

CITY OF SUTTER CREEK, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

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CITY OF SUTTER CREEK, CALIFORNIA

Basic Financial Statements

For the Year Ended June 30, 2018

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CITY OF SUTTER CREEK, CALIFORNIA

Basic Financial Statements

For the Year Ended June 30, 2018

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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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2018, 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.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 1M.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
March 18, 2019

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, 2018. 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, 2018 by \$12 million, which represents the net position. Of this amount, \$12,508,487 is the net investment in capital assets, \$712,249 is restricted for other City projects and \$(791,428) is unrestricted.
- The City's net position increased by \$426,111 for year ended June 30, 2018, compared to Fiscal year end 2017.
- General Fund revenues exceeded General Fund expenses by \$254,137, City's General Fund revenue totaled \$1,917,989 and General Fund expense totaled \$1,663,852 for fiscal year 2018.
- The City budgeted 3% of General Fund revenue, \$51,486 that was transferred to the General Reserve Fund
- The City budgeted \$10,000 of General Fund revenue that was transferred to the General Operating Reserve Fund.

Overview of the Financial Statements:

This discussion and analysis serves as 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 \$12 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, 2018. 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.

Other 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 | |
|---------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets | | | | | | |
| Current and other assets | \$ 2,069,454 | \$ 2,519,095 | \$ 1,950,564 | \$ 1,869,034 | \$ 4,020,018 | \$ 4,388,129 |
| Capital assets, net | 11,429,754 | 10,113,385 | 2,088,733 | 2,100,572 | 13,518,487 | 12,213,957 |
| Total Assets | 13,499,208 | 12,632,480 | 4,039,297 | 3,969,606 | 17,538,505 | 16,602,086 |
| Deferred Outflows of Resources | | | | | | |
| Pension related | 573,808 | 521,488 | 398,749 | 287,021 | 972,557 | 808,509 |
| Total Deferred Outflows of Resources | 573,808 | 521,488 | 398,749 | 287,021 | 972,557 | 808,509 |
| | | | | | | - |
| Liabilities | | | | | | |
| Current | 903,134 | 835,772 | 620,886 | 195,714 | 1,524,020 | 1,031,486 |
| Long-term liabilities | 2,127,094 | 2,030,118 | 1,999,370 | 2,122,734 | 4,126,464 | 4,152,852 |
| Total Liabilities | 3,030,228 | 2,865,890 | 2,620,256 | 2,318,448 | 5,650,484 | 5,184,338 |
| | | | | | | - |
| Deferred Inflows of Resources | | | | | | |
| Pension related | 254,449 | 143,874 | 176,821 | 79,186 | 431,270 | 223,060 |
| Total Deferred Inflows of Resources | 254,449 | 143,874 | 176,821 | 79,186 | 431,270 | 223,060 |
| | | | | | | - |
| Net Position | | | | | | |
| Net investment in capital assets | 11,429,754 | 10,113,385 | 1,078,733 | 1,030,127 | 12,508,487 | 11,143,512 |
| Restricted | 712,249 | 825,481 | | | 712,249 | 825,481 |
| Unrestricted | (1,353,664) | (794,662) | 562,236 | 828,866 | (791,428) | 34,204 |
| Total Net Position | \$ 10,788,339 | \$ 10,144,204 | \$ 1,640,969 | \$ 1,858,993 | \$ 12,429,308 | \$ 12,003,197 |

Net position represents the difference between the City's resources and its obligations. At June 30, 2018, 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 \$12,508,487 (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 \$712,249 and unrestricted totaling \$(791,428). 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 | |
|------------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Charges for services | \$ 259,837 | \$ 411,283 | \$ 1,676,965 | \$ 1,813,963 | \$ 1,936,802 | \$ 2,225,246 |
| Operating grants and contributions | 166,266 | 167,105 | | | 166,266 | 167,105 |
| Capital grants and contributions | 396,896 | 1,633,095 | | | 396,896 | 1,633,095 |
| General Revenue | | | | | - | - |
| Property taxes: | 756,084 | 716,401 | | | 756,084 | 716,401 |
| Sales taxes | 412,434 | 324,572 | | | 412,434 | 324,572 |
| Transient occupancy tax | 275,319 | 267,392 | | | 275,319 | 267,392 |
| Franchise taxes | 101,176 | 108,874 | | | 101,176 | 108,874 |
| Gas taxes | 111,495 | 55,586 | | | 111,495 | 55,586 |
| Investment income | 6,259 | 3,723 | 4,543 | 1,263 | 10,802 | 4,986 |
| Rental income | 24,000 | 22,658 | | | 24,000 | 22,658 |
| Contributed capital | | 850,000 | | | - | 850,000 |
| Miscellaneous | 66,835 | 39,516 | | | 66,835 | 39,516 |
| Interfund transfers | 51,585 | 9,989 | (51,585) | (9,989) | - | - |
| Total revenue and transfers | 2,628,186 | 4,610,194 | 1,629,923 | 1,805,237 | 4,258,109 | 6,415,431 |
| | | | | | | - |
| Expenses | | | | | | - |
| General government | 619,758 | 486,759 | | | 619,758 | 486,759 |
| Public safety | 841,312 | 631,809 | | | 841,312 | 631,809 |
| Culture and recreation | | 76 | | | - | 76 |
| Public works | 433,766 | 722,320 | | | 433,766 | 722,320 |
| Community development | 64,619 | 69,272 | | | 64,619 | 69,272 |
| Wastewater | | | 1,840,667 | 1,772,691 | 1,840,667 | 1,772,691 |
| Total Expenses | 1,959,455 | 1,910,236 | 1,840,667 | 1,772,691 | 3,800,122 | 3,682,927 |
| Change in net assets | 668,731 | 2,699,958 | (210,744) | 32,546 | 457,987 | 2,732,504 |
| | | | | | | - |
| Net Position - beginning | 10,119,608 | 7,444,246 | 1,851,713 | 1,826,447 | 11,971,321 | 9,270,693 |
| Net Position - ending | \$ 10,788,339 | \$ 10,144,204 | \$ 1,640,969 | \$ 1,858,993 | \$ 12,429,308 | \$ 12,003,197 |

Revenue

The City's total revenue was \$4.26 million for the fiscal year ended June 30, 2018. Revenue from governmental activities totaled \$2.63 million and revenue from business-type activities total \$1.63 million. Charges for services provided 45 percent of total revenue of the City, while property taxes provided 18 percent. Revenue decreased \$2.2 million from the previous year, primarily from capital grants and contributions which decreased by \$1.2 million and contributed capital which decreased by \$850,000.

Expenses

Expenses of the City for the year totaled \$3.8 million. Governmental activity expenses totaled \$1.9 million or 52 percent of total expenses. Business-type activity expenses total \$1.8 million or 48 percent of total expenses. Total expenses increased by \$117,194 from fiscal year June 30, 2017.

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 \$468,663 a decrease of \$500,494 from last year's ending fund balances of \$969,157. The majority of the decrease is due to the Sutter Creek Bridge Replacement Grant Fund which decreased by \$1.1 million as a result of capital outlay.

Fund Budgetary Highlights:

The General Fund final adopted budget had a decrease from the prior year in total revenue by \$65,774 and the actual total revenue decreased from the prior year by \$183,783. Budgeted revenues for the General Fund for 2018 totaled \$1.65 million while actual revenues equaled \$1.9 million, a difference of \$266,490.

General Fund expenditures budgeted for 2018 totaled \$1.6 million while actual expenditures equaled \$1.66 million, a difference of \$62,649. Public safety had the largest reduction from budgeted to actual amounts spent, budgeted was \$901,691 and actual \$778,290 a difference of \$123,401.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

As of the end of fiscal year 2018, the City had invested \$13.5 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 \$1.3 million during 2018. Total depreciation expense for the year was \$160,699. 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 \$560k 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. The City saw an increase in these three revenue sources in the amount of \$135,472 between 2018 and 2017.

The City understands that preparing for future downturns and capital improvements are necessary for a secure future, to that end, the City set aside \$166,017 in the General Operations Reserve fund and \$149,513 in the General Capital Reserve fund.

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 \$206,577 in fiscal year 2018 and projections for 2019 has unfunded liability as \$244,471.

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, 2018

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents (Note 2) | \$1,775,811 | \$1,858,526 | \$3,634,337 |
| Accounts receivable, net of allowance for doubtful accounts | 30,150 | 48,589 | 78,739 |
| Prepaid expense | | | |
| Due from other government agencies | 263,493 | 43,449 | 306,942 |
| Total current assets | <u>2,069,454</u> | <u>1,950,564</u> | <u>4,020,018</u> |
| Noncurrent assets: | | | |
| Capital assets (Notes 1E and 4): | | | |
| Non-depreciable | 6,780,968 | 596,362 | 7,377,330 |
| Depreciable, net | 4,648,786 | 1,492,371 | 6,141,157 |
| Total noncurrent assets | <u>11,429,754</u> | <u>2,088,733</u> | <u>13,518,487</u> |
| Total Assets | <u>13,499,208</u> | <u>4,039,297</u> | <u>17,538,505</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related (Note 8) | <u>573,808</u> | <u>398,749</u> | <u>972,557</u> |
| Total Deferred Outflows of Resources | <u>573,808</u> | <u>398,749</u> | <u>972,557</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 786,116 | 36,178 | 822,294 |
| Accrued liabilities | 9,895 | 24,899 | 34,794 |
| Due to other governments | 990 | | 990 |
| Interest payable | | 81,558 | 81,558 |
| Deposits payable | 55,615 | 4,174 | 59,789 |
| Retention payable | 39,084 | | 39,084 |
| Unearned revenue | | | |
| Compensated absences, due in less than one year (Note 1G) | 11,434 | 5,077 | 16,511 |
| Long-term debt, due in less than one year (Note 5) | | 469,000 | 469,000 |
| Total current liabilities | <u>903,134</u> | <u>620,886</u> | <u>1,524,020</u> |
| Long-term liabilities: | | | |
| Compensated absences, due in more than one year (Note 1G) | 19,488 | 8,524 | 28,012 |
| Long-term debt, due in more than one year (Note 5) | | 541,000 | 541,000 |
| Total OPEB liability (Note 6) | 37,256 | 11,128 | 48,384 |
| Net pension liability (Note 8) | 2,070,350 | 1,438,718 | 3,509,068 |
| Total long-term liabilities | <u>2,127,094</u> | <u>1,999,370</u> | <u>4,126,464</u> |
| Total Liabilities | <u>3,030,228</u> | <u>2,620,256</u> | <u>5,650,484</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related (Note 8) | <u>254,449</u> | <u>176,821</u> | <u>431,270</u> |
| Total Deferred Inflows of Resources | <u>254,449</u> | <u>176,821</u> | <u>431,270</u> |
| NET POSITION (Note 7) | | | |
| Net investment in capital assets | 11,429,754 | 1,078,733 | 12,508,487 |
| Restricted for other City projects | 712,249 | | 712,249 |
| Unrestricted | (1,353,664) | 562,236 | (791,428) |
| Total Net Position | <u>\$10,788,339</u> | <u>\$1,640,969</u> | <u>\$12,429,308</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, 2018

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|---|--------------------|--|--|--|----------------------------|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities |
| Governmental Activities: | | | | | | |
| General government and administrative services | \$619,758 | \$142,567 | | | (\$477,191) | |
| Public safety | 841,312 | 18,543 | \$166,266 | | (656,503) | |
| Culture and recreation | | 96,052 | | | 96,052 | |
| Public works | 433,766 | 2,675 | | \$396,896 | (34,195) | |
| Community development | 64,619 | | | | (64,619) | |
| Total Governmental Activities | <u>1,959,455</u> | <u>259,837</u> | <u>166,266</u> | <u>396,896</u> | <u>(1,136,456)</u> | <u>(1,136,456)</u> |
| Business-type Activities: | | | | | | |
| Wastewater | <u>1,840,667</u> | <u>1,676,965</u> | | | | (\$163,702) |
| Total Business-type Activities | <u>1,840,667</u> | <u>1,676,965</u> | | | | <u>(163,702)</u> |
| Total Government-Wide | <u>\$3,800,122</u> | <u>\$1,936,802</u> | <u>\$166,266</u> | <u>\$396,896</u> | <u>(1,136,456)</u> | <u>(163,702)</u> |
| | | | | | | |
| | | General revenues: | | | | |
| | | Taxes: | | | | |
| | | Property taxes | | | 756,084 | |
| | | Sales taxes | | | 412,434 | |
| | | Transient occupancy tax | | | 275,319 | |
| | | Franchise taxes | | | 101,176 | |
| | | Gas taxes | | | 111,495 | |
| | | Investment income | | | 6,259 | 4,543 |
| | | Rental income | | | 24,000 | |
| | | Miscellaneous | | | 66,835 | |
| | | Transfers | | | 51,585 | (51,585) |
| | | Total General Revenues | | | <u>1,805,187</u> | <u>(47,042)</u> |
| | | Changes in Net Position | | | 668,731 | (210,744) |
| | | Net Position - Beginning as Restated (Note 1M) | | | <u>10,119,608</u> | <u>1,851,713</u> |
| | | Net Position - Ending | | | <u>\$10,788,339</u> | <u>\$1,640,969</u> |

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

CITY OF SUTTER CREEK
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2018

| | 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) | \$1,055,574 | | | \$720,237 |
| Accounts receivable, net of allowance for doubtful accounts | 25,851 | | | 4,299 |
| Due from other governmental agencies | 116,458 | \$117,537 | | 29,498 |
| Due from other funds (Note 3) | 803,304 | | | 803,304 |
| TOTAL ASSETS | \$2,001,187 | \$117,537 | | \$754,034 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$55,839 | \$28,840 | \$658,655 | \$42,782 |
| Accrued liabilities | 9,895 | | | 9,895 |
| Due to other funds (Note 3) | | 589,090 | 212,053 | 2,161 |
| Due to other governments | 990 | | | 990 |
| Deposits payable | 55,615 | | | 55,615 |
| Retention payable | | | 39,084 | 39,084 |
| TOTAL LIABILITIES | 122,339 | 617,930 | 909,792 | 44,943 |
| FUND BALANCES (Note 7) | | | | |
| Restricted | | | | 712,249 |
| Unassigned | 1,878,848 | (500,393) | (909,792) | (3,158) |
| TOTAL FUND BALANCES | 1,878,848 | (500,393) | (909,792) | 709,091 |
| TOTAL LIABILITIES AND FUND BALANCES | \$2,001,187 | \$117,537 | | \$754,034 |

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, 2018

| | |
|---|----------------------------|
| Total Governmental Fund Balances | \$1,177,754 |
| 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. | 11,429,754 |
| 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 | (30,922) |
| Other post-employment benefits | (37,256) |
| Pension related deferred outflows, deferred inflows and liabilities | (1,750,991) |
| Net Position of Governmental Activities | <u><u>\$10,788,339</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, 2018

| | Major Funds | | | | |
|--|--------------|---------------------------------------|--------------------------------------|-----------------------------|--------------------|
| | General Fund | Badger Street Bridge Replacement Fund | Sutter Creek Bridge Replacement Fund | Nonmajor Governmental Funds | Governmental Funds |
| REVENUES | | | | | |
| Taxes and assessments | \$1,527,751 | | \$9,675 | \$114,430 | \$1,651,856 |
| Licenses, permits and fees | 46,549 | | | 475 | 47,024 |
| Fines and forfeitures | 13,111 | | | | 13,111 |
| Interest and investment income | 4,093 | | 275 | 1,891 | 6,259 |
| Intergovernmental revenues | 161,660 | \$245,157 | 21,850 | 160,992 | 589,659 |
| Charges for services | 123,084 | | | 103,867 | 226,951 |
| Other revenue | 41,741 | | | | 41,741 |
| TOTAL REVENUES | 1,917,989 | 245,157 | 31,800 | 381,655 | 2,576,601 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government and administration | 346,701 | | | 9,793 | 356,494 |
| Public safety | 778,290 | | | 257 | 778,547 |
| Public works and facilities | 301,803 | | | 126,071 | 427,874 |
| Community development | 64,619 | | | | 64,619 |
| Cultural and recreation | 162,607 | | | 55,116 | 217,723 |
| Capital outlay | 9,832 | 107,248 | 1,139,074 | 41,333 | 1,297,487 |
| TOTAL EXPENDITURES | 1,663,852 | 107,248 | 1,139,074 | 232,570 | 3,142,744 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 254,137 | 137,909 | (1,107,274) | 149,085 | (566,143) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in (Note 3) | 112,478 | | | 95,226 | 207,704 |
| Transfers out (Note 3) | (95,226) | | | (60,893) | (156,119) |
| TOTAL OTHER FINANCING SOURCES (USES) | 17,252 | | | 34,333 | 51,585 |
| NET CHANGE IN FUND BALANCES | 271,389 | 137,909 | (1,107,274) | 183,418 | (514,558) |
| FUND BALANCES, BEGINNING OF YEAR | 1,607,459 | (638,302) | 197,482 | 525,673 | 1,692,312 |
| FUND BALANCES, END OF YEAR | \$1,878,848 | (\$500,393) | (\$909,792) | \$709,091 | \$1,177,754 |

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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$514,558)

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 | (160,699) |
| The capital outlay and other capitalizable expenditures are added back to fund balance | 1,477,068 |

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 | (9,883) |
| Other post-employment benefits | 1,461 |

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>(124,658)</u> |
|---|------------------|

| | |
|---|-------------------------|
| Change in Net Assets of Governmental Activities | <u><u>\$668,731</u></u> |
|---|-------------------------|

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, 2018

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|-------------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$1,277,143 | \$1,277,143 | \$1,527,751 | \$250,608 |
| Licenses and permits | 47,836 | 47,836 | 46,549 | (1,287) |
| Fines and penalties | 15,000 | 15,000 | 13,111 | (1,889) |
| Interest and investment income | 2,901 | 3,974 | 4,093 | 119 |
| Intergovernmental | 161,582 | 161,582 | 161,660 | 78 |
| Charges for services | 112,671 | 112,671 | 123,084 | 10,413 |
| Other revenue | 33,293 | 33,293 | 41,741 | 8,448 |
| TOTAL REVENUES | 1,650,426 | 1,651,499 | 1,917,989 | 266,490 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government and administration | 265,843 | 253,713 | 346,701 | (92,988) |
| Public safety | 901,691 | 901,691 | 778,290 | 123,401 |
| Public works and facilities | 184,271 | 190,938 | 301,803 | (110,865) |
| Community development | 61,754 | 63,854 | 64,619 | (765) |
| Culture and recreation | 191,007 | 191,007 | 162,607 | 28,400 |
| Capital outlay | | | 9,832 | (9,832) |
| TOTAL EXPENDITURES | 1,604,566 | 1,601,203 | 1,663,852 | (62,649) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 45,860 | 50,296 | 254,137 | 203,841 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | 112,478 | 112,478 |
| Transfers out | | | (95,226) | (95,226) |
| TOTAL OTHER FINANCING USES | | | 17,252 | 17,252 |
| NET CHANGE IN FUND BALANCE | \$45,860 | \$50,296 | 271,389 | \$221,093 |
| FUND BALANCES, BEGINNING OF YEAR | | | 1,607,459 | |
| FUND BALANCES, END OF YEAR | | | \$1,878,848 | |

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, 2018

| | Major Enterprise Fund |
|---|-----------------------------|
| | Wastewater Fund |
| ASSETS | |
| CURRENT ASSETS | |
| Cash and investments (Note 2) | \$1,858,526 |
| Accounts receivable, net | 48,589 |
| Due from other governments | 43,449 |
| TOTAL CURRENT ASSETS | <u>1,950,564</u> |
| NONCURRENT ASSETS | |
| Capital assets (Note 4): | |
| Non-depreciable | 596,362 |
| Depreciable - net | 1,492,371 |
| TOTAL NONCURRENT ASSETS | <u>2,088,733</u> |
| TOTAL ASSETS | <u>4,039,297</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related (Note 8) | 398,749 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>398,749</u> |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accounts payable | 36,178 |
| Accrued liabilities | 24,899 |
| Interest payable | 81,558 |
| Deposits payable | 4,174 |
| Compensated absences, due in less than one year (Note 1G) | 5,077 |
| Long-term debt, due in less than one year (Note 5) | 469,000 |
| TOTAL CURRENT LIABILITIES | <u>620,886</u> |
| NONCURRENT LIABILITIES | |
| Compensated absences, due in more than one year (Note 1G) | 8,524 |
| Long-term debt, due in more than one year (Note 5) | 541,000 |
| Total OPEB liability (Note 6) | 11,128 |
| Net pension liability (Note 8) | 1,438,718 |
| TOTAL NONCURRENT LIABILITIES | <u>1,999,370</u> |
| TOTAL LIABILITIES | <u>2,620,256</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related (Note 8) | 176,821 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>176,821</u> |
| NET POSITION | |
| Net investment in capital assets | 1,078,733 |
| Unrestricted | 562,236 |
| TOTAL NET POSITION | <u><u>\$1,640,969</u></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, 2018

| | |
|--|-----------------------------|
| | Major Enterprise Fund |
| | Wastewater Fund |
| OPERATING REVENUES | |
| Service charges | \$1,676,965 |
| | <u>1,676,965</u> |
| TOTAL OPERATING REVENUES | <u>1,676,965</u> |
| OPERATING EXPENSES | |
| Salaries and benefits | 893,414 |
| Operation and maintenance | 835,997 |
| Depreciation (Note 4) | 81,069 |
| | <u>1,810,480</u> |
| TOTAL OPERATING EXPENSES | <u>1,810,480</u> |
| OPERATING INCOME (LOSS) | <u>(133,515)</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest income | 4,543 |
| Interest expense | (30,187) |
| | <u>(25,644)</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(25,644)</u> |
| OTHER FINANCING SOURCES (USES) | |
| Transfers out (Note 3) | (51,585) |
| | <u>(51,585)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(51,585)</u> |
| Change in net position | (210,744) |
| BEGINNING NET POSITION AS RESTATED (Note 1M) | <u>1,851,713</u> |
| ENDING NET POSITION | <u><u>\$1,640,969</u></u> |

See accompanying notes to financial statements

CITY OF SUTTER CREEK
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018

| | Wastewater Fund |
|--|---------------------------|
| Cash Flows from Operating Activities: | |
| Cash received from customers | \$1,829,014 |
| Cash paid to suppliers | (866,559) |
| Cash paid to employees and related benefits | (568,561) |
| Cash Flows from Operating Activities | <u>393,894</u> |
| Cash Flows from Non-Capital Activities | |
| Transfers out | (51,585) |
| Cash Flows from Non-Capital Activities | <u>(51,585)</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Capital asset acquisition | (111,675) |
| Debt principal paid | (18,000) |
| Interest paid | (26,043) |
| Cash Flows from Capital and Related Financing Activities | <u>(155,718)</u> |
| Cash Flows from Investing Activities | |
| Interest received | 4,543 |
| Cash Flows from Investing Activities | <u>4,543</u> |
| Increase in cash and cash equivalents | 191,134 |
| Cash and cash equivalents, beginning of year | <u>1,667,392</u> |
| Cash and cash equivalents, end of year | <u><u>\$1,858,526</u></u> |
| Reconciliation of Net Operating Income (Loss) | |
| to cash provided by operating activities: | |
| Operating loss | (\$133,515) |
| Adjustments to reconcile net operating loss to cash | |
| provided by operating activities: | |
| Depreciation | 81,069 |
| (Decrease) increase in due to retirement system | 321,677 |
| (Increase) decrease in assets: | |
| Accounts receivable | 17,833 |
| Due from other governments | 134,216 |
| (Decrease) increase in liabilities: | |
| Accounts payable | (30,622) |
| Deposits payable | 60 |
| Other post employment benefits | (437) |
| Accrued compensated absences | <u>3,613</u> |
| Cash Flows from Operating Activities | <u><u>\$393,894</u></u> |

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

CITY OF SUTTER CREEK
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

| | Agency Funds |
|-------------------------------|-----------------------------|
| | <u> </u> |
| ASSETS | |
| Cash and investments (Note 2) | \$17,393 |
| Due from members | <u>7,392</u> |
| | |
| Total Assets | <u><u>\$24,785</u></u> |
| | |
| LIABILITIES | |
| Accounts payable | \$5,941 |
| Due to other governments | 10,531 |
| Due to members | <u>8,313</u> |
| | |
| Total Liabilities | <u><u>\$24,785</u></u> |

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

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018

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, with the exception of agency funds, which have no measurement focus. 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, 2018

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

Agency Funds – Agency Funds account for assets held by the City in a purely custodial capacity. Agency 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, 2018

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, 2018.

- 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets, including public domain (infrastructure) capital assets consisting of certain improvements other than buildings, but including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, were required to be capitalized prospectively beginning July 1, 2003. Prior to the fiscal year ended June 30, 2018, the City had not recorded all infrastructure assets prospectively beginning July 1, 2003, as required under generally accepted accounting principles. The City has been working on updating its capital assets records over the past few years, and during fiscal year ended June 30, 2018, made a concerted effort to review all of its existing assets to ensure all have been recorded and are being depreciated.

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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes of the compensated absences during the fiscal year ended June 30, 2018 were as follows:

| | Balance June 30, 2017 | Additions | Payments | Balance June 30, 2018 | Due Within One Year |
|--------------------------|--------------------------|-----------------|-------------------|--------------------------|------------------------|
| Governmental Activities | \$21,039 | \$27,264 | (\$17,381) | \$30,922 | \$11,434 |
| Business-Type Activities | 9,988 | 11,231 | (7,618) | 13,601 | 5,077 |
| Total | <u>\$31,027</u> | <u>\$38,495</u> | <u>(\$24,999)</u> | <u>\$44,523</u> | <u>\$16,511</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. Closed Fund: The Community Trust Fund Agency Fund was closed as of July 1, 2017.

- L. 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, 2018

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 Gas Tax, Streets & Sidewalks Special Revenue Fund, all Special Revenue Funds are not budgeted.

Deficit Fund Equity: The following funds have fund deficits at June 30, 2018:

| | <u>Amount</u> |
|--|---------------|
| Badger Street Bridge Replacement Capital Projects Fund | \$500,393 |
| Sutter Creek Bridge Replacement Capital Projects Fund | 909,792 |
| Crestview Lighting District Special Revenue Fund | 901 |
| Community Center Grant Special Revenue Fund | 1,040 |
| Central Eureka Mine Project Special Revenue Fund | 1,227 |

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

M. New Governmental Accounting Standards Board (GASB) Pronouncement and Restatement:

Management adopted the provisions of the following GASB Statement, which became effective during the year ended June 30, 2018:

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). The Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*.

The implementation of the Statement required the City to make prior period adjustments. As a result, the beginning net positions of the Governmental Activities and the Wastewater Enterprise Fund were restated and reduced by \$24,596 and \$7,280 respectively. See Note 6.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

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, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|---|---------------------------|
| Cash and investments of the City | \$3,634,337 |
| Cash and investments in Fiduciary Funds (separate statement): | |
| Cash and investments | <u>17,393</u> |
| Total cash and investments | <u><u>\$3,651,730</u></u> |

Cash and investments as of June 30, 2018 consisted of the following:

| | |
|--------------------------------------|---------------------------|
| Cash on hand | \$500 |
| Deposits with financial institutions | 1,162,718 |
| Investments | <u>2,488,512</u> |
| Total cash and investments | <u><u>\$3,651,730</u></u> |

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 |
| (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 193 days.

| Investment | Total | Remaining Maturity (in Months) 12 Months or Less |
|-------------------|--------------------|--|
| Money Market Fund | \$1,475,211 | \$1,475,211 |
| LAIF | 1,013,301 | 1,013,301 |
| | <u>\$2,488,512</u> | <u>\$2,488,512</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 Depository 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, 2018

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 | | \$1,475,211 |
| LAIF | N/A | \$1,013,301 | 1,013,301 |
| | | <u>\$1,013,301</u> | <u>\$2,488,512</u> |

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 the General Fund to cover cash flow shortfalls and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2018, interfund balances were as follows:

| Due To | Due From | Amount Owed |
|----------------------------------|--------------|------------------|
| Special Revenue Funds | | |
| Crestview Lighting District | General Fund | \$935 |
| Central Eureka | General Fund | 1,226 |
| Capital Projects Funds | | |
| Badger Street Bridge Replacement | General Fund | 589,090 |
| Sutter Creek Bridge Replacement | General Fund | 212,053 |
| | | <u>\$803,304</u> |

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 – INTERFUND TRANSACTIONS (Continued)

The City had the following transfers in/out for the year ended June 30, 2018:

| Fund Receiving Transfer | Fund Making Transfer | Amount Transferred |
|-----------------------------|-----------------------------|-----------------------|
| General Fund | Wastewater Enterprise Fund | \$51,585 (a) & (c) |
| | Nonmajor Governmental Funds | 60,893 (c) |
| Nonmajor Governmental Funds | General Fund | 95,226 (b) |
| | | <u>\$207,704</u> |

(a) Transfer for capital projects

(b) Transfer for funding operations

(c) Transfer for funding compensated absences reserve

NOTE 4 – CAPITAL ASSETS

Governmental activities capital assets activities for the year ended June 30, 2018 was as follows:

| | Balance at June 30, 2017 | Additions | Transfers | Balance at June 30, 2018 |
|---|-----------------------------|-------------|---------------|-----------------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$1,707,461 | | | \$1,707,461 |
| Construction in progress | 5,021,756 | \$1,246,322 | (\$1,194,571) | 5,073,507 |
| Total capital assets, not being depreciated | 6,729,217 | 1,246,322 | (1,194,571) | 6,780,968 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 4,153,388 | | | 4,153,388 |
| Infrastructure | 2,934,706 | 180,000 | 1,194,571 | 4,309,277 |
| Machinery and equipment | 398,940 | 50,746 | | 449,686 |
| Total capital assets being depreciated | 7,487,034 | 230,746 | 1,194,571 | 8,912,351 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,399,965) | (34,202) | | (3,434,167) |
| Infrastructure | (348,122) | (103,824) | | (451,946) |
| Machinery and equipment | (354,779) | (22,673) | | (377,452) |
| Total accumulated depreciation | (4,102,866) | (160,699) | | (4,263,565) |
| Capital assets being depreciated, net | 3,384,168 | 70,047 | 1,194,571 | 4,648,786 |
| Governmental Activities capital assets, net | \$10,113,385 | \$1,316,369 | | \$11,429,754 |

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 4 – CAPITAL ASSETS (Continued)

Business-type capital assets activities for the year ended June 30, 2018 was as follows:

| | Balance at June 30, 2017 | Additions | Balance at June 30, 2018 |
|--|-----------------------------|-----------|-----------------------------|
| Business-type Activities | | | |
| Capital assets, not being depreciated: | | | |
| Land | \$596,362 | | \$596,362 |
| Total capital assets, not being depreciated | 596,362 | | 596,362 |
| Capital assets, being depreciated: | | | |
| Buildings and improvements | 328,791 | | 328,791 |
| Wastewater facilities | 2,169,275 | | 2,169,275 |
| Sewer treatment plant | 1,859,727 | \$111,675 | 1,971,402 |
| Machinery and equipment | 126,864 | | 126,864 |
| Total capital assets being depreciated | 4,484,657 | 111,675 | 4,596,332 |
| Less accumulated depreciation for: | | | |
| Buildings and improvements | (328,789) | (2) | (328,791) |
| Wastewater facilities | (1,478,817) | (41,092) | (1,519,909) |
| Sewer treatment plant | (1,090,383) | (39,635) | (1,130,018) |
| Machinery and equipment | (124,903) | (340) | (125,243) |
| Total accumulated depreciation | (3,022,892) | (81,069) | (3,103,961) |
| Capital assets being depreciated, net | 1,461,765 | 30,606 | 1,492,371 |
| Business-type Activities capital assets, net | \$2,058,127 | \$30,606 | \$2,088,733 |

The City's depreciation expense is charged to the Public Works function in the amount of \$160,699 for governmental activities. The City's depreciation expense is charged to the Wastewater program in the amount of \$81,069 for business-type activities.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 5 – LONG-TERM DEBT

| | Balance June 30, 2017 | Retirements | Balance June 30, 2018 | Due Within One Year |
|--|--------------------------|-------------------|--------------------------|------------------------|
| Business-Type Activities | | | | |
| Loans Payable | | | | |
| U.S. Department of Agriculture | \$578,000 | (\$18,000) | \$560,000 | \$19,000 |
| Amador Regional Sanitation Authority | 450,000 | | 450,000 | 450,000 |
| Total Business-type Activity Debt | <u>\$1,028,000</u> | <u>(\$18,000)</u> | <u>\$1,010,000</u> | <u>\$469,000</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, 2018 are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|------------------|------------------|------------------|
| 2019 | \$19,000 | \$25,200 | \$44,200 |
| 2020 | 20,000 | 24,346 | 44,346 |
| 2021 | 21,000 | 23,546 | 44,546 |
| 2022 | 22,000 | 22,500 | 44,500 |
| 2023 | 23,000 | 21,510 | 44,510 |
| 2024-2028 | 131,000 | 91,128 | 222,128 |
| 2029-2033 | 164,000 | 58,816 | 222,816 |
| 2034-2037 | 160,000 | 18,452 | 178,452 |
| | <u>\$560,000</u> | <u>\$285,498</u> | <u>\$845,498</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, 2018

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 August 2018. On August 30, 2017, ARSA Governing Board approved an extension of the commencement date of repayment of interest and principal to begin on August 31, 2018.

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, 2018, the City's contributions to the Plan were \$3,780.

| |
|---|
| <p style="text-align: center;">CITY OF SUTTER CREEK NOTES TO BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2018</p> |
|---|

| |
|--|
| <p>NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)</p> |
|--|

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2018:

| | |
|--|--|
| Active employees | |
| Inactive employees or beneficiaries currently receiving benefit payments | 3 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Total | <div style="border-top: 1px solid black; border-bottom: 3px double black;">3</div> |

B. Total OPEB Liability

Actuarial Methods and Assumptions – The City’s total OPEB liability was measured as of June 30, 2018 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2018 to determine the \$48,384 total OPEB liability as of June 30, 2018, based on the following actuarial methods and assumptions:

| | Actuarial Assumptions |
|------------------------|---|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry Age Normal Cost, level percent of pay |
| Actuarial Assumptions: | |
| Asset Valuation | Market Value |
| Discount Rate | 3.89% |
| General Inflation Rate | 2.75% |
| Assumed Wage Inflation | Not applicable |
| Payroll Growth | Not applicable |
| Mortality Improvement | MacLeod Watts Scale 2017 applied generationally from 2008 |
| 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, 2018 Measurement date, use of this index results in a discount rate of 3.89%.

The basic mortality rates used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements. The representative mortality rates were those published by CalPERS in their 2014 study, adjusted to back out 20 years of Scale BB to central year 2008 the projected on a generational basis by Macleod Watts Scare 2017.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2017 | <u>\$50,282</u> |
| Changes Recognized for the Measurement Period: | |
| Service cost | |
| Interest on the total OPEB liability | 1,882 |
| Changes of benefit terms | |
| Differences between expected and actual experience | |
| Changes of assumptions | |
| Contributions from the employer | |
| Benefit payments | <u>(3,780)</u> |
| Net changes | <u>(1,898)</u> |
| Balance at June 30, 2018 | <u><u>\$48,384</u></u> |

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 (2.89%) or 1-percentage-point higher (4.89%) than the current discount rate:

| Total OPEB Liability/(Asset) | | |
|-------------------------------------|-----------------|-------------------|
| | Current | |
| Discount Rate -1% | Discount Rate | Discount Rate +1% |
| (2.89%) | (3.89%) | (4.89%) |
| <u>\$53,116</u> | <u>\$48,384</u> | <u>\$44,330</u> |

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, 2018, the City recognized OPEB expense of \$5,678, 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, 2018

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, 2018

NOTE 7 – NET POSITION AND FUND BALANCE (Continued)

The following are the components of the Governmental Funds fund balances:

| Fund Balance Classifications | General Fund | Badger Street Bridge Grant Fund | Sutter Creek Bridge Replacement Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------|--------------|--|---|-----------------------------------|--------------------------------|
| Restricted for: | | | | | |
| Street and bridge projects | | | | \$381,535 | \$381,535 |
| Public safety projects | | | | 12,222 | 12,222 |
| Community projects | | | | 318,492 | 318,492 |
| Total Restricted | | | | 712,249 | 712,249 |
| Unassigned | \$1,878,848 | (\$500,393) | (\$909,792) | (3,158) | 465,505 |
| Total Fund | \$1,878,848 | (\$500,393) | (\$909,792) | \$709,091 | \$1,177,754 |

The City has continued its approach in budgeting expenses and anticipating revenues. The City set aside 3% of its General Fund revenues this fiscal year to budget a reserve. The balance as of June 30, 2018 is \$112,923. The City also put \$10,000 towards a general savings account to help weather any future economic headwinds. The balance as of June 30, 2018 is \$10,008. In fiscal year 2017, the City also set aside a reserve to pay off its compensated absences balance. At June 30, 2018, the balance is \$28,172.

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, 2018

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 at June 30, 2018 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 | 8.0% | 6.25% |
| Required employer contribution rates | 12.698% | 6.555% |

| | <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% | 11.5% |
| Required employer contribution rates | 19.723% | 11.990% |

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 \$244,471 in fiscal year 2018.

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.

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|---|
| <p style="text-align: center;">CITY OF SUTTER CREEK NOTES TO BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2018</p> |
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| NOTE 8 – PENSION PLAN (Continued) |
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For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

| | |
|--------------------------|--------------------------------|
| | <u>City Safety Plan</u> |
| Contributions - employer | \$112,938 |
| | <u>City Miscellaneous Plan</u> |
| Contributions - employer | \$175,493 |
| Total | <u>\$288,431</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, 2018, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

| | |
|-----------------------------|---|
| | <u>Proportionate Share of Net Pension Liability</u> |
| City Safety Plan | \$1,558,095 |
| City Miscellaneous Plan | <u>1,950,973</u> |
| Total Net Pension Liability | <u>\$3,509,068</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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 – PENSION PLAN (Continued)

| | <u>City Safety Plan</u> |
|------------------------------|-------------------------|
| Proportion - June 30, 2016 | 0.02608% |
| Proportion - June 30, 2017 | 0.02608% |
| Change - Increase (Decrease) | <u>0.00000%</u> |

| | <u>City Miscellaneous Plan</u> |
|------------------------------|--------------------------------|
| Proportion - June 30, 2016 | 0.05055% |
| Proportion - June 30, 2017 | 0.04949% |
| Change - Increase (Decrease) | <u>(0.00106%)</u> |

For the year ended June 30, 2018, the City recognized pension expense of \$728,365. At June 30, 2018, 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 | \$288,431 | |
| Differences between actual and expected experience | 19,087 | \$36,163 |
| Differences between actual and proportional contributions | | 52,383 |
| Changes in assumptions | 519,751 | 39,747 |
| Net difference between projected and actual earnings on pension plan investments | 115,559 | |
| Adjustments due to differences in proportion | 29,729 | 302,977 |
| Total | <u>\$972,557</u> | <u>\$431,270</u> |

\$288,431 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, 2019. 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> |
|-------------------------------|--------------------------------|
| 2019 | \$4,508 |
| 2020 | 207,579 |
| 2021 | 108,923 |
| 2022 | (68,154) |

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| <p style="text-align: center;">CITY OF SUTTER CREEK NOTES TO BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2018</p> |
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| <p>NOTE 8 – PENSION PLAN (Continued)</p> |
|---|

Actuarial Assumptions – For the measurement period ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

| | All Plans |
|----------------------------------|---|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| Projected Salary Increase | (1) |
| Investment Rate of Return | 7.375% (2) |
| Mortality | Derived using CalPERS Membership Data for all Funds (3) |
| | Contract COLA up to 2.75% until Purchasing Power |
| | Protection Allowance Floor on Purchasing Power applies, |
| Post Retirement Benefit Increase | 2.75% 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 table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

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

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website under Forms and Publications.

Change of Assumptions – GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.15% used for the June 30, 2017 measurement date is without reduction of pension plan administrative expense.

In December 2016, CalPERS' Board of Directors voted to lower the discount rate from 7.5% to 7.0% over the next three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increases to the normal costs and unfunded actuarial liabilities.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 –PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10 ¹ | Real Return Years 11+ ² |
|-------------------------------|--------------------------|---------------------------------------|------------------------------------|
| Global Equity | 47.0% | 4.90% | 5.38% |
| Global Fixed Income | 19.0% | 0.80% | 2.27% |
| Inflation Sensitive Assets | 6.0% | 0.60% | 1.39% |
| Private Equity | 12.0% | 6.60% | 6.63% |
| Real Estate | 11.0% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3.0% | 3.90% | 5.36% |
| Liquidity | 2.0% | -0.40% | -0.90% |
| Total | 100% | | |

¹ An expected inflation of 2.5% is used this period.

² An expected inflation of 3.0% is used this period.

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|---|
| <p style="text-align: center;">CITY OF SUTTER CREEK NOTES TO BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2018</p> |
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| NOTE 8 –PENSION PLAN (Continued) |
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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 | \$2,366,362 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$1,558,095 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$897,376 |

| | <u>City Miscellaneous Plan</u> |
|-----------------------|--------------------------------|
| 1% Decrease | 6.15% |
| Net Pension Liability | \$2,857,739 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$1,950,973 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$1,199,973 |

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

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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.

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 |
| \$1,000,001 - \$4,000,000 | California Affiliated Risk Management Authorities (CARMA) | |
| \$4,000,000 - \$10,000,000 | AmTrust Reinsurance Group via CARMA | Purchased Insurance |
| \$10,000,001 - \$15,000,000 | Colony Natl Insurance Co. via CARMA | Purchased Insurance |
| WORKERS COMPENSATION: | | |
| \$10,000 | Self Insurer | City funds |
| \$10,001 - \$500,000 | Central San Joaquin Valley Risk Management Authority | Shared risk pool |
| \$500,001 - \$5,000,000 | Local Agency Workers' Comp Excess JPA (LAWCX) | Excess Pool |
| \$5,000,001 - \$50,000,000 | CSAC Excess Insurance Authority, via CSJVRMA | Purchased Insurance |

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.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 \$13,920 for various vendors.

REQUIRED SUPPLEMENTARY INFORMATION

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| <p align="center">CITY OF SUTTER CREEK REQUIRED SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2018</p> |
|--|

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

| | City Miscellaneous Plan | City Miscellaneous Plan | City Miscellaneous Plan | City Miscellaneous Plan |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Measurement date | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 |
| Plan's proportion of the Net Pension Liability (Asset) | 0.02113% | 0.05285% | 0.05055% | 0.04949% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$1,314,608 | \$1,449,891 | \$1,756,085 | \$1,950,973 |
| Plan's Covered Payroll | \$324,968 | \$299,794 | \$467,495 | \$482,527 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll | 370.99% | 483.63% | 375.64% | 404.32% |
| 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% | 70.41% |
| Plan's Proportionate Share of Aggregate Employer Contributions | \$125,929 | \$158,803 | \$172,817 | \$175,493 |
| | City Safety Plan | City Safety Plan | City Safety Plan | City Safety Plan |
| Measurement date | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 |
| Plan's proportion of the Net Pension Liability (Asset) | 0.01528% | 0.02608% | 0.02608% | 0.02608% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$950,642 | \$1,069,197 | \$1,069,197 | \$1,558,095 |
| Plan's Covered Payroll | \$352,448 | \$364,745 | \$269,693 | \$272,978 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll | 217.54% | 293.14% | 396.45% | 570.78% |
| 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% | 73.03% |
| Plan's Proportionate Share of Aggregate Employer Contributions | \$96,145 | \$103,268 | \$113,766 | \$112,938 |

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

CITY OF SUTTER CREEK

REQUIRED SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2018

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

SCHEDULE OF CONTRIBUTIONS

| Fiscal year | City Miscellaneous Plan | | | |
|---|-------------------------|-----------|-----------|-----------|
| | 2015 | 2016 | 2017 | 2018 |
| Actuarially determined contribution | \$125,929 | \$158,803 | \$172,817 | \$175,493 |
| Contributions in relation to the actuarially determined contributions | (125,929) | (158,803) | (172,817) | (175,493) |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| Covered payroll | \$299,794 | \$467,495 | \$482,527 | \$507,853 |
| Contributions as a percentage of covered payroll | 42.01% | 33.97% | 35.81% | 34.56% |

| Fiscal year | City Safety Plan | | | |
|---|------------------|-----------|-----------|-----------|
| | 2015 | 2016 | 2017 | 2018 |
| Actuarially determined contribution | \$96,145 | \$103,268 | \$113,766 | \$112,938 |
| Contributions in relation to the actuarially determined contributions | (96,145) | (103,268) | (113,766) | (112,938) |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| Covered payroll | \$364,745 | \$269,693 | \$272,978 | \$349,806 |
| Contributions as a percentage of covered payroll | 26.36% | 38.29% | 41.68% | 32.29% |

* Fiscal year 2015 was the 1st year of implementation, therefore only four 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 | 30 years | | | |
| Asset valuation method | 5-year smoothed market | | | |
| Inflation | 2.75% | | | |
| 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 | 7.375%, 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 | 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. | 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. |

Changes in assumptions. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.65% used for the June 30, 2016 measurement date was net of administrative expenses. The discount rate of 7.15% used for the June 30, 2017 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2017 measurement date were the same as those used for the June 30, 2016 measurement date.

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| CITY OF SUTTER CREEK REQUIRED SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2018 |
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SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 fiscal years*

| Measurement Date | <u>6/30/18</u> |
|--|-----------------------------|
| Total OPEB Liability (1) | |
| Service Cost | |
| Interest | \$1,882 |
| Changes of benefit terms | |
| Differences between expected and actual experience | |
| Changes of assumptions | |
| Benefit payments | (3,780) |
| Net change in total OPEB liability | <u>(1,898)</u> |
| Total OPEB liability - beginning | <u>50,282</u> |
| Total OPEB liability - ending | <u><u>\$48,384</u></u> |
| Covered-employee payroll | <u><u>\$857,659</u></u> |
| Total OPEB liability as a percentage of covered-employee payroll | 5.64% |

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.

| |
|---|
| <p style="text-align: center;">CITY OF SUTTER CREEK REQUIRED SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2018</p> |
|---|

SCHEDULE OF CONTRIBUTIONS

Last 10 fiscal years*

| Fiscal Year Ended June 30, | <u>2018</u> |
|--|------------------|
| Actuarially required contribution | \$3,780 |
| Contributions in relation to the actuarially required contributions | <u>3,780</u> |
| Contribution deficiency (excess) | <u>\$0</u> |
| Covered-employee payroll | <u>\$857,659</u> |
| Contributions as a percentage of covered-employee payroll | 0.44% |

Notes to Schedule:

Valuation date:

Methods and assumptions used to determine contribution rates:

| | |
|------------------------|---|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry Age Normal Cost, level percent of pay |
| Actuarial Assumptions: | |
| Asset Valuation | Market Value |
| Discount Rate | 3.89% |
| General Inflation Rate | 2.75% |
| Assumed Wage Inflation | Not applicable |
| Payroll Growth | Not applicable |
| Mortality Improvement | MacLeod Watts Scale 2017 applied generationally from 2008 |
| Employer Cost Sharing | No increase in the \$105 monthly stipend amount |

* Fiscal year 2018 was the first year of implementation.

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SUPPLEMENTARY INFORMATION

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | |
|--|---|---|------------------|-----------------|
| | Gas Tax, Streets & Sidewalks Fund | Crestview Lighting District Fund | Cemetery Fund | FEMA Fund |
| ASSETS | | | | |
| Cash and investments | \$809 | | \$4,400 | \$8,941 |
| Accounts receivable | | \$469 | | 3,830 |
| Due from other government agencies | 29,498 | | | |
| TOTAL ASSETS | \$30,307 | \$469 | \$4,400 | \$12,771 |
| LIABILITIES | | | | |
| Accounts payable | \$9,456 | \$435 | \$63 | \$3,059 |
| Due to other funds | | 935 | | |
| TOTAL LIABILITIES | 9,456 | 1,370 | 63 | 3,059 |
| FUND BALANCE (DEFICIT) | | | | |
| Restricted | 20,851 | | 4,337 | 9,712 |
| Unassigned | | (901) | | |
| TOTAL FUND BALANCES (DEFICIT) | 20,851 | (901) | 4,337 | 9,712 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICIT) | \$30,307 | \$469 | \$4,400 | \$12,771 |

| SPECIAL REVENUE FUNDS | | | | |
|-----------------------|---------------------------|--------------------------|-----------------------|--|
| AB 1600 Fund | Police Grants Funds | Cal Trans ADA Fund | HOME Grant Fund | Traffic Enhancement Activity Fund |
| \$114,759 | \$16,301 | \$33,094 | \$67 | \$10 |
| <u>\$114,759</u> | <u>\$16,301</u> | <u>\$33,094</u> | <u>\$67</u> | <u>\$10</u> |
| | \$13,791 | | | |
| | <u>13,791</u> | | | |
| \$114,759 | 2,510 | \$33,094 | \$67 | \$10 |
| <u>114,759</u> | <u>2,510</u> | <u>33,094</u> | <u>67</u> | <u>10</u> |
| <u>\$114,759</u> | <u>\$16,301</u> | <u>\$33,094</u> | <u>\$67</u> | <u>\$10</u> |

(Continued)

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | |
|--|--------------------------------------|-----------------------------------|---------------------------------------|-------------------------------|
| | Community Center Grant Fund | General Plan Update Fund | ACRA Regional Rec. Fees Fund | Broad Street Drain Fund |
| ASSETS | | | | |
| Cash and investments | | \$6 | \$199,323 | \$1,188 |
| Accounts receivable | | | | |
| Due from other government agencies | | | | |
| TOTAL ASSETS | | \$6 | \$199,323 | \$1,188 |
| LIABILITIES | | | | |
| Accounts payable | \$1,040 | | | |
| Due to other funds | | | | |
| TOTAL LIABILITIES | 1,040 | | | |
| FUND BALANCE (DEFICIT) | | | | |
| Restricted | | \$6 | \$199,323 | \$1,188 |
| Unassigned | (1,040) | | | |
| TOTAL FUND BALANCES (DEFICIT) | (1,040) | 6 | 199,323 | 1,188 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICIT) | | \$6 | \$199,323 | \$1,188 |

| SPECIAL REVENUE FUNDS | | |
|---|-------------------------------|--|
| Central Eureka Mine Project Fund | Traffic Mitigation Fund | Total Nonmajor Governmental Funds |
| | \$341,339 | \$720,237 4,299 29,498 |
| | \$341,339 | \$754,034 |
| \$1 1,226 | \$14,937 | \$42,782 2,161 |
| 1,227 | 14,937 | 44,943 |
| (1,227) | 326,402 | 712,249 (3,158) |
| (1,227) | 326,402 | 709,091 |
| | \$341,339 | \$754,034 |

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | |
|--|---|---|------------------|--------------|
| | Gas Tax, Streets & Sidewalks Fund | Crestview Lighting District Fund | Cemetery Fund | FEMA Fund |
| GOVERNMENTAL REVENUES | | | | |
| Taxes and special assessments | \$114,430 | | | |
| Licenses, permits and fees | 475 | | | |
| Interest and investment income | 74 | | \$10 | \$11 |
| Intergovernmental revenues | 1,509 | | | 26,001 |
| Charges for services | | \$2,200 | 1,000 | |
| Total Revenues | 116,488 | 2,200 | 1,010 | 26,012 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | |
| Public safety | | | | |
| Public works and facilities | 100,511 | 3,426 | 528 | 17,658 |
| Cultural and recreation | 1,905 | | 45 | |
| Capital outlay | | | | |
| Total Expenditures | 102,416 | 3,426 | 573 | 17,658 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | | | | |
| Transfers out | (35,000) | | | |
| Total Other Financing Sources | (35,000) | | | |
| NET CHANGE IN FUND BALANCE | (20,928) | (1,226) | 437 | 8,354 |
| FUND BALANCES (DEFICITS) BEGINNING OF YEAR | 41,779 | 325 | 3,900 | 1,358 |
| FUND BALANCES (DEFICITS) END OF YEAR | \$20,851 | (\$901) | \$4,337 | \$9,712 |

| SPECIAL REVENUE FUNDS | | | | |
|-----------------------|---------------------------|--------------------------|-----------------------|--|
| AB 1600 Fund | Police Grants Funds | Cal Trans ADA Fund | HOME Grant Fund | Traffic Enhancement Activity Fund |
| \$236 | \$55 | \$72 | | \$15 |
| | 4,900 | | | 128,582 |
| 17,157 | | | | |
| 17,393 | 4,955 | 72 | | 128,597 |
| 96 | | | | |
| | 257 | | | |
| | 40,919 | | | 414 |
| 96 | 41,176 | | | 414 |
| | | | | (25,893) |
| | | | | (25,893) |
| 17,297 | (36,221) | 72 | | 102,290 |
| 97,462 | 38,731 | 33,022 | \$67 | (102,280) |
| \$114,759 | \$2,510 | \$33,094 | \$67 | \$10 |

(Continued)

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | |
|--|--------------------------------------|-----------------------------------|---------------------------------------|-------------------------------|
| | Community Center Grant Fund | General Plan Update Fund | ACRA Regional Rec. Fees Fund | Broad Street Drain Fund |
| GOVERNMENTAL REVENUES | | | | |
| Taxes and special assessments | | | | |
| Licenses, permits and fees | | | | |
| Interest and investment income | | | \$403 | \$3 |
| Intergovernmental revenues | | | | |
| Charges for services | \$30,549 | | 43,800 | |
| Total Revenues | 30,549 | | 44,203 | 3 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 9,697 | | | |
| Public safety | | | | |
| Public works and facilities | | | | 70 |
| Cultural and recreation | 53,166 | | | |
| Capital outlay | | | | |
| Total Expenditures | 62,863 | | | 70 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 31,320 | | | |
| Transfers out | | | | |
| Total Other Financing Sources | 31,320 | | | |
| NET CHANGE IN FUND BALANCE | (994) | | 44,203 | (67) |
| FUND BALANCES (DEFICITS) BEGINNING OF YEAR | (46) | \$6 | 155,120 | 1,255 |
| FUND BALANCES (DEFICITS) END OF YEAR | (\$1,040) | \$6 | \$199,323 | \$1,188 |

| SPECIAL REVENUE FUNDS | | |
|---|-------------------------------|--|
| Central Eureka Mine Project Fund | Traffic Mitigation Fund | Total Nonmajor Governmental Funds |
| | | \$114,430 |
| | | 475 |
| \$2 | \$1,010 | 1,891 |
| | | 160,992 |
| | 9,161 | 103,867 |
| | | |
| 2 | 10,171 | 381,655 |
| | | |
| | | 9,793 |
| | | 257 |
| 3,878 | | 126,071 |
| | | 55,116 |
| | | 41,333 |
| | | |
| 3,878 | | 232,570 |
| | | |
| | 63,906 | 95,226 |
| | | (60,893) |
| | | |
| | 63,906 | 34,333 |
| | | |
| (3,876) | 74,077 | 183,418 |
| 2,649 | 252,325 | 525,673 |
| | | |
| (\$1,227) | \$326,402 | \$709,091 |

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, 2018

| | Budgeted Amounts | | |
|--------------------------------------|-----------------------|----------------|-------------------------------|
| | Original and Final | Actual Amounts | Variance with Final Budget |
| REVENUES: | | | |
| Taxes and special assessments | \$61,825 | \$114,430 | \$52,605 |
| Licenses, permits and fees | | 475 | 475 |
| Interest and investment income | | 74 | 74 |
| Intergovernmental revenues | | 1,509 | 1,509 |
| | | | |
| TOTAL REVENUES | 61,825 | 116,488 | 54,663 |
| EXPENDITURES: | | | |
| Current: | | | |
| Public works and facilities | 120,401 | 100,511 | 19,890 |
| Culture and recreation | | 1,905 | (1,905) |
| Capital outlay | 30,000 | | 30,000 |
| | | | |
| TOTAL EXPENDITURES | 150,401 | 102,416 | 47,985 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | | (35,000) | (35,000) |
| | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | (35,000) | (35,000) |
| | | | |
| NET CHANGE IN FUND BALANCE | (88,576) | (20,928) | 67,648 |
| | | | |
| FUND BALANCES BEGINNING OF YEAR | 41,779 | 41,779 | |
| | | | |
| FUND BALANCES, END OF YEAR | (\$46,797) | \$20,851 | \$67,648 |

AGENCY FUNDS

CITY OF SUTTER CREEK
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | Balance June 30, 2017 | Additions | Deductions | Balance June 30, 2018 |
|---|--------------------------|----------------|----------------|--------------------------|
| <u>Monteverde Store Fund</u> | | | | |
| Assets | | | | |
| Cash and investments | \$2,737 | | \$1,766 | \$971 |
| Due from members | | \$1,766 | | 1,766 |
| Total Assets | <u>\$2,737</u> | <u>\$1,766</u> | <u>\$1,766</u> | <u>\$2,737</u> |
| Liabilities | | | | |
| Accounts payable | <u>\$2,737</u> | | | <u>\$2,737</u> |
| Total Liabilities | <u>\$2,737</u> | | | <u>\$2,737</u> |
| <u>Knights Foundry Fund</u> | | | | |
| Assets | | | | |
| Cash and investments | \$12,798 | | \$7,893 | \$4,905 |
| Due from members | | \$5,626 | | 5,626 |
| Total Assets | <u>\$12,798</u> | <u>\$5,626</u> | <u>\$7,893</u> | <u>\$10,531</u> |
| Liabilities | | | | |
| Accounts payable | \$2,267 | | \$2,267 | |
| Due to other governments | <u>10,531</u> | | | <u>\$10,531</u> |
| Total Liabilities | <u>\$12,798</u> | | <u>\$2,267</u> | <u>\$10,531</u> |
| <u>Community Facilities District Fund</u> | | | | |
| Assets | | | | |
| Cash and investments | <u>\$928</u> | <u>\$2</u> | | <u>\$930</u> |
| Total Assets | <u>\$928</u> | <u>\$2</u> | | <u>\$930</u> |
| Liabilities | | | | |
| Accounts payable | <u>\$928</u> | <u>\$2</u> | | <u>\$930</u> |
| Total Liabilities | <u>\$928</u> | <u>\$2</u> | | <u>\$930</u> |

| | Balance June 30, 2017 | Additions | Deductions | Balance June 30, 2018 |
|---------------------------------|--------------------------|-----------------|----------------|--------------------------|
| <u>ARSA Funds</u> | | | | |
| Assets | | | | |
| Cash and investments | \$2,170 | \$8,417 | | \$10,587 |
| Total Assets | <u>\$2,170</u> | <u>\$8,417</u> | | <u>\$10,587</u> |
| Liabilities | | | | |
| Accounts payable | \$2,170 | \$104 | | \$2,274 |
| Due to members | | 8,313 | | 8,313 |
| Total Liabilities | <u>\$2,170</u> | <u>\$8,417</u> | | <u>\$10,587</u> |
| <u>TOTAL - ALL AGENCY FUNDS</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$18,633 | \$8,419 | \$9,659 | \$17,393 |
| Due from members | | 7,392 | | 7,392 |
| Total Assets | <u>\$18,633</u> | <u>\$15,811</u> | <u>\$9,659</u> | <u>\$24,785</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$8,102 | \$106 | \$2,267 | \$5,941 |
| Due to other governments | 10,531 | | | 10,531 |
| Due to members | | 8,313 | | 8,313 |
| Total Liabilities | <u>\$18,633</u> | <u>\$8,419</u> | <u>\$2,267</u> | <u>\$24,785</u> |

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