

CITY OF SUTTER CREEK, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016

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CITY OF SUTTER CREEK, CALIFORNIA

Basic Financial Statements

For the year ended June 30, 2016

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CITY OF SUTTER CREEK, CALIFORNIA

Basic Financial Statements

For the year ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

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, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund	Unmodified

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 1, accounting principles generally accepted in the United States of America require that capital assets are required to be capitalized prospectively beginning July 1, 2003. The City has recorded only recently completed infrastructure projects. The City also has not considered donated assets, such as developer constructed assets deeded to the City in the amounts recorded as capital assets. The amount by which these departures would affect the assets, net assets, and expenses of the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the “Basis for Qualified Opinion on the Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City as of June 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed 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. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 as discussed in Note 1J and Note 2 to the financial statements.

Management early-implemented the provisions of Governmental Accounting Standards Board Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* during the year ended June 30, 2016 as noted in Note 1H to the financial statements.

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

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplemental 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.

Mare & Associates

Pleasant Hill, California
February 28, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This 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, 2016. Please read in conjunction with the accompanying financial statements.

Financial Highlight:

- The assets of the City exceeded its liabilities of June 30, 2016 by \$9.27 million, which represents the net position.
- The City's net position increased by \$1,112,760 for year ended June 30, 2016.
- Four required accounting statements were implemented:
 - Governmental Accounting Standard Board Statement No. 72 (GASB 72) – Fair Value Measurement and Application, and
 - Governmental Accounting Standard Board Statement No. 76 (GASB 76) – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and
 - Governmental Accounting Standard Board Statement No. 79 (GASB 79) – Certain External Investment Pools and Pool Participants, and
 - Governmental Accounting Standard Board Statement No. 82 (GASB 82) – Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73.
- General Fund revenues exceeded General Fund expenses by \$345,693, City General Fund revenue totaled \$1,949,670 and General Fund expense totaled \$1,573,977 for fiscal year 2016. Public safety (police protection) costs comprised \$775,560 or 49% of General Fund expenditures.
- The City budgeted 4% of General Fund revenue, \$76,786 that was transferred to the General 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.

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 \$9.27 million, the City has restrictions over the use of these funds. The investment inland, 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, 2016. 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:

The City's net position was more as of June 30, 2016, than the year before, increasing 13.6% from \$8.16 million to \$9.27 million. The following are major components of the City's net position:

City of Sutter Creek
Condensed Statement of Net Position

	As of		Change	
	<u>6/30/16</u>	<u>6/30/15</u>	<u>Amount</u>	<u>Percent</u>
Assets:				
Current Assets	\$3,547,233	\$2,891,342	655,891	22.7%
Noncurrent assets	9,676,098	9,309,238	366,860	3.9%
Total Assets	13,223,331	12,200,580	1,022,751	8.4%
Deferred Outflows	299,042	241,267	57,775	24.0%
Liabilities:				
Current Liabilities	367,033	373,338	(6,305)	-1.7%
Long-term Liabilities	3,576,952	3,332,847	244,105	7.3%
Total Liabilities	3,943,985	3,706,185	237,800	6.4%
Deferred Inflows	307,695	577,729	(270,034)	-46.7%
Net Position:				
Investment in Capital Assets,	8,502,763	7,970,347	532,416	6.7%
Restricted	814,939	766,460	48,479	6.3%
Unrestricted (deficit)	(47,009)	(578,874)	531,865	91.9%
Total Net Position	\$9,270,693	\$8,157,933	1,112,760	13.6%

The total assets increased by \$1.0 million and total liabilities increased by \$238k which is related to long-term pension liability. Restricted net asset assets are restricted by State law, municipal code and contractual obligations to be utilized for public works (street and bridge projects) and other city projects.

Statement of Activities:

City of Sutter Creek
Condensed Statement of Activities

	June 30, 2016			June 30, 2015		
	Governmental	Business-type	Total	Governmental	Business-type	Total
Revenues						
Charges for services	486,257	1,565,023	2,051,280	140,855	1,804,430	1,639,165
Operating grants and contributions	207,740		207,740	544,516		544,515
Capital grants and contributions	651,423		651,423	(43,368)		(43,368)
General Revenue:						
Taxes:						
Property taxes	696,942		696,942	533,875		533,875
Sales taxes	387,556		387,556	294,881		294,881
Transient occupancy tax	258,198		258,198	224,330		224,330
Franchise taxes	73,944		73,944	82,764		82,764
Gas taxes	60,474		60,474	67,242		67,242
Motor vehicle in-lieu	59,756		59,756	62,296		62,296
Investment Income	18,359	2,900	21,259	12,354	90,887	103,241
Rental Income	26,278		26,278	7,051		7,051
Transportation impact fees						
Miscellaneous	17,759		17,759	168,776		168,776
Interfund transfers				67,246	(67,246)	0
Total revenue and transfers	2,944,686	1,567,923	4,512,609	2,162,818	1,828,071	3,990,889
Expenses						
General government	658,873		658,873	562,724		562,724
Public safety	742,655		742,655	961,508		961,508
Culture and recreation	180		180	165,670		165,670
Public works	440,868		440,868	109,452		109,452
Community development	65,393		65,393	45,035		45,035
Depreciation						
Wastewater		1,491,880	1,491,880		1,498,310	1,498,310
Interest on long-term debt						
Total Expenses	1,907,969	1,491,880	3,399,849	1,844,389	1,498,310	3,342,699
Change in net assets	1,036,717	76,043	1,112,760	318,429	215,288	533,717
Net Position – beginning	6,407,529	1,750,404	8,157,933	6,089,100	1,535,116	7,624,216
Net Position – ending	<u>7,444,246</u>	<u>1,826,447</u>	<u>9,270,693</u>	<u>6,407,529</u>	<u>1,750,404</u>	<u>8,157,933</u>

The City's total revenues for 2016 shows \$4.51 million compared to total revenues of \$3.876 million for the previous year. Although there were decreases in revenue in Business-type charges for services and investment income, there were large increases in Governmental charges for services, capital grants and contributions, property taxes, sales taxes and transient occupancy tax.

Fund Financial Statement Analysis:

As the City completed the year, its major governmental funds, General Fund, Badger Street Bridge Grant Fund and Traffic Enhancement Activity Fund (Sutter Hill Realignment) reported combined fund balances of \$1.69 million an increase of \$0.5 million from last year's ending fund balances of \$1.16 million. The increase was a combination of the General Fund increases in Cash and investments (\$128k) and Due from other funds (\$231k) and the Traffic Enhancement Activity Fund Due from other governmental agencies which had an increase of \$345k.

Fund Budgetary Highlights:

The General Fund final adopted budget, had a small increase from the prior year in total revenue of \$33,725 and a decrease from the prior year of \$36,222. Anticipated revenues for the General Fund for 2016 totaled \$1.62 million while actual revenues equaled \$1.92 million, a difference of \$296,920. As the economy improved last year, the City saw increases in taxes, licenses and permits interest and investment income, and charges for services.

General Fund expenditures budgeted for 2016 totaled \$1.56 million while actual expenditures equaled \$1.57 million, a difference of \$18,659.

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital Assets:**

As of the end of fiscal year 2016, the City had invested \$9.55 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 \$776,288 during 2016. Total depreciation expense for the year was \$283,348. 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 \$596k 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, tourism and labor costs. The local real estate market and housing demand in the region remain steady. These two factors directly impact property taxes, which are the City's largest revenue source. As tourism increased from 2015 the City saw an additional \$33,868 in transient occupancy tax and an increase in sales tax.

The City recognizes its contractual obligations to employees for vacation and benefits payable. As of June 30, 2016, the City had accumulated obligations totaling \$27,005 for unpaid vacation leave. The annual expected payout of vacation leave is reflected in the current operating budget of the General Fund. The City provides post-employment benefits other than pensions such as a contribution of \$105 per month toward retiree medical premiums. The beginning fiscal year 2015 net OPEB obligation was \$12,160 and the ending obligation was \$15,866, and increase of \$3,706.

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, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	\$1,382,512	\$1,331,557	\$2,714,069
Accounts receivable, net of allowance for doubtful accounts	27,570	18,386	45,956
Interest receivable	9		9
Due from other government agencies	659,249	127,950	787,199
Total current assets	<u>2,069,340</u>	<u>1,477,893</u>	<u>3,547,233</u>
Noncurrent assets:			
Due from other government agencies - long-term		127,335	127,335
Capital assets, net of accumulated depreciation			
Non-depreciable (Note 1B and 4)	4,453,640	596,362	5,050,002
Depreciable (Note 1B and 4)	3,098,716	1,400,045	4,498,761
Total noncurrent assets	<u>7,552,356</u>	<u>2,123,742</u>	<u>9,676,098</u>
Total Assets	<u>9,621,696</u>	<u>3,601,635</u>	<u>13,223,331</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related (Note 8)	<u>231,618</u>	<u>67,424</u>	<u>299,042</u>
Total Deferred Outflows of Resources	<u>231,618</u>	<u>67,424</u>	<u>299,042</u>
LIABILITIES			
Current liabilities:			
Accounts payable	159,128	6,628	165,756
Accrued liabilities	13,055	36,971	50,026
Due to other governments	28,232		28,232
Interest payable		72,830	72,830
Deposits payable	14,371	4,811	19,182
Compensated absences, due in less than one year (Note 1C)	9,227	3,780	13,007
Long-term debt, due in less than one year (Note 5)		18,000	18,000
Total current liabilities	<u>224,013</u>	<u>143,020</u>	<u>367,033</u>
Long-term liabilities:			
OPEB liability (Note 6)	12,851	3,015	15,866
Compensated absences, due in more than one year (Note 1C)	11,021	2,977	13,998
Long-term debt, due in more than one year (Note 5)		1,028,000	1,028,000
Net pension liability (Note 8)	1,924,633	594,455	2,519,088
Total long-term liabilities	<u>1,948,505</u>	<u>1,628,447</u>	<u>3,576,952</u>
Total Liabilities	<u>2,172,518</u>	<u>1,771,467</u>	<u>3,943,985</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related (Note 8)	<u>236,550</u>	<u>71,145</u>	<u>307,695</u>
Total Deferred Inflows of Resources	<u>236,550</u>	<u>71,145</u>	<u>307,695</u>
NET POSITION (Note 7)			
Net investment in capital assets	7,552,356	950,407	8,502,763
Restricted for street and bridge projects	266,909		266,909
Restricted for other city projects	548,030		548,030
Unrestricted net position	<u>(923,049)</u>	<u>876,040</u>	<u>(47,009)</u>
Total net assets	<u>\$7,444,246</u>	<u>\$1,826,447</u>	<u>\$9,270,693</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, 2016

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	\$658,873	\$185,363			(\$473,510)		(\$473,510)
Public safety	742,655	26,767	\$207,740		(508,148)		(508,148)
Culture and recreation	180	96,831			96,651		96,651
Public works	440,868	177,296		\$651,423	387,851		387,851
Community development	65,393				(65,393)		(65,393)
Total Governmental Activities	1,907,969	486,257	207,740	651,423	(562,549)		(562,549)
Business-type Activities:							
Wastewater	1,491,880	1,565,023				\$73,143	73,143
Total Business-type Activities	1,491,880	1,565,023				73,143	73,143
Total government	<u>\$3,399,849</u>	<u>\$2,051,280</u>	<u>\$207,740</u>	<u>\$651,423</u>	<u>(\$562,549)</u>	<u>\$73,143</u>	<u>(\$489,406)</u>
General revenues:							
Taxes:							
Property taxes					\$696,942		\$696,942
Sales taxes					387,556		387,556
Transient occupancy tax					258,198		258,198
Franchise taxes					73,944		73,944
Gas taxes					60,474		60,474
Motor vehicle in-lieu					59,756		59,756
Investment income					18,359	\$2,900	21,259
Rental income					26,278		26,278
Miscellaneous					17,759		17,759
Total general revenues:					1,599,266	2,900	1,602,166
Changes in net assets					1,036,717	76,043	1,112,760
Net position - beginning					6,407,529	1,750,404	\$8,157,933
Net position - ending					<u>\$7,444,246</u>	<u>\$1,826,447</u>	<u>\$9,270,693</u>

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

CITY OF SUTTER CREEK
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2016

	Major Funds				
	General Fund	Badger Street Bridge Grant Fund	Traffic Enhancement Activity Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$472,651			\$909,861	\$1,382,512
Accounts receivable, net of allowance for doubtful accounts	21,376	\$4,000		2,194	27,570
Due from other governmental agencies	203,791	110,118	\$345,340		659,249
Interest receivable				9	9
Due from other funds (Note 3)	533,545				533,545
TOTAL ASSETS	<u>\$1,231,363</u>	<u>\$114,118</u>	<u>\$345,340</u>	<u>\$912,064</u>	<u>\$2,602,885</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$62,752	\$47,932	\$39,882	\$8,562	\$159,128
Accrued liabilities	11,765			1,290	13,055
Due to other funds (Note 3)		125,261	408,284		533,545
Due to other governments	34			28,198	28,232
Deposits payable	14,371				14,371
TOTAL LIABILITIES	<u>88,922</u>	<u>173,193</u>	<u>448,166</u>	<u>38,050</u>	<u>748,331</u>
FUND BALANCES (Note 7)					
Committed	73,990				73,990
Restricted				874,014	874,014
Unassigned	1,068,451	(59,075)	(102,826)		906,550
TOTAL FUND BALANCES	<u>1,142,441</u>	<u>(59,075)</u>	<u>(102,826)</u>	<u>874,014</u>	<u>1,854,554</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,231,363</u>	<u>\$114,118</u>	<u>\$345,340</u>	<u>\$912,064</u>	<u>\$2,602,885</u>

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

CITY OF SUTTER CREEK

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

JUNE 30, 2016

Total Governmental Fund Balances	\$1,854,554
Amounts reported for governmental activities in the statement of net assets 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	7,552,356
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	(20,248)
Other post-employment benefits	(12,851)
Pension related deferred outflows, deferred inflows and liabilities	<u>(1,929,565)</u>
Net Position of Governmental Activities	<u><u>\$7,444,246</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
FOR THE YEAR ENDED JUNE 30, 2016

	Major Funds				
	General	Badger Street Bridge Grant	Traffic Enhancement Activity	Nonmajor Governmental Funds	Governmental Funds
	Fund	Fund	Fund		
REVENUES					
Taxes and assessments	\$1,400,701			\$60,474	\$1,461,175
Licenses, permits and fees	53,395			4,753	58,148
Fines and forfeitures	19,656				19,656
Interest and investment income	14,316			2,044	16,360
Intergovernmental revenues	242,588	\$257,312	\$345,340	40,847	886,087
Charges for services	144,995		161,157	151,089	457,241
Other revenue	44,019			2,000	46,019
TOTAL REVENUES	<u>1,919,670</u>	<u>257,312</u>	<u>506,497</u>	<u>261,207</u>	<u>2,944,686</u>
EXPENDITURES					
Current:					
General government and administration	322,895			3,100	325,995
Public safety	767,928			1,825	769,753
Public works and facilities	274,413			195,096	469,509
Community development	65,393				65,393
Cultural and recreation	135,716			31,415	167,131
Capital outlay	7,632	273,409	461,965	15,544	758,550
TOTAL EXPENDITURES	<u>1,573,977</u>	<u>273,409</u>	<u>461,965</u>	<u>246,980</u>	<u>2,556,331</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>345,693</u>	<u>(16,097)</u>	<u>44,532</u>	<u>14,227</u>	<u>388,355</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3)	22			205,346	205,368
Transfers out (Note 3)	<u>(50,371)</u>			<u>(154,997)</u>	<u>(205,368)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,349)</u>			<u>50,349</u>	
NET CHANGE IN FUND BALANCES	295,344	(16,097)	44,532	64,576	388,355
FUND BALANCES, BEGINNING OF YEAR	<u>847,097</u>	<u>(42,978)</u>	<u>(147,358)</u>	<u>809,438</u>	<u>1,466,199</u>
FUND BALANCES, END OF YEAR	<u>\$1,142,441</u>	<u>(\$59,075)</u>	<u>(\$102,826)</u>	<u>\$874,014</u>	<u>\$1,854,554</u>

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, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$388,355

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	(145,490)
The capital outlay and other capitalizable expenditures are added back to fund balance	736,688

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	7,109
Other post-employment benefits	(3,001)

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	<u>53,056</u>
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Change in Net Assets of Governmental Activities	<u><u>\$1,036,717</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$1,323,000	\$1,323,000	\$1,400,701	\$77,701
Licenses and permits	46,600	46,600	53,395	6,795
Fines and penalties	12,000	12,000	19,656	7,656
Interest and investment income	3,500	3,500	14,316	10,816
Intergovernmental	181,500	181,500	242,588	61,088
Charges for services	9,150	32,150	144,995	112,845
Other revenue	24,000	24,000	44,019	20,019
TOTAL REVENUES	1,599,750	1,622,750	1,919,670	296,920
EXPENDITURES:				
Current:				
General government and administration	297,516	278,530	322,895	(44,365)
Public safety	850,361	845,538	767,928	77,610
Public works and facilities	286,520	164,893	274,413	(109,520)
Community development	63,675	63,675	65,393	(1,718)
Culture and recreation	235,038	202,682	135,716	66,966
Capital outlay			7,632	(7,632)
TOTAL EXPENDITURES	1,733,110	1,555,318	1,573,977	(18,659)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(133,360)	67,432	345,693	278,261
OTHER FINANCING SOURCES (USES)				
Transfers in			22	22
Transfers out			(50,371)	(50,371)
TOTAL OTHER FINANCING USES			(50,349)	(50,349)
	(\$133,360)	\$67,432	295,344	\$227,912
FUND BALANCES, BEGINNING OF YEAR			847,097	
FUND BALANCES, END OF YEAR			\$1,142,441	

CITY OF SUTTER CREEK
STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF JUNE 30, 2016

	Major Enterprise Fund
	Wastewater Fund
ASSETS	
CURRENT ASSETS	
Cash and investments (Note 2)	\$1,331,557
Accounts receivable, net	18,386
Due from other governments	127,950
TOTAL CURRENT ASSETS	<u>1,477,893</u>
NONCURRENT ASSETS	
Due from other government agencies - long-term	127,335
Capital assets:	
Non-depreciable (Note 4)	596,362
Depreciable (Note 4)	1,400,045
TOTAL NONCURRENT ASSETS	<u>2,123,742</u>
TOTAL ASSETS	<u>3,601,635</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 8)	67,424
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>67,424</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	6,628
Accrued liabilities	36,971
Interest payable	72,830
Deposits payable	4,811
Compensated absences, due in less than one year (Note 1)	3,780
Long-term debt, due in less than one year (Note 5)	18,000
TOTAL CURRENT LIABILITIES	<u>143,020</u>
NONCURRENT LIABILITIES	
Net pension liability (Note 8)	594,455
OPEB liability (Note 6)	3,015
Compensated absences, due in more than one year (Note 1)	2,977
Long-term debt, due in more than one year (Note 5)	1,028,000
TOTAL NONCURRENT LIABILITIES	<u>1,628,447</u>
TOTAL LIABILITIES	<u>1,771,467</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 8)	71,145
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>71,145</u>
NET POSITION	
Net investment in capital assets	950,407
Unrestricted	876,040
TOTAL NET POSITION	<u>\$1,826,447</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, 2016

	Major Enterprise Fund
	<u>Wastewater Fund</u>
OPERATING REVENUES	
Service charges	\$1,565,023
TOTAL OPERATING REVENUES	<u>1,565,023</u>
OPERATING EXPENSES	
Salaries and benefits	540,273
Operation and maintenance	776,861
Depreciation	75,782
TOTAL OPERATING EXPENSES	<u>1,392,916</u>
OPERATING INCOME (LOSS)	<u>172,107</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,900
Interest expense	<u>(98,964)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(96,064)</u>
Change in net assets	76,043
BEGINNING NET POSITION	<u>1,750,404</u>
ENDING NET POSITION	<u><u>\$1,826,447</u></u>

See accompanying notes to financial statements

CITY OF SUTTER CREEK
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2016

	Wastewater Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$1,802,233
Cash paid to suppliers	(836,614)
Cash paid to employees and related benefits	(564,116)
	<u>401,503</u>
Cash Flows from Operating Activities	
Cash Flows from Capital and Related Financing Activities	
Debt principal paid	(17,000)
Interest paid	(28,493)
	<u>(45,493)</u>
Cash Flows from Capital and Related Financing Activities	
Cash Flows from Investing Activities	
Interest received	3,007
	<u>3,007</u>
Cash Flows from Investing Activities	
Increase in cash and cash equivalents	359,017
Cash and cash equivalents, beginning of year	<u>972,540</u>
Cash and cash equivalents, end of year	<u><u>\$1,331,557</u></u>
Reconciliation of Operating Income from operations to cash provided by operating activities:	
Operating income	\$172,107
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation	75,782
(Decrease) increase in due to retirement system	(20,915)
(Increase) decrease in assets:	
Accounts receivable	88,261
Due from other governments	148,949
(Decrease) increase in liabilities:	
Accounts payable	(36,412)
Accrued expenses	(23,402)
Deposits payable	61
OPEB	705
Accrued compensated absences	(3,633)
	<u>(3,633)</u>
Cash Flows from Operating Activities	<u><u>\$401,503</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, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$47,868
Due from other governments	<u>160</u>
Total Assets	<u><u>\$48,028</u></u>
LIABILITIES	
Accounts payable	\$3,729
Due to other governments	<u>44,299</u>
Total Liabilities	<u><u>\$48,028</u></u>

See accompanying notes to financial statements

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sutter Creek 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 of Sutter Creek, California, 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, 2016

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 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 Grant Capital Project Fund – The Badger Street Bridge Grant Fund is used to account for the planning and construction of improvements to the Badger Street Bridge project.

Traffic Enhancement Activity Special Revenue Fund – The Traffic Enhancement Activity Fund is used to account for the planning and construction of the Sutter Hill Road Realignment project.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 funds are 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 Funds – 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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

The City has provided an allowance for doubtful accounts of \$1,231 at June 30, 2016 primarily related to its general government operations estimated by the City to be uncollectible.

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.

- B. Capital Assets: Capital assets for governmental fund types of the City are not capitalized in the funds used to acquire or construct them. Capital acquisitions are to be reflected as expenditure 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 purchased or constructed. Contributed capital assets are valued at their estimated acquisition value on the date contributed. At June 30, 2016, the City had not recorded donated assets, as required under generally accepted accounting principles.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are required to be capitalized prospectively beginning July 1, 2003. However, the City has only recorded infrastructures in recent years, and has not recorded all infrastructures prospectively beginning July 1, 2003, as required under generally accepted accounting principles.

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 50 years
Infrastructure	30 years
Wastewater facilities and treatment plant	25 to 50 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.

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.

- C. 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, for example, 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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes of the compensated absences during the fiscal year ended June 30, 2016 were as follows:

	Balance June 30, 2015	Additions	Payments	Balance June 30, 2016	Due Within One Year
Governmental Activities	\$ 27,357	\$ 25,665	\$ (32,774)	\$ 20,248	\$ 9,227
Business-Type Activities	10,390	10,427	(14,060)	6,757	3,780
Total	\$ 37,747	\$ 36,092	\$ (46,834)	\$ 27,005	\$ 13,007

- D. 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.

- E. Deferred Inflows and Deferred Outflows of Resources: In addition to assets, the statement of financial 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 financial 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.

- F. 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.
- G. 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, 2016

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 Special Revenue Fund, all Special Revenue Funds are not budgeted.

Excess Expenditures Over Appropriations: The following funds had excess expenditures over appropriations:

	<u>Expenditures in Excess of Appropriations</u>
General Fund	\$11,027

Deficit Fund Equity: The following funds have fund deficits at June 30, 2016:

	<u>Amount</u>
Badger Street Bridge Replacement Capital Projects Fund	\$59,075
Traffic Enhancement Activity Special Revenue Fund	102,826

H. New GASB Pronouncements: Management adopted the provisions of the following GASB Statements, which became effective during the year ended June 30, 2016.

- GASB Statement No. 72 – Fair Value Measurement and Application. The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures.
- GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The statement is effective for the periods beginning after June 15, 2015, or the 2015-2016 fiscal year.
- GASB Statement No. 79 – Certain External Investment Pools and Pool Participants. The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the periods beginning after December 15, 2015, or the 2015-2016 fiscal year.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 82 – Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this statement is to address certain issues which have been raised with respect to Statements No. 67, No. 68 and No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

I. Closed Funds: In fiscal year 2016, the City closed the following funds: Traffic and Safety Special Revenue Fund, the Local Transportation Commission Special Revenue Fund and Prospect Bowers Capital Projects Fund.

J. 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.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 amounts invested in the State of California Local Agency Investment Fund (LAIF). Cash and investments at June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments of the City	\$2,714,069
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments	<u>47,868</u>
Total cash and investments	<u><u>\$2,761,937</u></u>

Cash and investments as of June 30, 2016 consisted of the following:

Cash on hand	\$500
Deposits with financial institutions	824,282
Investments	<u>1,937,155</u>
Total cash and investments	<u><u>\$2,761,937</u></u>

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

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

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 LAIF has an average maturity of 167 days.

Investment	Total	Maturity (in Months) 12 Months or
Money Market Fund	\$932,159	\$932,159
LAIF	376,373	376,373
Central San Joaquin Valley Risk Management Authority Investment Pool	628,623	628,623
	\$1,937,155	\$1,937,155

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.

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 in Central San Joaquin Valley Risk Management Authority Investment Pool (CSJVRM): The City reports its investment in CSJVRM at the fair value amount provided by CSJVRM, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CSJVRM, which are recorded on an amortized cost basis. Included in CSJVRM's investment portfolio are commercial paper, negotiable CDs, United States Treasury Notes and Bills, and Corporate Securities and Agency Funds.

Investment	Minimum Legal Rating	Not Rated	Total
Money Market Fund	AAAm		\$932,159
LAIF	N/A	\$376,373	376,373
Central San Joaquin Valley Risk Management Authority Investment Pool	N/A	628,623	628,623
		\$1,004,996	\$1,937,155

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

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 following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

<i>Investments by Fair Value Level:</i>	Level 2	Total
California Local Agency Investment Fund (LAIF)	\$376,373	\$376,373
Central San Joaquin Valley		
Risk Management Authority Investment Pool	628,623	628,623
Total Investments	<u>\$1,004,996</u>	<u>1,004,996</u>
<i>Investments Measured at Amortized Cost:</i>		
Money Market Mutual Fund		932,159
<i>Cash in banks and on hand</i>		824,782
Total Cash and investments		<u>\$2,761,937</u>

The Local Agency Investment Fund classified in Level 2 is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. The Central San Joaquin Valley Risk Management Authority Pool classified in Level 2 is valued based on the fair value of the underlying assets of the pool.

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, 2016 interfund balances were as follows:

Due To	Due From	Amount Owed
Special Revenue Funds		
Traffic Enhancement Activity	General Fund	\$408,284
Badger Street Bridge Grant	General Fund	125,261
		<u>\$533,545</u>

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 3 – INTERFUND TRANSACTIONS (Continued)

The City had the following transfers in/out for the year ended June 30, 2016:

Fund Receiving Transfer	Fund Making Transfer	Amount Transferred
General fund	Nonmajor Governmental funds	\$22 (b)
Gas Tax	General Fund	50,000 (a)
	Nonmajor Governmental funds	154,975 (b)
Nonmajor Governmental funds	General Fund	371 (b)
		<u>\$205,368</u>

(a) Transfer for capital projects

(b) Transfer to close the fund.

NOTE 4 – CAPITAL ASSETS

Governmental activities capital assets activities for the year ended June 30, 2016 was as follows:

	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$1,287,461			\$1,287,461
Construction in progress	2,397,523	\$768,656		3,166,179
Total capital assets, not being depreciated	<u>3,684,984</u>	<u>768,656</u>		<u>\$4,453,640</u>
Capital assets, being depreciated:				
Buildings and improvements	3,776,418		(\$53,030)	3,723,388
Infrastructure	2,934,706			2,934,706
Machinery and equipment	425,793	7,632	(34,485)	398,940
Total capital assets being depreciated	<u>7,136,917</u>	<u>7,632</u>	<u>(87,515)</u>	<u>7,057,034</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,365,324)	(19,869)	19,430	(3,365,763)
Infrastructure	(152,474)	(97,824)		(250,298)
Machinery and equipment	(342,945)	(27,797)	28,485	(342,257)
Total accumulated depreciation	<u>(3,860,743)</u>	<u>(145,490)</u>	<u>47,915</u>	<u>(3,958,318)</u>
Capital assets being depreciated, net	<u>3,276,174</u>	<u>(137,858)</u>	<u>(39,600)</u>	<u>3,098,716</u>
Governmental Activities capital assets, net	<u>\$6,961,158</u>	<u>\$630,798</u>	<u>(\$39,600)</u>	<u>\$7,552,356</u>

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 – CAPITAL ASSETS (Continued)

Business-type capital assets activities for the year ended June 30, 2016 was as follows:

	Balance at June 30, 2015	Additions	Balance at June 30, 2016
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	1,722,785		1,722,785
Machinery and equipment	124,561		124,561
Total capital assets being depreciated	4,345,412		4,345,412
Less accumulated depreciation for:			
Buildings and improvements	(326,793)	(\$1,996)	(328,789)
Wastewater facilities	(1,399,871)	(39,473)	(1,439,344)
Sewer treatment plant	(1,023,890)	(31,548)	(1,055,438)
Machinery and equipment	(119,031)	(2,765)	(121,796)
Total accumulated depreciation	(2,869,585)	(75,782)	(2,945,367)
Capital assets being depreciated, net	1,475,827	(75,782)	1,400,045
Business-type Activities capital assets, net	\$2,072,189	(\$75,782)	\$1,996,407

NOTE 5 – LONG-TERM DEBT

	Balance June 30, 2015	Retirements	Balance June 30, 2016	Due Within One Year
Business-Type Activities				
Loans Payable				
U.S. Department of Agriculture	\$613,000	(\$17,000)	\$596,000	\$18,000
Amador Regional Sanitation Authority	450,000		450,000	
Total Business-type Activity Debt	\$1,063,000	(\$17,000)	\$1,046,000	\$18,000

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 5 – LONG-TERM DEBT (Continued)

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 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 scheduled annual minimum debt service requirements at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	USDA Loan Payable		
	Principal	Interest	Total
2017	\$18,000	\$26,820	\$44,820
2018	18,000	26,010	44,010
2019	19,000	25,200	44,200
2020	20,000	24,346	44,346
2021	21,000	23,546	44,546
2022-2026	120,000	102,152	222,152
2027-2031	150,000	72,632	222,632
2032-2036	187,000	35,686	222,686
2037	43,000	1,936	44,936
	<u>\$596,000</u>	<u>\$338,328</u>	<u>\$934,328</u>
Total	<u>\$596,000</u>		

Amador Regional Sanitation Authority (ARSA) Loans Payable: The City of Sutter Creek participates as a 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 10A 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.

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

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 5 – LONG-TERM DEBT (Continued)

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 has requested a delay from ARSA in the repayment schedule. The most recent deferral approved by ARSA grants the City a delay until August 2014. On April 27, 2016, ARSA Governing Board approved an extension of the commencement date of repayment of interest and principal to begin on August 28, 2017.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description: For employees who retired prior to July 1, 2012 and employees hired on 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 postretirement coverage. There are currently five retirees, none of whom participate in the City-sponsored medical plan.

Funding Policy: The City Council did not prefund the plan in the current year. The City Council will review the funding requirements and policy annually.

The annual required contribution (ARC) was determined as part of a July 1, 2012 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 2.0% investment rate of return, (b) 3.0% projected annual salary increase, (c) 2.75% general inflation increases, and (d) Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. Since the retiree benefit is capped at a specific dollar amount, there is no provision for future increases included in the calculation. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over fixed 30 year closed amortization period.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

During the fiscal year ended June 30, 2016, the City recorded the net OPEB obligation, representing the difference between the ARC and contributions as presented below:

Annual required contribution	\$7,621
Interest on net OPEB obligation	303
Adjustment to annual required contribution	(438)
Annual OPEB cost (expense)	<u>7,486</u>
Contributions made (premium payments)	<u>(3,780)</u>
Increase in net OPEB obligation	3,706
Net OPEB obligation, beginning of year	<u>12,160</u>
Net OPEB obligation, end of year	<u><u>\$15,866</u></u>

The City's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan and the net OPEB obligation for the year ended June 30, 2016 is as follows:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$7,553	\$7,350	97%	\$7,824
6/30/2015	7,486	3,150	42%	12,160
6/30/2016	7,486	3,780	50%	15,866

NOTE 7 – NET POSITION AND FUND BALANCE

Fund Equity: 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 pre-paid 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.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 7 – NET POSITION AND FUND BALANCE (Continued)

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'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 classification could be used.

Net Position: The government-wide financial statements utilize a net position presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

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

The City Council establishes, modified 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.

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

<u>Fund Balance Classifications</u>	<u>General Fund</u>	<u>Badger Street Bridge Grant Fund</u>	<u>Traffic Enhancement Activity Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Committed for:					
General savings account	\$10,000				\$10,000
Budgeted reserve	63,990				63,990
Total Restricted	73,990				73,990
Restricted for:					
Street and bridge projects				\$705,484	705,484
Public safety projects				14,805	14,805
Community projects				153,725	153,725
Total Restricted				874,014	874,014
Unassigned	1,068,451	(\$59,075)	(\$102,826)		906,550
Total Fund Balances	\$1,142,441	(\$59,075)	(\$102,826)	\$874,014	\$1,854,554

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – PENSION PLAN

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.

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.

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, 2016, 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		11.718%	6.37%
		<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		18.524%	11.153%

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – PENSION PLAN (Continued)

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 and side fund was \$169,704 in fiscal year 2016.

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.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>City Safety Plan</u>
Contributions - employer	\$103,268
	<u>City Miscellaneous Plan</u>
Contributions - employer	\$158,803
Total	<u><u>\$262,071</u></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, 2016, 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	\$1,069,197
City Miscellaneous Plan	<u>1,449,891</u>
Total Net Pension Liability	<u><u>\$2,519,088</u></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, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – PENSION PLAN (Continued)

	<u>City Safety Plan</u>
Proportion - June 30, 2014	0.02534%
Proportion - June 30, 2015	0.02595%
Change - Increase (Decrease)	<u>0.00061%</u>

	<u>City Miscellaneous Plan</u>
Proportion - June 30, 2014	0.05319%
Proportion - June 30, 2015	0.05285%
Change - Increase (Decrease)	<u>(0.00034%)</u>

For the year ended June 30, 2016, the City recognized pension expense of \$188,100. At June 30, 2016, 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	\$262,071	
Differences between actual and expected experience	5,646	\$14,972
Differences between actual and proportional contributions		55,995
Changes in assumptions		122,280
Net difference between projected and actual earnings on pension plan investments		61,679
Adjustments due to differences in proportion	31,325	52,769
Total	<u>\$299,042</u>	<u>\$307,695</u>

\$262,071 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, 2016. 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>
2017	(\$123,008)
2018	(121,833)
2019	(102,954)
2020	77,071

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2015, the total pension liabilities were determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liability were based on the following actuarial methods and assumptions:

	All Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPers Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 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 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the CalPERS 2010 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, 2014 valuation were based on the results of an actuarial experience study for the period 1997 to 2007, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of 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 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 –PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent 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(a)	Real Return Years 11+(b)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Assets	10%	4.50%	5.13%
Inflation Sensitive Assets	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% is used this period.

(b) An expected inflation of 3.0% is used this period.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 –PENSION PLAN (Continued)

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

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>City Safety Plan</u>
1% Decrease	6.65%
Net Pension Liability	\$1,716,910
Current Discount Rate	7.65%
Net Pension Liability	\$1,069,197
1% Increase	8.65%
Net Pension Liability	\$538,084
	<u>City Miscellaneous Plan</u>
1% Decrease	6.65%
Net Pension Liability	\$2,264,765
Current Discount Rate	7.65%
Net Pension Liability	\$1,449,891
1% Increase	8.65%
Net Pension Liability	\$777,117

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, 2016

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
\$4,000,000 - \$10,000,000	AmTrust Reinsurance Group via CARMA	Purchased Insurance
\$10,000,001 - \$14,000,000	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	Natl Union Fire Insurance Co (AJG) 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, 2016

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 \$59,876 for various vendors.

NOTE 11 – FINANCIAL DIFFICULTIES

The City plans to hold General Fund full-time staffing levels the same for the upcoming fiscal year of 2016/17 while expecting to experience an improved revenue picture. The City has actively sought revenue leakage areas and has reduced unnecessary expenditures.

For the most recent few years, the City has acted aggressively in reducing its General Fund spending and expects to continue experiencing benefits from these reductions in future years. The City also understands the importance of establishing a formal long-term plan to eliminate the accumulated deficit in the General Fund. The recently adopted budgets provide the foundation for the task of eliminating the accumulated deficit.

The City has continued its aggressive approach in budgeting expenses, and anticipating revenues. The City set aside 4% of its General Fund revenues this fiscal year in anticipation of beginning to budget a reserve. The City also put \$10,000 towards a general savings account to help weather any future economic headwinds.

CITY OF SUTTER CREEK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – SUBSEQUENT EVENT

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUTTER CREEK
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2016

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

	<u>City Miscellaneous Plan</u> <u>6/30/2014</u>	<u>City Miscellaneous Plan</u> <u>6/30/2015</u>
Plan's proportion of the Net Pension Liability (Asset)	0.02113%	0.05285%
Plan's proportion share of the Net Pension Liability (Asset)	\$1,314,608	\$1,314,608
Plan's Covered Payroll	\$354,353	\$467,470
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	370.99%	281.22%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.99%	75.77%
Plan's Proportionate Share of Aggregate Employer Contributions	\$125,929	\$158,803
	<u>City Safety Plan</u> <u>6/30/2014</u>	<u>City Safety Plan</u> <u>6/30/2015</u>
Plan's proportion of the Net Pension Liability (Asset)	0.01528%	0.02595%
Plan's proportion share of the Net Pension Liability (Asset)	\$950,642	\$1,069,197
Plan's Covered Payroll	\$437,001	\$269,693
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	217.54%	396.45%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.13%	77.37%
Plan's Proportionate Share of Aggregate Employer Contributions	\$96,145	\$103,268

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

CITY OF SUTTER CREEK
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2016

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

	City Miscellaneous Plan	
	2015	2016
Actuarially determined contribution	\$102,379	\$158,803
Contributions in relation to the actuarially determined contributions	(102,379)	(158,803)
Contribution deficiency (excess)	\$0	\$0
Covered payroll	\$467,470	\$467,495
Contributions as a percentage of covered payroll	21.90%	33.97%
	City Safety Plan	
	2015	2016
Actuarially determined contribution	\$106,955	\$103,268
Contributions in relation to the actuarially determined contributions	(106,955)	(103,268)
Contribution deficiency (excess)	\$0	\$0
Covered payroll	\$269,693	\$269,693
Contributions as a percentage of covered payroll	39.66%	38.29%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is 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
Retirement age	59 yrs. Misc., 54 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.

7.65%, net of pension plan investment expense, including inflation
The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

<p align="center">CITY OF SUTTER CREEK REQUIRED SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2016</p>
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City of Sutter Creek
Other Post Employment Benefits (OPEB)
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	\$0	\$49,137	\$49,137	0%	\$870,812	6%

SUPPLEMENTARY INFORMATION

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Traffic and Safety Fund	Gas Tax, Streets & Sidewalks Fund	Crestview Lighting District Fund	Local Transportation Commission Fund
ASSETS				
Cash and investments		\$182,247	\$245	
Accounts receivable			797	
Interest Receivable				
TOTAL ASSETS		\$182,247	\$1,042	
LIABILITIES				
Accounts payable		\$6,881		
Accrued liabilities		1,151		
Deposits payable				
TOTAL LIABILITIES		8,032		
FUND BALANCE				
Restricted		174,215	\$1,042	
TOTAL FUND BALANCES		174,215	1,042	
TOTAL LIABILITIES AND FUND BALANCES		\$182,247	\$1,042	

SPECIAL REVENUE FUNDS

Cemetery Fund	FEMA Fund	AB 1600 Fund	Police Grants Funds	Cal Trans ADA Fund	HOME Grant Fund
\$4,135	\$12,541	\$52,995	\$2,264	\$33,014	\$67
<u>\$4,135</u>	<u>\$12,541</u>	<u>\$52,995</u>	<u>\$2,264</u>	<u>\$33,014</u>	<u>\$67</u>
\$58					
<u>58</u>					
<u>4,077</u>	<u>\$12,541</u>	<u>\$52,995</u>	<u>\$2,264</u>	<u>\$33,014</u>	<u>\$67</u>
<u>4,077</u>	<u>12,541</u>	<u>52,995</u>	<u>2,264</u>	<u>33,014</u>	<u>67</u>
<u>\$4,135</u>	<u>\$12,541</u>	<u>\$52,995</u>	<u>\$2,264</u>	<u>\$33,014</u>	<u>\$67</u>

(Continued)

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Community Center Grant Fund	General Plan Update Fund	ACRA Regional Rec. Fees Fund	Broad Street Drain Fund
ASSETS				
Cash and investments	\$460	\$6	\$91,672	\$1,255
Accounts receivable	897			
Interest Receivable				9
TOTAL ASSETS	<u>\$1,357</u>	<u>\$6</u>	<u>\$91,672</u>	<u>\$1,264</u>
LIABILITIES				
Accounts payable				
Accrued liabilities	\$139			
Deposits payable				
TOTAL LIABILITIES	<u>139</u>			
FUND BALANCE				
Restricted	<u>1,218</u>	<u>\$6</u>	<u>\$91,672</u>	<u>\$1,264</u>
TOTAL FUND BALANCES	<u>1,218</u>	<u>6</u>	<u>91,672</u>	<u>1,264</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,357</u>	<u>\$6</u>	<u>\$91,672</u>	<u>\$1,264</u>

SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUND	Total Nonmajor Governmental Funds
Central Eureka Mine Project Fund	Sutter Creek Bridge Replacement Fund	Traffic Mitigation Fund	Prospect Bowers Fund	
\$2,649	\$265,883	\$260,428 500		\$909,861 2,194 9
<u>\$2,649</u>	<u>\$265,883</u>	<u>\$260,928</u>		<u>\$912,064</u>
\$1	\$1,622			\$8,562 1,290 28,198
		\$28,198		
<u>1</u>	<u>1,622</u>	<u>28,198</u>		<u>38,050</u>
<u>2,648</u>	<u>264,261</u>	<u>232,730</u>		<u>874,014</u>
<u>2,648</u>	<u>264,261</u>	<u>232,730</u>		<u>874,014</u>
<u>\$2,649</u>	<u>\$265,883</u>	<u>\$260,928</u>		<u>\$912,064</u>

CITY OF SUTTER CREEK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Traffic and Safety Fund	Gas Tax, Streets & Sidewalks Fund	Crestview Lighting District Fund	Local Transportation Commission Fund
GOVERNMENTAL REVENUES				
Taxes and special assessments		\$60,474		
Licenses, permits and fees				
Interest and investment income		327	\$1	
Intergovernmental revenues				
Charges for services			1,225	
Other revenues				
Total Revenues		60,801	1,226	
EXPENDITURES				
Current:				
General government				
Public works and facilities		155,815	1,347	
Public safety				
Cultural and recreation		6,883		
Capital Outlay				
Total Expenditures		162,698	1,347	
OTHER FINANCING SOURCES				
Transfers in		204,975		
Transfers out	(\$71,166)			(\$83,809)
Total Other Financing Sources	(71,166)	204,975		(83,809)
NET CHANGE IN FUND BALANCE	(71,166)	103,078	(121)	(83,809)
FUND BALANCES BEGINNING OF YEAR	71,166	71,137	1,163	83,809
FUND BALANCES END OF YEAR		\$174,215	\$1,042	

SPECIAL REVENUE FUNDS

Cemetery Fund	FEMA Fund	AB 1600 Fund	Police Grants Funds	Cal Trans ADA Fund	HOME Grant Fund
		\$4,753			
\$18	\$33			\$42	
		42,771			
18	33	47,524		42	
420					
3,260			\$1,825		
3,680			1,825		
			371		
			371		
(3,662)	33	47,524	(1,454)	42	
7,739	12,508	5,471	3,718	32,972	\$67
\$4,077	\$12,541	\$52,995	\$2,264	\$33,014	\$67

(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, 2016

	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	\$46		\$29	\$1
Intergovernmental revenues				
Charges for services	20,851		70,080	
Other revenues				
Total Revenues	20,897		70,109	1
EXPENDITURES				
Current:				
General government	2,784			
Public works and facilities			5,409	
Public safety				
Cultural and recreation	19,141		131	
Capital Outlay	7,394			
Total Expenditures	29,319		5,540	
OTHER FINANCING SOURCES				
Transfers in				
Transfers out				
Total Other Financing Sources				
NET CHANGE IN FUND BALANCE	(8,422)		64,569	1
FUND BALANCES BEGINNING OF YEAR	9,640	\$6	27,103	1,263
FUND BALANCES END OF YEAR	\$1,218	\$6	\$91,672	\$1,264

SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUND	Total Nonmajor Governmental Funds
Central Eureka Mine Project Fund	Sutter Creek Bridge Replacement Fund	Traffic Mitigation Fund	Prospect Bowers Fund	
				\$60,474
\$12	\$516	\$997	\$22	4,753
	40,847			2,044
		16,162		40,847
2,000				151,089
				2,000
2,012	41,363	17,159	22	261,207
		316		3,100
	32,105			195,096
2,000				1,825
		8,150		31,415
				15,544
2,000	32,105	8,466		246,980
			(22)	205,346
				(154,997)
			(22)	50,349
12	9,258	8,693		64,576
2,636	255,003	224,037		809,438
\$2,648	\$264,261	\$232,730		\$874,014

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, 2016

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
REVENUES:			
Taxes and special assessments	\$72,004	\$60,474	(\$11,530)
Interest and investment income	8,613	327	(8,286)
TOTAL REVENUES	<u>80,617</u>	<u>60,801</u>	<u>(19,816)</u>
EXPENDITURES:			
Current:			
Public works and facilities	279,714	155,815	123,899
Culture and recreation		6,883	(6,883)
TOTAL EXPENDITURES	<u>279,714</u>	<u>162,698</u>	<u>117,016</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		204,975	204,975
TOTAL OTHER FINANCING SOURCES (USES)		<u>204,975</u>	<u>204,975</u>
NET CHANGE IN FUND BALANCE	(199,097)	103,078	302,175
Fund balances, beginning of year	<u>71,137</u>	<u>71,137</u>	
FUND BALANCES, END OF YEAR	<u><u>(\$127,960)</u></u>	<u><u>\$174,215</u></u>	<u><u>\$302,175</u></u>

AGENCY FUNDS

CITY OF SUTTER CREEK
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Monteverde Store Fund</u>				
Assets				
Cash and investments		\$2,609		\$2,609
Accounts receivable	\$2,000		\$2,000	
	<u>\$2,000</u>	<u>\$2,609</u>	<u>\$2,000</u>	<u>\$2,609</u>
Liabilities				
Accounts payable	\$2,000	\$2,609	\$2,000	\$2,609
Total Liabilities	<u>\$2,000</u>	<u>\$2,609</u>	<u>\$2,000</u>	<u>\$2,609</u>
<u>Knights Foundry Fund</u>				
Assets				
Cash and investments	\$44,711		\$377	\$44,334
Total Assets	<u>\$44,711</u>	<u></u>	<u>\$377</u>	<u>\$44,334</u>
Liabilities				
Accounts payable		\$33		\$33
Due to other governments	\$44,711		\$410	44,301
Total Liabilities	<u>\$44,711</u>	<u>\$33</u>	<u>\$410</u>	<u>\$44,334</u>
<u>Community Facilities District Fund</u>				
Assets				
Cash and investments	\$925	\$2		\$927
Due from other governments	239		\$239	
Total Assets	<u>\$1,164</u>	<u>\$2</u>	<u>\$239</u>	<u>\$927</u>
Liabilities				
Accounts payable	\$1,164	\$2	\$239	\$927
Total Liabilities	<u>\$1,164</u>	<u>\$2</u>	<u>\$239</u>	<u>\$927</u>

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>ARSA Funds</u>				
Assets				
Due from other governments		\$160		\$160
Total Assets		\$160		\$160
Liabilities				
Accounts payable		\$160		\$160
Total Liabilities		\$160		\$160
<u>Community Trust Fund</u>				
Assets				
Cash and investments	\$2,444		\$2,446	(\$2)
Total Assets	\$2,444		\$2,446	(\$2)
Liabilities				
Accounts payable	\$2,431		\$2,431	
Due to other governments	13		15	(\$2)
Total Liabilities	\$2,444		\$2,446	(\$2)
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash and investments	\$48,080	\$2,611	\$2,823	\$47,868
Accounts receivable	2,000		2,000	
Due from other governments	239	160	239	160
Total Assets	\$50,319	\$2,771	\$5,062	\$48,028
Liabilities				
Accounts payable	\$5,595	\$2,804	\$4,670	\$3,729
Due to other governments	44,724		425	44,299
Total Liabilities	\$50,319	\$2,804	\$5,095	\$48,028

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