\$ 3,486,384	\$ 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 payroll	355.46%	338.81%	318.97%	332.13%	303.24%	268.55%	229.02%
Plan's fiduciary net position	\$ 22,035,899	\$ 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	63.32%	64.36%	65.70%	64.13%	64.29%	68.11%	73.37%
Plan's proportionate share of aggregate employer contributions	\$ 1,126,569	\$ 993,063	\$ 892,071	\$ 821,706	\$ 758,296	\$ 563,533	\$ 547,119

¹Information only presented from the implementation year

Safety Plan							
Measurement period, year ended	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014¹
Plan's proportion of the net pension liability	0.121160%	0.119580%	0.118760%	0.115576%	0.070494%	0.073132%	0.071310%
Plan's proportionate share of the net pension liability	\$ 8,071,829	\$ 7,464,858	\$ 6,968,396	\$ 6,905,882	\$ 6,099,938	\$ 5,019,871	\$ 4,440,588
Plan's covered payroll	\$ 1,373,049	\$ 1,333,057	\$ 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 payroll	587.88%	559.98%	538.42%	549.60%	500.02%	423.83%	386.17%
Plan's fiduciary net position	\$ 17,734,181	\$ 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	68.72%	68.86%	69.80%	67.39%	68.06%	73.49%	75.85%
Plan's proportionate share of aggregate employer contributions	\$ 762,764	\$ 668,141	\$ 568,532	\$ 488,725	\$ 457,324	\$ 332,478	\$ 322,794

¹Information only presented from the implementation year

City of Placerville
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions
For the Year Ended June 30, 2021

Miscellaneous Plan

Fiscal Year Ended June 30:	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 1,209,148	\$ 1,126,569	\$ 993,063	\$ 892,071	\$ 821,706	\$ 758,296	\$ 563,533
Contributions in relation to the actuarially determined contribution	(1,209,148)	(1,126,569)	(993,063)	(892,071)	(821,706)	(758,296)	(563,533)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,698,705	\$ 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	32.69%	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, 2017 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 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, 2021

Safety Plan

Fiscal Year Ended June 30:	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 799,484	\$ 762,764	\$ 668,141	\$ 568,532	\$ 488,725	\$ 457,324	\$ 332,478
Contributions in relation to the actuarially determined contribution	(799,484)	(762,764)	(668,141)	(568,532)	(488,725)	(457,324)	(332,478)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,414,240	\$ 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	56.53%	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, 2017 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 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, 2021

Measurement period, year ending:	6/30/2020	6/30/2019	6/30/2018	6/30/2017 ¹
Total OPEB liability				
Service cost	\$ 367,057	\$ 320,283	\$ 275,001	\$ 288,351
Interest	101,733	112,667	124,596	104,326
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(735,966)	-	-
Changes of assumptions	192,870	297,706	189,551	(178,820)
Benefit payments, including refunds of member contributions	(171,420)	(108,058)	(93,565)	(116,520)
Net change in total OPEB liability	490,240	(113,368)	495,583	97,337
Total OPEB liability - beginning	3,870,453	3,983,821	3,488,238	3,390,901
Total OPEB liability - ending (a)	<u>\$ 4,360,693</u>	<u>\$ 3,870,453</u>	<u>\$ 3,983,821</u>	<u>\$ 3,488,238</u>
OPEB fiduciary net position				
Contributions - employer	\$ 171,420	\$ 108,058	\$ 93,565	\$ 116,520
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(171,420)	(108,058)	(93,565)	(116,520)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-
Plan net OPEB liability - ending (a) - (b)	<u>\$ 4,360,693</u>	<u>\$ 3,870,453</u>	<u>\$ 3,983,821</u>	<u>\$ 3,488,238</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 6,603,614	\$ 6,585,298	\$ 6,783,602	\$ 6,361,144
Plan net OPEB liability as a percentage of covered-employee payroll	66.03%	58.77%	58.73%	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, 2021

	Special Revenue Funds			
	Gas Tax	Parking District	Grants	BAD, CFD, & LLMD
ASSETS				
Cash and investments	\$ 461,918	\$ 254,605	\$ 150,039	\$ 307,152
Receivables:				
Accounts	37,093	30,302	503,576	596
Interest	232	134	-	115
Loans	-	-	693,990	-
Due from other funds	-	656	-	-
Total assets	\$ 499,243	\$ 285,697	\$ 1,347,605	\$ 307,863
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 4,979	\$ 433	\$ 4,876
Deposits payable	-	2,259	-	-
Advances from other funds	-	134,552	10,546	-
Total liabilities	-	141,790	10,979	4,876
Deferred inflows of resources:				
Unavailable revenues	-	-	693,990	-
Total deferred inflows of resources	-	-	693,990	-
Fund Balances:				
Restricted	499,243	143,907	642,636	302,987
Committed	-	-	-	-
Total fund balances	499,243	143,907	642,636	302,987
Total liabilities, deferred inflows of resources and fund balances	\$ 499,243	\$ 285,697	\$ 1,347,605	\$ 307,863

City of Placerville
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue Funds		Total Other Governmental Funds
	Capital Projects	Park Development	
ASSETS			
Cash and investments	\$ 258,095	\$ 114,787	\$ 1,546,596
Receivables:			
Accounts	-	-	571,567
Interest	42	47	570
Loans	-	-	693,990
	-	-	656
Total assets	\$ 258,137	\$ 114,834	\$ 2,813,379
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,600	\$ -	\$ 12,888
Deposits payable	-	-	2,259
Advances from other funds	-	-	145,098
Total liabilities	2,600	-	160,245
Deferred inflows of resources:			
Unavailable revenues	-	-	693,990
Total deferred inflows of resources	-	-	693,990
Fund Balances:			
Restricted	-	114,834	1,703,607
Committed	255,537	-	255,537
Total fund balances	255,537	114,834	1,959,144
Total liabilities, deferred inflows of resources and fund balances	\$ 258,137	\$ 114,834	\$ 2,813,379

(Concluded)

City of Placerville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds			
	Gas Tax	Parking District	Grants	BAD, CFD, & LLMD
REVENUES:				
Fines and forfeitures	\$ -	\$ 51,266	\$ -	\$ -
Use of money and property	1,569	1,247	6,260	922
Intergovernmental	466,450	-	198,736	-
Charges for services	-	133,974	-	79,395
Grant revenues	-	-	284,825	-
Total revenues	468,019	186,487	489,821	80,317
EXPENDITURES:				
Current:				
General government	-	53,310	58,647	-
Public safety	-	-	247,115	-
Highways and streets	6,072	110,168	-	9,164
Parks and recreation	-	-	-	26,707
Total expenditures	6,072	163,478	305,762	35,871
REVENUES OVER (UNDER) EXPENDITURES	461,947	23,009	184,059	44,446
OTHER FINANCING SOURCES (USES):				
Transfers in	-	8,656	-	-
Transfers out	(238,045)	(8,395)	(82,701)	-
Total other financing sources (uses)	(238,045)	261	(82,701)	-
CHANGE IN FUND BALANCE	223,902	23,270	101,358	44,446
FUND BALANCE:				
Beginning of year	275,341	120,637	541,278	258,541
End of year	\$ 499,243	\$ 143,907	\$ 642,636	\$ 302,987

City of Placerville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds		Total Other Governmental Funds
	Capital Projects	Park Development	
REVENUES:			
Fines and forfeitures	\$ -	\$ -	\$ 51,266
Use of money and property	-	429	10,427
Intergovernmental	1,014	-	666,200
Charges for services	-	7,826	221,195
Grant revenues	-	-	284,825
Total revenues	1,014	8,255	1,233,913
EXPENDITURES:			
Current:			
General government	204,939	-	316,896
Public safety	-	-	247,115
Highways and streets	8,697	-	134,101
Parks and recreation	944	-	27,651
Total expenditures	214,580	-	725,763
REVENUES OVER (UNDER) EXPENDITURES	(213,566)	8,255	508,150
OTHER FINANCING SOURCES (USES):			
Transfers in	185,006	-	193,662
Transfers out	-	-	(329,141)
Total other financing sources (uses)	185,006	-	(135,479)
CHANGES IN FUND BALANCES	(28,560)	8,255	372,671
FUND BALANCES:			
Beginning of year	284,097	106,579	1,586,473
End of year	\$ 255,537	\$ 114,834	\$ 1,959,144

(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, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ 2,000	\$ 1,900	\$ 1,569	\$ (331)
Intergovernmental	478,475	470,965	466,450	(4,515)
Total Revenues	<u>480,475</u>	<u>472,865</u>	<u>468,019</u>	<u>(4,846)</u>
EXPENDITURES:				
Current:				
Highways and streets	30,000	1,072	6,072	(5,000)
Total Expenditures	<u>30,000</u>	<u>1,072</u>	<u>6,072</u>	<u>(5,000)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>450,475</u>	<u>471,793</u>	<u>461,947</u>	<u>(9,846)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(291,573)	(276,141)	(238,045)	38,096
Total Other Financing Sources (Uses)	<u>(291,573)</u>	<u>(276,141)</u>	<u>(238,045)</u>	<u>38,096</u>
Change in Fund Balance	<u>\$ 158,902</u>	<u>\$ 195,652</u>	<u>223,902</u>	<u>\$ 28,250</u>
Fund Balance:				
Beginning of year			275,341	
End of year			<u>\$ 499,243</u>	

City of Placerville
Schedule of Revenues, Expenditures and Change in Fund Balance
Budget Comparison Schedules-Parking District Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Fines and forfeitures	\$ 93,540	\$ 54,929	\$ 51,266	\$ (3,663)
Use of money and property	1,000	1,488	1,247	(241)
Charges for services	213,458	142,588	133,974	(8,614)
Total Revenues	307,998	199,005	186,487	(12,518)
EXPENDITURES:				
Current:				
General government	92,180	92,576	53,310	39,266
Highways and streets	120,918	120,988	110,168	10,820
Total Expenditures	213,098	213,564	163,478	50,086
REVENUES OVER (UNDER) EXPENDITURES	94,900	(14,559)	23,009	37,568
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)	261	261	261	-
Change in Fund Balance	\$ 95,161	\$ (14,298)	23,270	\$ 37,568
Fund Balance:				
Beginning of year			120,637	
End of year			\$ 143,907	

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, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property			\$ 6,260	\$ 6,260
Intergovernmental	247,729	242,808	198,736	(44,072)
Grant revenues	116,649	253,974	284,825	30,851
Total Revenues	<u>364,378</u>	<u>496,782</u>	<u>489,821</u>	<u>(6,961)</u>
EXPENDITURES:				
Current:				
General government	75,630	63,582	58,647	4,935
Public safety	278,463	341,438	247,115	94,323
Total Expenditures	<u>354,093</u>	<u>405,020</u>	<u>305,762</u>	<u>99,258</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>10,285</u>	<u>91,762</u>	<u>184,059</u>	<u>(106,219)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	84,017	(82,701)	(166,718)
Total other financing sources (uses)	<u>-</u>	<u>84,017</u>	<u>(82,701)</u>	<u>(166,718)</u>
CHANGE IN FUND BALANCE	<u>\$ 10,285</u>	<u>\$ 91,762</u>	<u>101,358</u>	<u>\$ (106,219)</u>
FUND BALANCE:				
Beginning of year			541,278	
End of year			<u>\$ 642,636</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, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ 3,000	\$ 1,697	\$ 922	\$ (775)
Charges for services	78,719	78,719	79,395	676
Total Revenues	<u>81,719</u>	<u>80,416</u>	<u>80,317</u>	<u>(99)</u>
	81,719			
EXPENDITURES:				
Current:				
Highways and streets	46,943	27,352	9,164	18,188
Parks and recreation	34,776	34,236	26,707	7,529
Total Expenditures	<u>81,719</u>	<u>61,588</u>	<u>35,871</u>	<u>25,717</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 18,828</u>	<u>\$ 44,446</u>	<u>\$ 25,618</u>
Fund Balance:				
Beginning of year			258,541	
End of year			<u>\$ 302,987</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, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Intergovernmental	\$ -	\$ 1,000	\$ 1,014	\$ (14)
Total Revenues	<u>-</u>	<u>1,000</u>	<u>1,014</u>	<u>(14)</u>
EXPENDITURES:				
Current:				
General government	-	205,000	204,939	61
Highways and streets	-	-	8,697	(8,697)
Parks and recreation	-	1,000	944	56
Total Expenditures	<u>-</u>	<u>206,000</u>	<u>214,580</u>	<u>(8,580)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(205,000)</u>	<u>(213,566)</u>	<u>(8,594)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	185,000	185,006	6
Total Other Financing Sources (Uses)	<u>-</u>	<u>185,000</u>	<u>185,006</u>	<u>6</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>(28,560)</u>	<u>\$ (8,588)</u>
Fund Balance:				
Beginning of year			284,097	
End of year			<u>\$ 255,537</u>	

City of Placerville
Schedule of Revenues, Expenditures and Change in Fund Balance
Budget Comparison Schedules-Park Development Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Use of money and property	\$ -	\$ 400	\$ 429	\$ 29
Charges for services	-	8,000	7,826	(174)
Total Revenues	-	8,400	8,255	(145)
Change in Fund Balance	\$ -	\$ 8,400	8,255	\$ (145)
Fund Balance:				
Beginning of year			106,579	
End of year			\$ 114,834	

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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, 2021, 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, 2022.

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.

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

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.

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

Walnut Creek, California
September 30, 2022