

CITY OF SUTTER CREEK, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021

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CITY OF SUTTER CREEK, CALIFORNIA

Basic Financial Statements

For the Year Ended June 30, 2021

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CITY OF SUTTER CREEK, CALIFORNIA

Basic Financial Statements

For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Sutter Creek, California

Report on the 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 Sutter Creek, California (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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Accounting Principle

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities*, which became effective during the fiscal year ended June 30, 2021 and required the restatements of Fiduciary net position as discussed in Note 1L to the financial statements. In addition, the Statement established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds.

Prior Period Adjustment

As discussed in Note 7, during fiscal year ended June 30, 2021, management determined that accounts payable recorded in previous fiscal years were not properly reversed as of June 30, 2020. Therefore, management recorded a prior period adjustment, resulting in an increase of beginning net position and fund balance, in the Governmental Activities and General Fund, respectively, in the amount of \$278,840.

The emphasis of these matters do not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Supplementary Information listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Pleasant Hill, California

March 7, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Sutter Creek (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read in conjunction with the accompanying financial statements and related notes, which follow this section.

Financial Highlights:

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources of June 30, 2021 by \$18,892,260, which represents the total net position. Of this amount, \$18,094,803 is the net investment in capital assets, \$492,029 is restricted for other City projects and \$305,428 is unrestricted.
- The City's net position increased by \$1,019,477 for year ended June 30, 2021, compared to Fiscal year end 2020.
- General Fund revenue exceeded General Fund expenses by \$235,717, City's General Fund revenue totaled \$2,304,302 and General Fund expense totaled \$2,068,585 for fiscal year 2021.

Overview of the Financial Statements:

This discussion and analysis are an introduction to the City's basic financial statements that are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements for further information and analysis. The government-wide and the fund financial statements present two different views of the City:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City's financial information, reporting these operations in more detail than the government-wide financial statements.
- The governmental funds statements and the agency funds statements tell how basic services such as operations, administration, and restricted funds were financed in the short-term as well as what remains for future spending

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data analysis. To assist the reader in understanding the differences between them, a brief discussion of each follows, including the relationship of these statements to each other and the significant differences in the information they provide.

Government-Wide Financial Statements:

The government-wide financial statements report information about the City as a whole, providing readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are therefore taken into account, regardless of when cash is received or paid.

The first of the government-wide statements is the Statement of Net Position. The Statement of Net Position reports the difference between the City's total assets and total liabilities and includes all the City's capital assets and all its long-term debt. Over time, increases or decreases in net assets may serve as one indicator of whether the City's financial position is improving or deteriorating.

Although the Statement of Net Position reports a total net position of \$18.9 million, the City has restrictions over the use of these funds. The investment in land, buildings, and equipment (capital assets, net of related debt) is necessary for the successful operation of the City. Governmental laws segregate funds and place restrictions on spending. This should be considered when reviewing the report.

The second of the government-wide financial statements is the Statement of Activities. This statement shows the result of operations that caused net position to change from the prior year to the amount reported on the Statement of Net Position as of June 30, 2021. All changes of net assets are reported as soon as the underlying event giving rise to the change occurs. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years' reporting periods.

The Statement of Activities classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that help support the expenses. The resulting Net (Expenses) Revenue and Changes in Net Position shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in the total change in net position.

Fund Financial Statements:

The fund financial statements provide detailed information about the City's most significant funds – not the City as a whole. 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. Some funds are required to be established by state or federal law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain, taxes, grants and other funding resources. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial resources that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

Because the focus of the governmental funds is narrower than that of the government wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. The differences of results in the governmental funds financial statements to those in the government-wide financial statements are shown in reconciliations following the governmental funds financial statements.

Proprietary Funds — The City maintains one type of proprietary funds – enterprise 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 wastewater collection and treatment. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds — Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to 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.

Required Supplementary Information:

In addition to the basic financial statements, this report also presents certain Required Supplementary Information including the City's Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date.

Supplementary Information:

Supplementary schedules concerning balance sheets and fund balances for all other funds are presented immediately following the Required Supplementary Information. Financial activity related to the City's agency funds is also presented separately in this section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 1,692,999	\$ 801,367	\$ 2,702,166	\$ 2,528,367	\$ 4,395,165	\$ 3,329,734
Capital assets, net	16,888,388	17,189,713	2,156,415	2,023,634	19,044,803	19,213,347
Total Assets	18,581,387	17,991,080	4,858,581	4,552,001	\$ 23,439,968	\$ 22,543,081
Deferred Outflows of Resources						
Pension related	600,359	630,660	200,120	210,220	800,479	840,880
Total Deferred Outflows of Resources	600,359	630,660	200,120	210,220	800,479	840,880
Liabilities						
Current	101,009	365,787	608,527	609,080	709,536	974,867
Long-term liabilities	2,982,222	2,795,016	1,475,783	1,435,459	4,458,005	4,230,475
Total Liabilities	3,083,231	3,160,803	2,084,310	2,044,539	5,167,541	5,205,342
Deferred Inflows of Resources						
Pension related	135,484	229,377	45,162	76,459	180,646	305,836
Total Deferred Inflows of Resources	135,484	229,377	45,162	76,459	180,646	305,836
Net Position						
Net investment in capital assets	16,888,388	17,189,713	1,206,415	1,052,634	18,094,803	18,242,347
Restricted	492,029	490,993	-	-	492,029	490,993
Unrestricted	(1,417,386)	(2,449,146)	1,722,814	1,588,589	305,428	(860,557)
Total Net Position	\$ 15,963,031	\$ 15,231,560	\$ 2,929,229	\$ 2,641,223	\$ 18,892,260	\$ 17,872,783

Net position represents the difference between the City's resources and its obligations. As of June 30, 2021, the largest portion of the City's total, 100 percent, reflects the investment in capital assets, less related debt outstanding used to acquire the capital assets. The City's net position is broken out into three categories: net investment in capital assets totaling \$18,094,803 (e.g., land, buildings, and improvements, machinery and equipment) less any related debt used to acquire those assets that is still outstanding, restricted for specific purposes totaling \$492,029 and unrestricted totaling \$305,428. These capital assets are used by the City to provide services to the citizens; consequently, these assets are not available for future spending. Additional capital asset information can be found in the Capital Asset and Debt Administration section of the MD&A. Restricted net position represents amounts that may be used in accordance with external restrictions. The unrestricted balance of net position may be used at the City's discretion.

Statement of Activities:

City of Sutter Creek Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for services	\$303,192	\$259,479	\$1,893,442	\$1,656,308	\$2,196,634	\$1,915,787
Operating grants and contributions	575,908	140,688			575,908	140,688
Capital grants and contributions	116,145	905,965			116,145	905,965
General Revenue						
Property taxes:	875,914	838,981			875,914	838,981
Sales taxes	459,697	377,642			459,697	377,642
Transient occupancy tax	205,873	229,164			205,873	229,164
Franchise taxes	100,566	108,763			100,566	108,763
Gas taxes	61,878	83,513			61,878	83,513
Investment income	5,840	18,178	5,818	11,798	11,658	29,976
Contributed capital					-	-
Miscellaneous	75,750	57,437			75,750	57,437
Interfund transfers	354,322	50,552	(354,322)	(50,552)	-	-
Total revenue and transfers	3,135,085	3,070,362	1,544,938	1,617,554	4,680,023	4,687,916
Expenses						
General government	803,524	882,375			803,524	882,375
Public safety	1,008,948	971,548			1,008,948	971,548
Culture and recreation	-	-			-	-
Public works	717,337	420,039			717,337	420,039
Community development	152,645	85,541			152,645	85,541
Wastewater	-	-	1,256,932	1,389,569	1,256,932	1,389,569
Total Expenses	2,682,454	2,359,503	1,256,932	1,389,569	3,939,386	3,749,072
Change in net assets	452,631	710,859	288,006	227,985	740,637	938,844
Net Position - beginning	15,510,400	14,520,701	2,641,223	2,413,238	18,151,623	16,933,939
Net Position - ending	\$15,963,031	\$15,231,560	\$2,929,229	\$2,641,223	\$18,892,260	\$17,872,783

Revenue

The City's total revenue was \$4.7 million for the fiscal year ended June 30, 2021. Revenue from governmental activities totaled \$3.1 million and revenue from business-type activities total \$1.5 million. Revenue decreased by \$7,893 from the previous year, primarily from capital grants and contributions which decreased by \$790 thousands.

Expenses

Expenses of the City for the year totaled \$3.9 million. Governmental activity expenses totaled \$2.7 million and Business-type activity expenses total \$1.2 million. Total expenses increased by \$190k from the previous year.

Fund Financial Statement Analysis:

The City uses fund accounting to ensure and demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activity. The fund financial statements focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements. The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources.

As the City completed the year, its major governmental funds; General Fund, Badger Street Bridge Replacement Grant Fund and Sutter Creek Bridge Replacement Grant Fund reported combined fund balances of \$1,111,367 an increase of \$972k from last year's ending fund balances of \$138,484.

Fund Budgetary Highlights:

The General Fund final adopted budget, had a decrease from the prior year in total revenue by \$124,930 and the actual total revenue increased from the prior year by \$397,705. Final budgeted revenues for the General Fund for 2021 totaled \$1.8 million while actual revenues totaled \$2.3 million, a difference of \$547,132.

General Fund expenditures budgeted for 2021 totaled \$1.7 million while actual expenditures equaled \$2.1 million, a difference of \$318,129. Capital outlay had the largest increase from budgeted to actual amounts spent, with \$166,395 variance with final budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

As of the end of fiscal year 2021, the City had invested \$27.5 million in a broad range of capital assets including buildings, land, wastewater facilities, sewer treatment plant, vehicles and machinery. The City increased its gross capital assets by \$405k during 2021. Total depreciation expense for the year was \$573k. Depreciation expense is allocated to the fund and category in which the capital asset has been recorded.

Additional information on the City's capital assets can be found in Note 4.

Long-Term Debt:

The City's long term is composed of \$500k due to the U.S. Department of Agriculture which was to finance capital improvements to the City's sewer collection system and \$450k due to Amador Regional Sanitation Authority for the acquisition of an easement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET:

The factors that most significantly impact the City and its budget are driven by property values, building activity, and tourism. These factors directly impact property taxes, sales taxes, and transient occupancy taxes, which combined are the City's largest revenue sources of governmental activities. During fiscal year ending 2021, the COVID-19 pandemic continued to impact certain revenue streams therefore stipends were issued for the first part of the year and other expenditures were reduced to balance the budget.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in Note 8. The City's required contribution for the unfunded liability was \$247,694 in fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT:

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or would like additional financial information, please contact the City of Sutter Creek, 18 Main Street, Sutter Creek, California 95685.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SUTTER CREEK
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	\$1,511,518	\$2,276,878	\$3,788,396
Accounts receivable, net of allowance for doubtful accounts	35,894	56,839	92,733
Due from other government agencies	468,004	46,032	514,036
Internal balances	(322,417)	322,417	
Total current assets	<u>1,692,999</u>	<u>2,702,166</u>	<u>4,395,165</u>
Noncurrent assets:			
Capital assets (Notes 1E and 4):			
Non-depreciable	3,480,607	750,012	4,230,619
Depreciable, net	<u>13,407,781</u>	<u>1,406,403</u>	<u>14,814,184</u>
Total noncurrent assets	<u>16,888,388</u>	<u>2,156,415</u>	<u>19,044,803</u>
Total Assets	<u>18,581,387</u>	<u>4,858,581</u>	<u>23,439,968</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related (Note 8)	<u>600,359</u>	<u>200,120</u>	<u>800,479</u>
Total Deferred Outflows of Resources	<u>600,359</u>	<u>200,120</u>	<u>800,479</u>
LIABILITIES			
Current liabilities:			
Accounts payable	21,540	16,494	38,034
Accrued liabilities	30,692	24,899	55,591
Due to other governments	5,535		5,535
Interest payable		85,318	85,318
Deposits payable	29,705	4,208	33,913
Compensated absences, due in less than one year (Note 1G)	13,537	5,608	19,145
Long-term debt, due in less than one year (Note 5)		<u>472,000</u>	<u>472,000</u>
Total current liabilities	<u>101,009</u>	<u>608,527</u>	<u>709,536</u>
Long-term liabilities:			
Compensated absences, due in more than one year (Note 1G)	27,426	13,521	40,947
Long-term debt, due in more than one year (Note 5)		<u>478,000</u>	<u>478,000</u>
Total OPEB liability (Note 6)	38,960	12,317	51,277
Net pension liability (Note 8)	<u>2,915,836</u>	<u>971,945</u>	<u>3,887,781</u>
Total long-term liabilities	<u>2,982,222</u>	<u>1,475,783</u>	<u>4,458,005</u>
Total Liabilities	<u>3,083,231</u>	<u>2,084,310</u>	<u>5,167,541</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related (Note 8)	<u>135,484</u>	<u>45,162</u>	<u>180,646</u>
Total Deferred Inflows of Resources	<u>135,484</u>	<u>45,162</u>	<u>180,646</u>
NET POSITION (Note 7)			
Net investment in capital assets	16,888,388	1,206,415	18,094,803
Restricted for City projects	492,029		492,029
Unrestricted	<u>(1,417,386)</u>	<u>1,722,814</u>	<u>305,428</u>
Total Net Position	<u>\$15,963,031</u>	<u>\$2,929,229</u>	<u>\$18,892,260</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government and administrative services	\$803,524	\$220,652	\$39,758		(\$543,114)		(\$543,114)
Public safety	1,008,948	10,823	536,150		(461,975)		(461,975)
Culture and recreation		58,237		\$24,877	83,114		83,114
Public works	717,337	2,809		91,268	(623,260)		(623,260)
Community development	152,645	10,671			(141,974)		(141,974)
Total Governmental Activities	2,682,454	303,192	575,908	116,145	(1,687,209)		(1,687,209)
Business-type Activities:							
Wastewater	1,256,932	1,893,442				\$636,510	636,510
Total Business-type Activities	1,256,932	1,893,442				636,510	636,510
Total Government-Wide	\$3,939,386	\$2,196,634	\$575,908	\$116,145	(1,687,209)	636,510	(1,050,699)
General revenues:							
Taxes:							
					875,914		875,914
					459,697		459,697
					205,873		205,873
					100,566		100,566
					61,878		61,878
					5,840	5,818	11,658
					75,750		75,750
					354,322	(354,322)	
Total General Revenues					2,139,840	(348,504)	1,791,336
Changes in Net Position					452,631	288,006	740,637
Net Position - Beginning, as restated (Note 7)					15,510,400	2,641,223	18,151,623
Net Position - Ending					\$15,963,031	\$2,929,229	\$18,892,260

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	Major Funds			
	General Fund	Badger Street Bridge Replacement Fund	Sutter Creek Bridge Replacement Fund	Non-Major Governmental Funds
				Total Governmental Funds
ASSETS				
Cash and investments (Note 2)	\$985,796			\$525,722
Accounts receivable, net of allowance for doubtful accounts	35,251			643
Due from other governmental agencies	145,587		\$322,417	
Due from other funds (Note 3)				
TOTAL ASSETS	<u>\$1,166,634</u>	<u></u>	<u>\$322,417</u>	<u>\$526,365</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$17,141			\$4,399
Accrued liabilities	30,692			30,692
Due to other funds (Note 3)			\$322,417	
Due to other governments	5,535			5,535
Deposits payable	1,899			27,806
TOTAL LIABILITIES	<u>55,267</u>	<u></u>	<u>322,417</u>	<u>32,205</u>
FUND BALANCES (Note 7)				
Restricted				496,621
Unassigned	1,111,367			(2,461)
TOTAL FUND BALANCES	<u>1,111,367</u>	<u></u>	<u></u>	<u>494,160</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,166,634</u>	<u></u>	<u>\$322,417</u>	<u>\$526,365</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION

JUNE 30, 2021

Total Governmental Fund Balances	\$1,605,527
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	16,888,388
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	
Compensated absences	(40,963)
Other post-employment benefits	(38,960)
Pension related deferred outflows, deferred inflows and liabilities	<u>(2,450,961)</u>
Net Position of Governmental Activities	<u><u>\$15,963,031</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			
	General Fund	Badger Street Bridge Replacement Fund	Sutter Creek Bridge Replacement Fund	Nonmajor Governmental Funds
				Governmental Funds
REVENUES				
Taxes and assessments	\$1,705,497			\$61,878
Licenses, permits and fees	68,882			68,882
Fines and forfeitures	7,478			7,478
Interest and investment income	4,155			1,685
Intergovernmental revenues	272,972		\$322,418	26,882
Charges for services	174,261			63,598
Other revenue	71,057			71,057
TOTAL REVENUES	2,304,302		322,418	154,043
EXPENDITURES				
Current:				
General government and administration	480,474			37,408
Public safety	954,455			954,455
Public works and facilities	149,384			62,014
Community development	152,645			152,645
Cultural and recreation	163,732			83,795
Capital outlay	167,895		5,927	173,822
TOTAL EXPENDITURES	2,068,585		5,927	183,217
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	235,717		316,491	(29,174)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 3)		\$183,158	394,597	315,947
Transfers out (Note 3)	(435,920)			(103,460)
TOTAL OTHER FINANCING SOURCES (USES)	(435,920)	183,158	394,597	212,487
NET CHANGE IN FUND BALANCES	(200,203)	183,158	711,088	183,313
FUND BALANCES, BEGINNING OF YEAR AS RESTATED (Note 7)	1,311,570	(183,158)	(711,088)	310,847
FUND BALANCES, END OF YEAR	\$1,111,367			\$494,160

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$877,356
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Amounts reported for governmental activities in the Statement of Activities
are different because of the following:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Depreciation	(475,806)
Capitalizable expenditures are added back to fund balance	174,481

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.

Compensated absences	(3,661)
Other post-employment benefits	(5,178)

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds (net change):

Change in net pension liability and related deferred inflows/outflows	<u>(114,561)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$452,631</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$1,256,236	\$1,342,280	\$1,705,497	\$363,217
Licenses and permits	52,100	62,100	68,882	6,782
Fines and penalties	10,000	10,000	7,478	(2,522)
Interest and investment income	1,500	1,500	4,155	2,655
Intergovernmental	201,000	201,000	272,972	71,972
Charges for services	104,200	104,200	174,261	70,061
Other revenue		36,090	71,057	34,967
TOTAL REVENUES	1,625,036	1,757,170	2,304,302	547,132
EXPENDITURES:				
Current:				
General government and administration	442,622	406,924	480,474	(73,550)
Public safety	1,009,586	1,032,155	954,455	77,700
Public works and facilities	56,000	77,485	149,384	(71,899)
Community development	152,962	76,481	152,645	(76,164)
Culture and recreation	148,126	155,911	163,732	(7,821)
Capital outlay	85,000	1,500	167,895	(166,395)
TOTAL EXPENDITURES	1,894,296	1,750,456	2,068,585	(318,129)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(269,260)	6,714	235,717	229,003
OTHER FINANCING SOURCES (USES)				
Transfers out			(435,920)	(435,920)
TOTAL OTHER FINANCING USES			(435,920)	(435,920)
NET CHANGE IN FUND BALANCE	(\$269,260)	\$6,714	(200,203)	(\$206,917)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED (Note 7)			1,311,570	
FUND BALANCES, END OF YEAR			\$1,111,367	

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021

	Major Enterprise Fund
	Wastewater Fund
ASSETS	
CURRENT ASSETS	
Cash and investments (Note 2)	\$2,276,878
Accounts receivable, net	56,839
Due from other governments	46,032
Due from other funds (Note 3)	322,417
TOTAL CURRENT ASSETS	<u>2,702,166</u>
NONCURRENT ASSETS	
Capital assets (Note 4):	
Non-depreciable	750,012
Depreciable - net	1,406,403
TOTAL NONCURRENT ASSETS	<u>2,156,415</u>
TOTAL ASSETS	<u>4,858,581</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 8)	200,120
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>200,120</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	16,494
Accrued liabilities	24,899
Interest payable	85,318
Deposits payable	4,208
Compensated absences, due in less than one year (Note 1G)	5,608
Long-term debt, due in less than one year (Note 5)	472,000
TOTAL CURRENT LIABILITIES	<u>608,527</u>
NONCURRENT LIABILITIES	
Compensated absences, due in more than one year (Note 1G)	13,521
Long-term debt, due in more than one year (Note 5)	478,000
Total OPEB liability (Note 6)	12,317
Net pension liability (Note 8)	971,945
TOTAL NONCURRENT LIABILITIES	<u>1,475,783</u>
TOTAL LIABILITIES	<u>2,084,310</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 8)	45,162
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>45,162</u>
NET POSITION	
Net investment in capital assets	1,206,415
Unrestricted	1,722,814
TOTAL NET POSITION	<u>\$2,929,229</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Major Enterprise Fund
	<u>Wastewater Fund</u>
OPERATING REVENUES	
Service charges	\$1,708,645
Intergovernmental	183,904
Charges for services	<u>893</u>
TOTAL OPERATING REVENUES	<u>1,893,442</u>
OPERATING EXPENSES	
Salaries and benefits	522,776
Operation and maintenance	613,245
Depreciation (Note 4)	<u>97,629</u>
TOTAL OPERATING EXPENSES	<u>1,233,650</u>
OPERATING INCOME (LOSS)	<u>659,792</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,818
Interest expense	<u>(23,282)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(17,464)</u>
OTHER FINANCING SOURCES (USES)	
Transfer in (Note 3)	40,275
Transfers out (Note 3)	<u>(394,597)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(354,322)</u>
Change in net position	288,006
BEGINNING NET POSITION	<u>2,641,223</u>
ENDING NET POSITION	<u><u>\$2,929,229</u></u>

See accompanying notes to financial statements

CITY OF SUTTER CREEK
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021

	Wastewater Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$2,255,673
Cash paid to suppliers	(614,698)
Cash paid to employees and related benefits	(481,585)
Cash Flows from Operating Activities	<u>1,159,390</u>
Cash Flows from Non-Capital Activities	
Transfers in	40,275
Transfers out	(394,597)
Cash Flows from Non-Capital Activities	<u>(354,322)</u>
Cash Flows from Capital and Related Financing Activities	
Capital asset acquisition	(230,410)
Debt principal paid	(21,000)
Interest paid	(23,446)
Cash Flows from Capital and Related Financing Activities	<u>(274,856)</u>
Cash Flows from Investing Activities	
Interest received	5,818
Cash Flows from Investing Activities	<u>5,818</u>
Increase in cash and cash equivalents	536,030
Cash and cash equivalents, beginning of year	<u>1,740,848</u>
Cash and cash equivalents, end of year	<u><u>\$2,276,878</u></u>
Reconciliation of Net Operating Income	
to cash provided by operating activities:	
Operating income	\$659,792
Adjustments to reconcile net operating loss to cash	
provided by operating activities:	
Depreciation	97,629
(Decrease) increase in due to retirement system	38,187
(Increase) decrease in assets:	
Accounts receivable	(5,925)
Due from other governments	(14,856)
Due from other funds	383,012
(Decrease) increase in liabilities:	
Accounts payable	(1,567)
Deposits payable	114
Other post employment benefits	1,637
Accrued compensated absences	1,367
Cash Flows from Operating Activities	<u><u>\$1,159,390</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and investments (Note 2)	\$4,063
Prepaid expenses	1,500
Due from members	<u>23,842</u>
Total Assets	<u>29,405</u>
LIABILITIES	
Accounts payable	7,156
Due to other governments	<u>10,531</u>
Total Liabilities	<u>17,687</u>
NET POSITION	
Restricted for organizations and other governments	<u>11,718</u>
Total Net Position	<u><u>\$11,718</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Custodial Funds</u>
ADDITIONS:	
Interest and investment income	\$9
Charges for services	322,979
Other revenue	<u>72,037</u>
TOTAL ADDITIONS	<u>395,025</u>
DEDUCTIONS:	
Operations - salaries and benefits	136,191
Operations - other	384,218
Utilities	1,362
Repairs and maintenance	1,200
Supplies	664
Professional services	<u>2,306</u>
TOTAL DEDUCTIONS	<u>525,941</u>
CHANGE IN NET POSITION	(130,916)
NET POSITION, BEGINNING OF YEAR, AS RESTATED (NOTE 1L)	<u>142,634</u>
NET POSITION, END OF YEAR	<u><u>\$11,718</u></u>

The accompanying notes are an integral part of these financial statements.

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CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sutter Creek (City) was incorporated in 1913, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, sewer, culture-recreation, public improvements, planning and zoning, and general administrative services. The voters of the City give authority and responsibility for operations to the City Council. The City Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the City's management is the financial budget, which is adopted annually by the City Council.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB issues a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements.

Reporting Entity: The City operates as a self-governing local government unit within the State of California. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. Voters elect a City Council that passes laws and determines broad policies. The Council also oversees the operations of the City and approves all budgets, fund transfers and fund balance reserves. The City's main funding sources include property taxes, sales taxes, other intergovernmental revenue from State and federal sources, user fees, and federal and state financial assistance.

Government-wide and Fund Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds. A fund is a separate self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the last is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- A. Measurement Focus, Basis of Accounting and Basis of Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period with the exception of grant-related government voluntary nonexchange revenue. The City considers grant related government voluntary nonexchange revenues to be available if they are collected within 365 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Major revenues that are determined to be susceptible to accrual include property taxes and assessments, sales taxes, franchise taxes, charges for services, intergovernmental revenues, and earnings on investments. Sales taxes collected and held by the State at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues (government mandated nonexchange transactions) are recognized when the City has satisfied all applicable eligibility requirements and if the amounts are measurable. If the grant funds are received before the revenue recognition criteria are satisfied, the unearned amounts are reported as unearned revenue.

The City reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Badger Street Bridge Replacement Capital Projects Fund – The Badger Street Bridge Capital Projects Fund is used to account for the planning and construction of the Badger Street Bridge project.

Sutter Creek Bridge Replacement Capital Projects Fund – The Sutter Creek Bridge Capital Projects Fund is used to account for the planning and construction of the Sutter Creek Bridge project.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the City reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (not including private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

PROPRIETARY FUNDS

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the City's enterprise fund is charges to customers or other funds for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Enterprise Fund – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports the following major enterprise fund:

Wastewater Fund – The Wastewater Operations Fund is used to account for sewer collection system and pollution control plant operations including major repair and replacement of the City's pollution control plant facilities.

FIDUCIARY FUNDS

The City reports the following type of Fiduciary Funds:

Custodial Funds – Custodial Funds account for assets held by the City in a purely custodial capacity. Custodial Funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- B. Cash and Cash Equivalents: The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including the City's investment in the California Local Agency Investment Fund (LAIF). Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost.
- C. Interfund Balances: Transactions between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Eliminations have not been made between or within the fund types.
- D. Property Taxes: The County of Amador (the County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due provided, they are collected within 90 days after year end. Secured property taxes are levied on or before January 1 of each year. They become a lien on real property on January 1. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs and interest when paid. These taxes are secured by liens on the property being taxed.

The term "unsecured" refers to taxes on personal property other than land and buildings. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the "Teeter Plan," as prescribed by Section 4717 of the California Revenue and Taxation Code. Therefore, the City receives 100% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

These taxes are accrued as intergovernmental receivables only if they are received from the County within 90 days after year end for the governmental funds and are accrued when earned for government-wide presentation regardless of the timing of the related cash flows.

The City has provided an allowance for doubtful accounts of \$0 at June 30, 2021.

- E. Capital Assets: Capital assets for governmental fund types of the City are capitalized in the funds used to acquire or construct them. Capital acquisitions are to be reflected as expenditures in the governmental fund, and the related assets are to be reported in the government-wide financial statements at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the additions to capital assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 40 years
Infrastructure	30 years
Wastewater facilities and treatment plant	20 to 40 years
Machinery and equipment	5 to 20 years

It is the policy of the City to capitalize all land, buildings, improvements, equipment, and infrastructure assets, except assets costing less than \$5,000. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the amounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related proprietary fund. In governmental funds, the sale of general capital assets is included in the Statement of Revenues, Expenditures and Changes in Fund Balances as proceeds from sale. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

- F. Unearned and Unavailable Revenues: Unearned revenues arise when resources are received by the City before it has legal claim to them (i.e. when grant monies are received prior to the incurrence of qualifying expenditures). Unavailable revenues in governmental funds arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. Revenues considered unavailable because they were not received in the availability period are recognized for the government-wide presentation.
- G. Compensated Absences: It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time off and administrative leave. Vacation is accrued when incurred in the government-wide presentation and in the proprietary funds and reported as a fund liability. Amounts that are expected to be liquidated with expendable available financial resources, (i.e. as a result of employee resignations or retirements that are currently payable) are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government- wide presentation. No expenditure is reported in the governmental fund financial statements for these amounts. The General Fund and Wastewater Fund are used to liquidate compensated absences.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes of the compensated absences during the fiscal year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Payments	Balance June 30, 2021	Due Within One Year
Governmental Activities	\$37,302	\$31,369	(\$27,708)	\$40,963	\$13,537
Business-Type Activities	17,762	19,529	(18,162)	19,129	5,608
Total	<u>\$55,064</u>	<u>\$50,898</u>	<u>(\$45,870)</u>	<u>\$60,092</u>	<u>\$19,145</u>

- H. Long-term Obligations: Long-term debt of governmental funds are reported at face value in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, proceeds from borrowing are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

- I. Deferred Inflows and Deferred Outflows of Resources: In addition to assets, the Statement of Net Position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

- J. Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- K. Budgetary Information: The City Council annually adopts the budget resolution for all operating funds of the City. Budgetary control is legally maintained at the fund level. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental appropriations. The supplemental appropriations were immaterial. The budgetary data is prepared on the modified accrual basis consistent with the related “actual” amounts. The City does not use encumbrance accounting.

Except for the General Fund and the Gas Tax, Streets & Sidewalks Special Revenue Fund, all other special revenue and capital project funds are not budgeted. As of June 30, 2021, expenditures in the General Fund and Gas Tax, Streets & Sidewalks Special Revenue Fund, exceeded appropriations in the amounts of \$318,129 and \$340, respectively.

Deficit Fund Equity: The following funds have fund deficits at June 30, 2021:

	<u>Amount</u>
Gas Tax, Street & Sidewalks Special Revenue Fund	\$878
Community Center Grant Special Revenue Fund	1,583

The City is in the process of securing funding from CalTrans and the Federal Government to address the deficit fund equity.

L. New Governmental Accounting Standards Board (GASB) Pronouncement:

Management adopted the provisions of the following GASB Statement, which became effective during the year ended June 30, 2021:

In January 2017, GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of this Statement were implemented during fiscal year 2021. As part of the implementation of this Statement, management determined that the Monteverde Store, Knights Foundry, Community Facilities District, and Amador Regional Sanitary District funds should be reported as Custodial Funds, which required the restatements of beginning net position of the funds in the amounts of (\$2,464), (\$5,796), \$16 and \$150,878, respectively, for a total of \$142,634.

In August 2018, GASB issued GASB Statement No. 90, *Majority Equity Interests* – (an Amendment of GASB Statements No. 14 and No. 61). The objectives of this Statement are 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. The City does not have any Majority Equity Interests that are within the scope of GASB Statement No. 90.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fair Value Measurements:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

N. Closed Funds:

As of June 30, 2021, the City closed the HOME Grant, Traffic Enhancement Activity Fund, and General Plan Update Special Revenue Funds.

NOTE 2 – CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Cash represents cash on hand, demand deposits in the bank and investments. Cash and investments at June 30, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments of the City	\$3,788,396
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments	4,063
Total cash and investments	<u><u>\$3,792,459</u></u>

Cash and investments as of June 30, 2021 consisted of the following:

Cash on hand	\$800
Deposits with financial institutions	695,053
Investments	3,096,606
Total cash and investments	<u><u>\$3,792,459</u></u>

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Policy: California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	2 Years	None	None
U.S. Agency Securities	2 Years	50%	None
Local Agency Bonds	2 Years	50%	None
Certificates of Deposit	2 Years	50%	None
Investment Pool	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Interest Rate Risk: 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 of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment in the California Local Agency Investment Fund (LAIF) has an average maturity of 291 days.

Investment	Total	Remaining Maturity (in Months) 12 Months or Less
Money Market Fund	\$2,028,873	\$2,028,873
LAIF	1,067,733	1,067,733
	<u>\$3,096,606</u>	<u>\$3,096,606</u>

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the City's cash on deposit. All of the City's deposits are either insured by the Federal Depositary Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the City's name.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment in LAIF: The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain State funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Investment	Minimum Legal Rating	Not Rated	Total
Money Market Fund	AAAm		\$2,028,873
LAIF	N/A	\$1,067,733	1,067,733
		\$1,067,733	\$3,096,606

Fair Value Hierarchy: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Local Agency Investment Fund and money market fund are classified as exempt in the fair value hierarchy, as they are valued at amortized cost, which is exempt from being classified under GASB 72.

NOTE 3 – INTERFUND TRANSACTIONS

All due to/from other funds represent temporary loans from one fund to another to cover cash flow shortfalls and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2021, interfund balances were as follows:

Due To	Due From	Amount Owed
Enterprise Funds		
Wastewater Enterprise Fund	Sutter Creek Bridge Replacement Fund	\$322,417
		\$322,417

<p style="text-align: center;">CITY OF SUTTER CREEK NOTES TO BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2021</p>

<p>NOTE 3 – INTERFUND TRANSACTIONS (Continued)</p>

The City had the following transfers in/out for the year ended June 30, 2021:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
Gas Tax, Streets & Sidewalks Special Revenue Fund	General Fund	\$77,944 (a)
Badger Street Bridge Fund	General Fund	183,158 (b)
Community Center Grant Special Revenue Fund	General Fund	134,543 (a)
	ACRA Regional Rec. Fees Special Revenue Fund	103,460 (c)
Sutter Creek Bridge Replacement Fund	Wastewater Enterprise Fund	394,597 (b)
Wastewater Enterprise Fund	General Fund	40,275 (a)
		<u>\$933,977</u>

(a) To fund activities and projects.

(b) Year-end transfers.

(c) To fund improvements to Community Building & Auditorium

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – CAPITAL ASSETS

Governmental activities capital assets activities for the year ended June 30, 2021 was as follows:

	Balance at June 30, 2020	Additions	Transfers	Balance at June 30, 2021
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$1,714,761			\$1,714,761
Construction in progress	10,828,957	\$151,917	(\$9,215,028)	1,765,846
Total capital assets, not being depreciated	12,543,718	151,917	(9,215,028)	3,480,607
Capital assets, being depreciated:				
Buildings and improvements	4,397,474			4,397,474
Infrastructure	4,366,104	1,893	9,215,028	13,583,025
Machinery and equipment	449,686	20,671		470,357
Total capital assets being depreciated	9,213,264	22,564	9,215,028	18,450,856
Less accumulated depreciation for:				
Buildings and improvements	(3,490,022)	(50,474)		(3,540,496)
Infrastructure	(655,488)	(411,049)		(1,066,537)
Machinery and equipment	(421,759)	(14,283)		(436,042)
Total accumulated depreciation	(4,567,269)	(475,806)		(5,043,075)
Capital assets being depreciated, net	4,645,995	(453,242)	9,215,028	13,407,781
Governmental Activities capital assets, net	\$17,189,713	(\$301,325)		\$16,888,388

During fiscal year ended June 30, 2021, the Badger Street Bridge Replacement, Main Street Bridge Replacement, and Eureka Street Repair projects were determined to be completed, and put into service.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2020	Additions	Balance at June 30, 2021
Business-type Activities			
Capital assets, not being depreciated:			
Land	\$596,362		\$596,362
CIP		\$153,650	153,650
Total capital assets, not being depreciated	596,362		750,012
Capital assets, being depreciated:			
Buildings and improvements	328,791		328,791
Wastewater facilities	2,291,313	60,123	2,351,436
Sewer treatment plant	1,906,631		1,906,631
Machinery and equipment	178,364	16,637	195,001
Total capital assets being depreciated	4,705,099	76,760	4,781,859
Less accumulated depreciation for:			
Buildings and improvements	(328,791)		(328,791)
Wastewater facilities	(1,603,523)	(44,027)	(1,647,550)
Sewer treatment plant	(1,209,288)	(39,635)	(1,248,923)
Machinery and equipment	(136,225)	(13,967)	(150,192)
Total accumulated depreciation	(3,277,827)	(97,629)	(3,375,456)
Capital assets being depreciated, net	1,427,272	(20,869)	1,406,403
Business-type Activities capital assets, net	\$2,023,634	(\$20,869)	\$2,156,415

The City's depreciation expense is charged to the Public Works function in the amount of \$475,806 for governmental activities. The City's depreciation expense is charged to the Wastewater program in the amount of \$97,629 for business-type activities.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 – LONG-TERM DEBT

	Balance June 30, 2020	Retirements	Balance June 30, 2021	Due Within One Year
Business-Type Activities - Direct borrowings:				
Loans Payable				
U.S. Department of Agriculture	\$521,000	(\$21,000)	\$500,000	\$22,000
Amador Regional Sanitation Authority	450,000		450,000	450,000
Total Business-type Activity Debt	<u>\$971,000</u>	<u>(\$21,000)</u>	<u>\$950,000</u>	<u>\$472,000</u>

U.S. Department of Agriculture (USDA) Loans Payable: The City's Wastewater Enterprise Fund has a loan payable to the USDA Rural Development Program to finance certain capital improvements to the City's sewer collection system. Principal payments are due annually on May 1. Interest payments, at an interest rate of 4.5%, are due semi-annually on November 1 and May 1. The loan matures May 2037, and the source of repayment is the Wastewater Enterprise Fund. The scheduled annual minimum debt service requirements at June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$22,000	\$22,500	\$44,500
2023	23,000	21,510	44,510
2024	24,000	20,476	44,476
2025	25,000	19,396	44,396
2026	26,000	18,270	44,270
2027-2031	150,000	72,632	222,632
2032-2036	187,000	35,686	222,686
2037	43,000	1,936	44,936
	<u>\$500,000</u>	<u>\$212,406</u>	<u>\$712,406</u>

Amador Regional Sanitation Authority (ARSA) Loans Payable: The City participates as one of three members of the Amador Regional Sanitation Authority (ARSA). This joint powers authority, comprised of the City of Sutter Creek, the City of Amador City and the County of Amador, serves its members by facilitating and acquiring items needed for the disposal and discharging of treated effluent generated by its member agencies. A five member board, consisting of two County Supervisors, two Sutter Creek City Councilmembers and one Amador City Councilmember, holds regularly scheduled monthly meetings.

In March 2006, the City of Sutter Creek and ARSA jointly funded the acquisition of an easement costing \$750,000. The easement provides for the eventual delivery of effluent (pipeline easement) to a spray field for the discharging of partially treated effluent. These facilities are to provide additional effluent disposal areas for ARSA. The timing of this development is unknown at this time (see Note 10 disclosure on developer agreement). The agreement with ARSA calls for the construction of a pipeline along the easement and for the proper discharge of effluent once the Gold Rush Golf development occurs. The City's agreement with Gold Rush Golf calls for the construction of the pipeline by the developer.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 – LONG-TERM DEBT (Continued)

The City provided \$300,000 of the funding of the easement while ARSA provided the remaining \$450,000. The purchase agreement calls for the City to reimburse ARSA the principal of \$450,000, plus interest at the State Treasurer's LAIF rate. Principal amounts were originally scheduled as follows:

\$50,000 due on June 30, 2008
\$50,000 due on June 30, 2009
\$50,000 due on June 30, 2010
\$100,000 due on June 30, 2011
\$100,000 due on June 30, 2012
\$100,000 due on June 30, 2013

Since the existing ARSA system is adequate at this time and economic conditions currently exist preventing the development of the Gold Rush Golf development, the pipeline and spray field easement is not needed. For this reason, the City requested a delay from ARSA in the repayment schedule. The most recent deferral approved by ARSA grants the City a delay until June 2022. On January 6, 2021, ARSA Governing Board approved an extension of the commencement date of repayment of interest and principal to begin on June 30, 2022.

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. General Information about the City's Other Post Employment Benefit (OPEB) Plan

Plan Description – The City's Post Employment Benefit Plan is a single employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75. For employees who retired prior to July 1, 2012, and employees hired before July 1, 2012 who subsequently retire from City service, the City will contribute \$105 per month toward retiree medical premiums for those retirees enrolled in the City-sponsored medical plan. Employees hired on or after July 1, 2012 are not eligible for other post-employment benefits (OPEB). There are currently three retirees, with one participating in the City-sponsored medical plan.

Benefits Provided – The only OPEB provided is a \$105 monthly stipend applied toward the cost of retiree health coverage. This benefit level has not been increased in many years and is not intended or expected to ever be increased in the future. The current eligible retirees are eligible to remain covered under the medical plan offered by the City to its active employees until reaching age 65. Subsequently, the retiree is required to find other healthcare coverage. The City will continue the stipend so long as the retiree remains covered for the balance of his or her lifetime. Benefits end upon the retiree's death. No survivor benefits are payable.

For the year ended June 30, 2021, the City's contributions to the Plan were \$3,780.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	-
Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Total	<u>3</u>

B. Total OPEB Liability

Actuarial Methods and Assumptions – The City’s total OPEB liability was measured as of June 30, 2021 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2020 to determine the \$51,277 total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Asset Valuation	Market Value
Discount Rate	2.16%
General Inflation Rate	2.50%
Assumed Wage Inflation	Not applicable
Payroll Growth	Not applicable
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally from 2015
Employer Cost Sharing	No increase in the \$105 monthly stipend amount

The discount rate was based on the Bond Buyer GO 20 index. As of the June 30, 2021, Measurement Date, use of this index results in a discount rate of 2.16%.

The basic mortality rates are used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, adjusted for a different basis used to project future mortality improvements. Representative mortality rates were those published by CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015, then projected on a generational basis by Macleod Watts Scare 2020.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

C. Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance at June 30, 2020	\$44,462
Changes Recognized for the Measurement Period:	
Service cost	-
Interest on the total OPEB liability	1,656
Changes of benefit terms	-
Differences between expected and actual experience	1,553
Changes of assumptions	7,386
Contributions from the employer	-
Benefit payments	(3,780)
Net changes	6,815
Balance at June 30, 2021	\$51,277

D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare 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 a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

Total OPEB Liability/(Asset)		
	Current	
Discount Rate -1%	Discount Rate	Discount Rate +1%
(1.16%)	(2.16%)	(3.16%)
\$56,328	\$51,277	\$46,940

Benefits payable in this plan are not dependent on healthcare trend.

E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$6,815, and did not report any deferred outflows and inflows of resources related to OPEB.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – NET POSITION AND FUND BALANCE

Fund Balance: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which comprise prepaid items and long-term receivables. The City does not have any nonspendable funds.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the City Council modifies or removes the fund balance commitment.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Funds – Unassigned fund balance is the residual classification of the City's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed. The City's committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position: The government-wide financial statements utilize a net position presentation. Net Position is categorized as follows:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category represents net position of the City not restricted for any project or other purpose.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – NET POSITION AND FUND BALANCE (Continued)

The following are the components of the Governmental Funds fund balances at June 30, 2021:

Fund Balance Classifications	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:			
Street and bridge projects		\$271,783	\$271,783
Public safety projects		17,137	17,137
Community projects		207,701	207,701
Total Restricted		<u>496,621</u>	<u>496,621</u>
Unassigned	<u>\$1,111,367</u>	<u>(2,461)</u>	<u>1,108,906</u>
Total Fund Balances	<u>\$1,111,367</u>	<u>\$494,160</u>	<u>\$1,605,527</u>

The City has continued its approach when budgeting to set aside for future projects and unforeseen circumstances. To that end, the City set aside 3% of its General Fund revenues this fiscal year to General Operating Reserves. The balance as of June 30, 2021 is \$227,216. The City also put 4% of its General Fund revenues to General Capital Reserves which has a balance of \$57,695 as of June 30, 2021. Finally, the City set aside 1% of its General Fund revenue to General Savings. At June 30, 2021, the balance is \$29,066.

Prior Period Adjustment

During fiscal year ended June 30, 2021, management determined that the accrual for accounts payable recorded in fiscal year ended June 30, 2019, was not properly reversed as of June 30, 2020. As a result, expenditures in the General Fund as of June 30, 2020 were overstated. Management has recorded a prior period adjustment, resulting in an overall increase of fund balance in the General Fund, and net position of Governmental Activities, of \$278,840.

NOTE 8 – PENSION PLAN

General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police) and Miscellaneous (all other) Employee Pension Rate Plans. The City’s Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect on June 30, 2021 are summarized as follows:

	<i>City Miscellaneous Plan</i>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 3.0%	1.0% to 2.5%
Required employee contribution rates	7.8%	6.75%
Required employer contribution rates	14.54%	7.59%

	<i>City Safety Plan</i>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9.0%	13.0%
Required employer contribution rates	22.48%	13.13%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$247,694 in fiscal year 2021.

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law 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. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan were as follows:

	Contributions - Employer
City Safety Plan	\$193,137
City Miscellaneous Plan	181,681
Total Contributions - Employer	<u>\$374,818</u>

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
City Safety Plan	\$1,857,834
City Miscellaneous Plan	2,029,947
Total Net Pension Liability	<u>\$3,887,781</u>

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2019, and 2020 was as follows:

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

	<u>City Safety Plan</u>
Proportion - June 30, 2019	0.02710%
Proportion - June 30, 2020	0.02789%
Change - Increase (Decrease)	<u>0.00079%</u>
	<u>City Miscellaneous Plan</u>
Proportion - June 30, 2019	0.04890%
Proportion - June 30, 2020	0.04812%
Change - Increase (Decrease)	<u>(0.00078%)</u>

For the year ended June 30, 2021, the City recognized pension expense of \$152,748. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$374,818	
Differences between actual and expected experience	248,675	
Differences between actual and proportional contributions	475	(\$125,924)
Changes in assumptions		(20,666)
Net difference between projected and actual earnings on pension plan investments	100,682	
Adjustments due to differences in proportion	75,829	(34,056)
Total	<u>\$800,479</u>	<u>(\$180,646)</u>

\$374,818 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2022	\$8,571
2023	99,080
2024	88,209
2025	49,155
Total	<u>\$245,015</u>

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

	All Plans
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal in accordance with the GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.00% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(4) All of the City's plans for miscellaneous and safety employed the same assumptions

Change of Assumptions – For the measurement date of June 30, 2020, the inflation rate was 2.50%.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 founded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ¹	Assumed asset allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%
Total	<u>100%</u>		

¹ In the System's Comprehensive Annual Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% is used this period.

³ An expected inflation of 2.92% is used this period.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

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 pension liability for the Plan, calculated using the discount rate for the 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:

	<u>City Safety Plan</u>
1% Decrease	6.15%
Net Pension Liability	\$2,775,284
Current Discount Rate	7.15%
Net Pension Liability	\$1,857,834
1% Increase	8.15%
Net Pension Liability	\$1,104,979
	<u>City Miscellaneous Plan</u>
1% Decrease	6.15%
Net Pension Liability	\$2,967,846
Current Discount Rate	7.15%
Net Pension Liability	\$2,029,947
1% Increase	8.15%
Net Pension Liability	\$1,254,991

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Event – Reduction of CalPERS Discount Rate - In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy, approved by the CalPERS Board of Administration in 2015, the 21.3% net return will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – PENSION PLAN (Continued)

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall Public Employees Retirement Fund (PERF) is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

NOTE 9 – INSURANCE

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a joint powers authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide liability insurance. CSJVRMA provides claims processing administrative services, risk management services and actuarial studies. The City Council does not have significant oversight responsibility, since they evenly share all factors of responsibility with other agencies. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member agencies. CSJVRMA is empowered to make supplemental assessments as needed to eliminate deficit positions of member agencies. If CSJVRMA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance. CSJVRMA establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The audited financial statements of the CSJVRMA are available at the CSJVRMA's office.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – INSURANCE (Continued)

The City's insurance coverage and the respective coverage providers are as follows:

Amount	Coverage Provider	Payment Source
LIABILITY CLAIMS		
\$10,000	Self Insurer	City funds
\$10,001 - \$1,000,000	Central San Joaquin Valley Risk Management Authority	Shared risk pool
WORKERS COMPENSATION:		
\$10,000	Self Insurer	City funds
\$10,001 - \$500,000	Central San Joaquin Valley Risk Management Authority	Shared risk pool
PROPERTY COVERAGE:		
\$5,000	Self Insurer	City funds
\$5,001 - \$25,000	Central San Joaquin Valley Risk Management Authority	Shared risk pool
AUTO PHYSICAL DAMAGE/LOW VALUE VEHICLE:		
\$500	Self Insurer	
\$501 - \$25,000 per loss	Central San Joaquin Valley Risk Management Authority	Shared risk pool

There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, settled claims have not exceeded insurance coverage for the past three fiscal years.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, will not have a material adverse effect on the financial condition of the City.

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government.

Developer Agreement: The City entered into an agreement in January 2010 with the Gold Rush Golf LLC. The agreement provides parameters for the development of a master plan community encompassing approximately 900 acres on the west side of the City. The development as pursued by Gold Rush Golf LLC and its successor entities are also controlled and limited by the various environmental and planning approvals obtained through the various approval processes stipulated by State law.

The agreement calls for the installation of a variety of public improvements that will serve the prospective development. Some of those improvements involve the City's sewage treatment plant. At this time, the site for the master plan community remains undeveloped and no new planning approvals have been sought by the developers. Given the state of the economy and the housing industry, it is unknown as to the timing of its development. The City has not initiated any plans for the expansion of its sewage treatment plan nor the related licensing, capacity and discharge limitations subject to State approval. The City has not recorded any obligation for any prospective public improvements associated with the development.

Contractual Arrangements: During the course of normal business the City enters into a variety of contractual arrangements for services and supplies. As of the balance sheet date the amount of these contractual arrangements total \$137,506 for various vendors.

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REQUIRED SUPPLEMENTARY INFORMATION

<p align="center">CITY OF SUTTER CREEK REQUIRED SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2021</p>
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Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years *

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF THE MEASUREMENT DATE**

Measurement date	City - Miscellaneous Plan		
	6/30/2014	6/30/2015	6/30/2016
Plan's proportion of the Net Pension Liability (Asset)	0.02113%	0.05285%	0.05055%
Plan's proportion share of the Net Pension Liability (Asset)	\$1,314,608	\$1,449,891	\$1,756,085
Plan's Covered Payroll	\$324,968	\$299,794	\$467,495
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	370.99%	483.63%	375.64%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.99%	75.77%	71.43%
Plan's Proportionate Share of Aggregate Employer Contributions	\$125,929	\$158,803	\$172,817

Measurement date	City - Safety Plan		
	6/30/2014	6/30/2015	6/30/2016
Plan's proportion of the Net Pension Liability (Asset)	0.01528%	0.02789%	0.02608%
Plan's proportion share of the Net Pension Liability (Asset)	\$950,642	\$1,069,197	\$1,069,197
Plan's Covered Payroll	\$352,448	\$364,745	\$269,693
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	217.54%	293.14%	396.45%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.13%	77.37%	73.34%
Plan's Proportionate Share of Aggregate Employer Contributions	\$96,145	\$103,268	\$113,766

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

<p align="center">CITY OF SUTTER CREEK REQUIRED SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2021</p>
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City - Miscellaneous Plan

<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
0.04949%	0.04967%	0.04890%	0.04812%
\$1,950,973	\$1,871,958	\$1,958,241	\$2,029,947
\$482,527	\$507,853	\$473,834	\$324,503
404.32%	368.60%	413.28%	625.56%
70.41%	71.77%	71.09%	71.20%
\$175,493	\$197,774	\$224,844	\$181,681

City - Safety Plan

<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
0.02608%	0.02668%	0.02710%	0.02789%
\$1,558,095	\$1,565,646	\$1,692,003	\$1,857,834
\$272,978	\$349,806	\$323,592	\$314,220
570.78%	447.58%	522.88%	591.25%
73.03%	74.73%	74.88%	72.50%
\$112,938	\$130,533	\$167,177	\$193,137

CITY OF SUTTER CREEK
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2021

Cost-Sharing Multiple Employer Defined Pension Plan
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal year	City Miscellaneous Plan		
	2015	2016	2017
Actuarially determined contribution	\$125,929	\$158,803	\$172,817
Contributions in relation to the actuarially determined contributions	(125,929)	(158,803)	(172,817)
Contribution deficiency (excess)	\$0	\$0	\$0
Covered payroll	\$299,794	\$467,495	\$482,527
Contributions as a percentage of covered payroll	42.01%	33.97%	35.81%

Fiscal year	City Safety Plan		
	2015	2016	2017
Actuarially determined contribution	\$96,145	\$103,268	\$113,766
Contributions in relation to the actuarially determined contributions	(96,145)	(103,268)	(113,766)
Contribution deficiency (excess)	\$0	\$0	\$0
Covered payroll	\$364,745	\$269,693	\$272,978
Contributions as a percentage of covered payroll	26.36%	38.29%	41.68%

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age		
Amortization method	Level percentage of payroll, closed		
Remaining amortization period	28 years		
Asset valuation method	5-year smoothed market		
Inflation	0.025		
Salary increases	Varies by Entry Age and Service		
Investment rate of return	7.5%, net of pension plan investment expense, including inflation	7.65%, net of pension plan investment expense, including inflation	7.65%, net of pension plan investment expense, including inflation
Retirement age	59 yrs. Misc., 54 yrs. Safety	50 & 52 & 55 yrs. Misc., 50 yrs. Safety	50 & 52 & 55 yrs. Misc., 50 yrs. Safety

Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 5 years of mortality improvements using the Society of Actuaries Scale AA.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.
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Changes in assumptions: For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

CITY OF SUTTER CREEK
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2021

2018	2019	2020	2021
\$175,493	\$197,774	\$224,844	\$181,681
(175,493)	(197,774)	(224,844)	(181,681)
\$0	\$0	\$0	\$0

\$507,853	\$473,834	\$324,503	\$527,385
34.56%	41.74%	69.29%	

2018	2019	2020	2021
\$112,938	\$130,533	\$167,177	\$193,137
(112,938)	(130,533)	(167,177)	(193,137)
\$0	\$0	\$0	\$0

\$349,806	\$323,592	\$314,220	\$361,808
32.29%	40.34%	53.20%	53.38%

7.375%, net of pension plan investment expense, including inflation

50 & 52 & 55 yrs. Misc., 50 yrs. Safety

7.25%, net of pension plan investment expense, including inflation

50 & 52 & 55 yrs. Misc., 50 yrs. Safety

7.00%, net of pension plan investment expense, including inflation

50 & 52 & 55 yrs. Misc., 50 yrs. Safety

7.00%, net of pension plan investment expense, including inflation

50 & 52 & 55 yrs. Misc., 50 yrs. Safety

The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

<p style="text-align: center;">CITY OF SUTTER CREEK REQUIRED SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2021</p>

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 fiscal years *

Measurement Date	6/30/18	6/30/19	6/30/2020	6/30/2021
Total OPEB Liability (1)				
Service Cost				
Interest	\$1,882	\$1,831	\$1,807	\$1,656
Changes of benefit terms				
Differences between expected and actual experience				1,553
Changes of assumptions				7,386
Benefit payments	(3,780)	(3,780)	(3,780)	(3,780)
Net change in total OPEB liability	(1,898)	(1,949)	(1,973)	6,815
Total OPEB liability - beginning	50,282	48,384	46,435	44,462
Total OPEB liability - ending	\$48,384	\$46,435	\$44,462	\$51,277
Covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

(1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

* Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

<p style="text-align: center;">CITY OF SUTTER CREEK REQUIRED SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2021</p>

SCHEDULE OF CONTRIBUTIONS

Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020	2021
Actuarially required contribution	\$3,780	\$3,780	\$3,780	\$3,780
Contributions in relation to the actuarially required contributions	3,780	3,780	3,780	3,780
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
Covered payroll	\$0	\$0	\$0	\$0

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Asset Valuation	Market Value
Discount Rate	2.16%
General Inflation Rate	2.50%
Assumed Wage Inflation	Not applicable
Payroll Growth	Not applicable
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally from 2015
Employer Cost Sharing	No increase in the \$105 monthly stipend amount

* Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

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SUPPLEMENTARY INFORMATION

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	SPECIAL REVENUE FUNDS				
	Gas Tax, Streets & Sidewalks Fund	Crestview Lighting District Fund	Cemetery Fund	FEMA Fund	AB 1600 Fund
ASSETS					
Cash and investments	\$2,130	\$3,139	\$2,582	\$9,398	\$153,478
Accounts receivable		643			
TOTAL ASSETS	<u>\$2,130</u>	<u>\$3,782</u>	<u>\$2,582</u>	<u>\$9,398</u>	<u>\$153,478</u>
LIABILITIES					
Accounts payable	\$3,008	\$68	\$40		
Deposits payable					
TOTAL LIABILITIES	<u>3,008</u>	<u>68</u>	<u>40</u>		
FUND BALANCE (DEFICIT)					
Restricted		3,714	2,542	\$9,398	\$153,478
Unassigned	(878)				
TOTAL FUND BALANCES (DEFICIT)	<u>(878)</u>	<u>3,714</u>	<u>2,542</u>	<u>9,398</u>	<u>153,478</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$2,130</u>	<u>\$3,782</u>	<u>\$2,582</u>	<u>\$9,398</u>	<u>\$153,478</u>

SPECIAL REVENUE FUNDS					
Police Grants Funds	Community Center Grant Fund	ACRA Regional Rec. Fees Fund	Broad Street Drain Fund	Traffic Mitigation Fund	Total Nonmajor Governmental Funds
\$7,739		\$47,967	\$1,208	\$298,081	\$525,722 643
<u>\$7,739</u>		<u>\$47,967</u>	<u>\$1,208</u>	<u>\$298,081</u>	<u>\$526,365</u>
	\$1,283 300			\$27,506	\$4,399 27,806
	<u>1,583</u>			<u>27,506</u>	<u>32,205</u>
\$7,739	(1,583)	\$47,967	\$1,208	270,575	496,621 (2,461)
<u>7,739</u>	<u>(1,583)</u>	<u>47,967</u>	<u>1,208</u>	<u>270,575</u>	<u>494,160</u>
<u>\$7,739</u>		<u>\$47,967</u>	<u>\$1,208</u>	<u>\$298,081</u>	<u>\$526,365</u>

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS				
	Gas Tax, Streets & Sidewalks Fund	Crestview Lighting District Fund	Cemetery Fund	FEMA Fund	AB 1600 Fund
GOVERNMENTAL REVENUES					
Taxes and special assessments	\$61,878				
Interest and investment income		\$4	\$6	\$24	\$372
Intergovernmental revenues					
Charges for services		2,809	2,500		6,334
Total Revenues	61,878	2,813	2,506	24	6,706
EXPENDITURES					
Current:					
General government					104
Public works and facilities	59,709	833	1,472		
Cultural and recreation					
Total Expenditures	59,709	833	1,472		104
OTHER FINANCING SOURCES					
Transfers in	77,944				
Transfers out					
Total Other Financing Sources	77,944				
NET CHANGE IN FUND BALANCE	80,113	1,980	1,034	24	6,602
FUND BALANCES (DEFICITS) BEGINNING OF YEAR	(80,991)	1,734	1,508	9,374	146,876
FUND BALANCES (DEFICITS) END OF YEAR	(\$878)	\$3,714	\$2,542	\$9,398	\$153,478

SPECIAL REVENUE FUNDS					
Police Grants Funds	Community Center Grant Fund	ACRA Regional Rec. Fees Fund	Broad Street Drain Fund	Traffic Mitigation Fund	Total Nonmajor Governmental Funds
					\$61,878
\$15	\$14	\$76	\$3	\$1,171	1,685
2,005	24,877				26,882
	38,502	8,760		4,693	63,598
2,020	63,393	8,836	3	5,864	154,043
	37,304				37,408
					62,014
	83,795				83,795
	121,099				183,217
	238,003				315,947
		(103,460)			(103,460)
	238,003	(103,460)			212,487
2,020	180,297	(94,624)	3	5,864	183,313
5,719	(181,880)	142,591	1,205	264,711	310,847
\$7,739	(\$1,583)	\$47,967	\$1,208	\$270,575	\$494,160

CITY OF SUTTER CREEK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL -
GAS TAX, STREETS & SIDEWALKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
REVENUES:			
Taxes and special assessments	\$63,143	\$61,878	(\$1,265)
Interest and investment income			
Intergovernmental revenues	1,200		(1,200)
TOTAL REVENUES	64,343	61,878	(2,465)
EXPENDITURES:			
Current:			
Public works and facilities	59,369	59,709	(340)
TOTAL EXPENDITURES	59,369	59,709	(340)
OTHER FINANCING SOURCES (USES)			
Transfers in		77,944	77,944
TOTAL OTHER FINANCING SOURCES (USES)		77,944	77,944
NET CHANGE IN FUND BALANCE	4,974	80,113	75,139
FUND BALANCES (DEFICIT) BEGINNING OF YEAR	(80,991)	(80,991)	
FUND BALANCES (DEFICIT) END OF YEAR	(\$76,017)	(\$878)	\$75,139

CUSTODIAL FUNDS

CITY OF SUTTER CREEK
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2021

	Monteverde Store Fund	Knights Foundry Fund	Community Facilities District Fund	Amador Regional Sanitary District	Total Custodial Funds
ASSETS					
Cash and investments		\$3,117	\$946		\$4,063
Prepaid expenses		1,500			1,500
Due from members				\$23,842	23,842
TOTAL ASSETS		\$4,617	\$946	\$23,842	\$29,405
LIABILITIES					
Accounts payable	\$2,404		\$928	\$3,824	\$7,156
Due to other governments		\$10,531			10,531
TOTAL LIABILITIES	2,404	10,531	928	3,824	17,687
NET POSITION (DEFICIT)					
Restricted	(2,404)	(5,914)	18	20,018	11,718
TOTAL NET POSITION (DEFICIT)	(\$2,404)	(\$5,914)	\$18	\$20,018	\$11,718

CITY OF SUTTER CREEK
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Monteverde Store Fund	Knights Foundry Fund	Community Facilities District Fund	Amador Regional Sanitary District	Total Custodial Funds
ADDITIONS:					
Interest and investment income		\$7	\$2		\$9
Charges for services				\$322,979	322,979
Other revenue	\$1,612			70,425	72,037
TOTAL ADDITIONS	1,612	7	2	393,404	395,025
DEDUCTIONS:					
Operations - salaries and benefits	73	125		135,993	136,191
Operations - other				384,218	384,218
Utilities	975			387	1,362
Repairs and maintenance	504			696	1,200
Supplies				664	664
Professional services				2,306	2,306
TOTAL DEDUCTIONS	1,552	125		524,264	525,941
CHANGE IN NET POSITION	60	(118)	2	(130,860)	(130,916)
NET POSITION, BEGINNING OF YEAR AS RESTATED	(2,464)	(5,796)	16	150,878	142,634
NET POSITION, END OF YEAR	(\$2,404)	(\$5,914)	\$18	\$20,018	\$11,718

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