

City of Piedmont
COUNCIL AGENDA REPORT

DATE: March 21, 2022

TO: Mayor and Council

FROM: Sara Lillevand, City Administrator

SUBJECT: Consideration of the Acceptance of the 2020-2021 Audited Financial Statements

RECOMMENDATION

Review and accept the City's independent auditor's reports for 2020-2021:

- a) Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021
- b) Measure B Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021
- c) Measure BB Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021
- d) Measure F Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021

BACKGROUND

The City's independent auditor, Mann-Urrutia-Nelson CPAs & Associates, LLP (MUN), has completed the audit of the City's financial statements and provided auditor's reports for the fiscal year ended June 30, 2021. The Finance Department is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The Audit Committee, consisting of Mayor Teddy King and Vice Mayor Jennifer Cavanaugh, met via conference call with the audit partner and City staff on March 16, 2022 to discuss the auditor's financial report and recommendations regarding internal control.

The Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021 contains a number of sections. These include the Independent Auditor's Report, Management's Discussion and Analysis, individual financial statements, Notes to the Basic Financial Statements, and the Required Supplemental Information. The audit partner from MUN will be available at the March 21, 2022 City Council meeting to answer any questions.

DISCUSSION

The audit addresses the City's general financial statements and the Measure B, Measure BB, and Measure F sales tax special revenue funds. The audits found no exception to conformance with generally accepted accounting principles and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General.

MUN opined that the general purpose financial statements present fairly, in all material ways, the City's financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2021. The audited financial statements include the statement of net position, statement of activities and changes in net position, balance sheets, statements of revenues, expenditures, and changes in fund balances, and statements of cash flows.

In summary, the City received a clean audit opinion, with no material weaknesses, no significant deficiencies, nor any compliance exceptions. For an overview of the Annual Financial Statements and Independent Auditor's Report, see the Management's Discussion and Analysis beginning on page 3 of the report

By: Michael Szczech, Finance Director

ATTACHMENTS

- A. Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021
- B. Auditor's Letter on Compliance and Internal Control
- C. Measure B Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021
- D. Measure BB Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021
- E. Measure F Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2021
- F. Appropriations Limit Calculation as of June 30, 2022
- G. Management Letter
- H. Letter Communicating with Those Charged with Governance

City of Piedmont
Financial Statements
and
Independent Auditor's Report
For the Year Ended
June 30, 2021



CITY OF PIEDMONT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the City Council of
the City of Piedmont
Piedmont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter*Change in Accounting Principle*

As described in Notes 1 and 16 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the General Fund and major special revenue funds, pension related schedules and OPEB related schedules 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 of Piedmont's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, on our consideration of the City of Piedmont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Piedmont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Piedmont's internal control over financial reporting and compliance.



Sacramento, California
March 7, 2022

**CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The Management's Discussion and Analysis (MD&A) provides an overview of the City of Piedmont's activities and financial performance for the fiscal year ended June 30, 2021. To obtain a complete picture of the City's financial condition, this narrative overview and analysis should be read in conjunction with the accompanying Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Government-wide

- Net position is defined as the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources. As of June 30, 2021, the City's government-wide net position amounted to a positive balance of \$45,956,320. This represents an increase of \$8,449,495 from the June 30, 2020 balance of \$37,506,825.
 - Governmental activities of \$34,533,119 accounts for 75% of total net position.
 - Business-type activities of \$11,423,201 accounts for 25% of total net position.
- Deferred Outflows of Resources represent a consumption of net position or fund balance that applies to a future period. Of the \$9,389,409 in Deferred Outflows of Resources, \$3,776,944 includes contribution payments made to CalPERS during fiscal year 2020-21, as well as changes in the net pension liability totaling \$4,352,867. As allowed by GASB No. 68, the CalPERS measurement date is June 30, 2020 and contributions subsequent to the measurement date are reflected as a deferred outflow. The remaining \$1,259,598 in Deferred Outflows of Resources relates to changes in the Net OPEB liability.
- Deferred Inflows of Resources represent an acquisition of net position or fund balance that applies to a future period and amounts to \$10,843,221. The deferred Inflows include deferrals due to changes in the net pension liability, net pension asset - police & fire, and net OPEB liability. Notes 7, 8, and 9 discuss the impacts of these changes to net position.
- Net position increased by \$8,449,495 due to the following factors:
 - Net investment in capital assets increased \$1,013,868 to \$42,243,641 due to the following:
 - Governmental activities decreased by \$35,408 due primarily to annual depreciation. Capital improvements were limited, especially the improvement of city streets, due to the COVID-19 pandemic.
 - Business-type activities increased \$1,049,276 due primarily to additions to the sewer infrastructure and the purchase of sewer related heavy equipment, offset by depreciation.
 - Unrestricted net position decreased by \$6,303,202 to \$(3,267,371) due to the following:
 - Increased revenue coupled with an increase in expenses resulted in a decrease in net position.
 - Total revenues from governmental activities increased \$5,400,000 to \$36,665,000 primarily due to an increase in Real Property Transfer Tax of \$2,700,000; increase of \$742,000 in Charges for Services primarily due to the increase in recreational programs as COVID-19 health restrictions waned; and increases in property tax receipts of \$652,000
 - Personnel related expenses increased primarily due to salary and wage increases per collective bargaining agreements and increases in pension costs.
 - As of June 30, 2021, capital assets, net of depreciation, amount to \$48,445,561 and are reported in the Statement of Net Position.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Fund level

- Governmental fund balances increased \$6,348,514 to \$27,513,197. Of this amount, the unassigned fund balance was \$7,442,296, an increase of \$1,900,202 from the prior year.
- Enterprise fund net position increased \$1,087,881 to \$11,423,201. Of this amount, net investment in capital assets totaled \$11,453,384, an increase of \$1,049,276 from the prior year.

Fiduciary funds

- The trust funds net position increased \$905,270 to \$24,070,060. The trust funds represent the police and fire pension plan and OPEB for \$17,355,863 and \$6,714,197, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include administration, public works, public safety, and recreation. The business-type activities of the City include sewer and aquatics. The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Piedmont can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. The City also reports Equipment Replacement and Facilities Maintenance funds as major funds. Data for these funds are also presented separately. Data from the other fourteen governmental funds are combined and aggregated on the above mentioned statements. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 - 19 of the report.

Proprietary funds

The City maintains two different types of proprietary funds, enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Piedmont uses an enterprise fund to account for its sewer and aquatic activity. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Piedmont's various functions. The City uses internal service funds to account for its insurance activity. The Sewer and Aquatic Funds are included within the *business-type activities* and Internal Service Funds have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information on the City's business-type activities, the Sewer and Aquatic Enterprise Funds. The City's two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 20 - 23 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Piedmont's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 24 - 25 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 26 - 64 of this report.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* consisting of budgetary comparison schedules for the General Fund, pension required schedules, and OPEB required schedules. Required supplementary information can be found on pages 65 - 72 of this report.

Other information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 75 - 101 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Piedmont, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,956,320 at the close of the most recent year.

GASB No. 68 has a material impact on the City's financial statements, since it sets standards for measuring and recognizing assets, liabilities, and impact to net position, as well as, expands the note disclosures regarding the City's pension systems. GASB No. 68 requires the City to include pension assets of the Police & Fire Pension Trust and the liabilities of the City's CalPERS pension in the financial statements. The impact is shown in the negative unrestricted net position in the table below.

GASB No. 75 has a material impact on the City's financial statements, since it sets standards for measuring and recognizing assets, liabilities, and impact to net position, as well as, expands the note disclosures regarding the City's OPEB plan. GASB No. 75 requires the City to include the liabilities of the City's OPEB plan in the financial statements. The impact is shown in the negative unrestricted net position in the table below.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Piedmont uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Statement of Net Position
As of June 30, 2021 and 2020
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
ASSETS									
Current and other assets	\$ 33,145	\$ 26,262	\$ 6,883	\$ 2,539	\$ 2,708	\$ (169)	\$ 35,684	\$ 28,970	\$ 6,714
Noncurrent assets	<u>46,576</u>	<u>42,837</u>	<u>3,739</u>	<u>17,655</u>	<u>17,286</u>	<u>369</u>	<u>64,231</u>	<u>60,123</u>	<u>4,108</u>
Total Assets	<u>79,721</u>	<u>69,099</u>	<u>10,622</u>	<u>20,194</u>	<u>19,994</u>	<u>200</u>	<u>99,915</u>	<u>89,093</u>	<u>10,822</u>
Deferred Outflows of Resources	<u>8,868</u>	<u>7,475</u>	<u>1,393</u>	<u>521</u>	<u>384</u>	<u>137</u>	<u>9,389</u>	<u>7,859</u>	<u>1,530</u>
LIABILITIES									
Long-term liabilities	39,277	37,041	2,236	7,895	8,486	(591)	47,172	45,527	1,645
Other liabilities	<u>4,447</u>	<u>3,916</u>	<u>531</u>	<u>887</u>	<u>1,025</u>	<u>(138)</u>	<u>5,334</u>	<u>4,941</u>	<u>393</u>
Total Liabilities	<u>43,724</u>	<u>40,957</u>	<u>2,767</u>	<u>8,782</u>	<u>9,511</u>	<u>(729)</u>	<u>52,506</u>	<u>50,468</u>	<u>2,038</u>
Deferred Inflows of Resources	<u>10,333</u>	<u>8,445</u>	<u>1,888</u>	<u>510</u>	<u>532</u>	<u>(22)</u>	<u>10,843</u>	<u>8,977</u>	<u>1,866</u>
NET POSITION									
Net investment in capital assets	30,790	30,826	(36)	11,453	10,405	1,048	42,244	41,231	1,013
Restricted	6,980	5,848	1,132	-	-	-	6,980	5,848	1,132
Unrestricted	<u>(3,237)</u>	<u>(9,502)</u>	<u>6,265</u>	<u>(30)</u>	<u>(69)</u>	<u>39</u>	<u>(3,267)</u>	<u>(9,571)</u>	<u>6,304</u>
Total Net Position	<u>\$ 34,533</u>	<u>\$ 27,172</u>	<u>\$ 7,361</u>	<u>\$ 11,423</u>	<u>\$ 10,336</u>	<u>\$ 1,087</u>	<u>\$ 45,957</u>	<u>\$ 37,508</u>	<u>\$ 8,449</u>

At the end of the fiscal year, the City is able to report a positive net position for Governmental and Business-type Activities and as a whole. The change in net position is mentioned in the financial highlight section above.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
REVENUES:						
Program revenues						
Charges for services	\$ 4,673	\$ 3,677	\$ 996	\$ 2,749	\$ 3,021	\$ (272)
Operating grants and contributions	2,561	2,024	537	-	-	-
General revenues						
Taxes and fees	28,303	24,706	3,597	-	-	-
Investment earnings	740	562	178	15	97	(82)
Other revenue	388	322	66	-	-	-
Transfers	(224)	(250)	26	224	250	(26)
Total Revenues	<u>36,441</u>	<u>31,041</u>	<u>5,400</u>	<u>2,988</u>	<u>3,368</u>	<u>(380)</u>
EXPENSES:						
Administration	3,706	3,752	(46)	-	-	-
Public works	4,679	5,866	(1,187)	-	-	-
Street improvement	805	242	563	-	-	-
Safety: police	6,571	7,197	(626)	-	-	-
Safety: fire	6,946	7,161	(215)	-	-	-
Recreation	3,497	4,255	(758)	-	-	-
NonDepartmental	2,876	2,584	292	-	-	-
Interest	-	16	(16)	-	-	-
Sewer	-	-	-	1,668	2,409	(741)
Aquatics	-	-	-	232	643	(411)
Total Expenses	<u>29,080</u>	<u>31,073</u>	<u>(1,993)</u>	<u>1,900</u>	<u>3,052</u>	<u>(1,152)</u>
Change in net position	7,361	(32)	7,393	1,088	316	772
Net position - beginning	<u>27,172</u>	<u>27,204</u>	<u>(32)</u>	<u>10,335</u>	<u>10,019</u>	<u>316</u>
Net position - ending	<u>\$ 34,533</u>	<u>\$ 27,172</u>	<u>\$ 7,361</u>	<u>\$ 11,423</u>	<u>\$ 10,335</u>	<u>\$ 1,088</u>

Governmental Activities. On a full accrual basis, governmental activities increased the City of Piedmont's net position by \$7,361,614 primarily due to increased tax revenues.

Business-type Activities. Business-type activities increased the City of Piedmont's net position due to lower than expected expenditures as the preliminary work for Phase VI of the sewer project has not begun.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,513,197, an increase of \$6,348,514 compared with the prior year. A total of \$7,442,296, approximately 27%, constitutes unassigned General Fund balance.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance and unassigned fund balance of the General Fund were \$11,204,482 and \$7,442,296, respectively. As a measure of the General Fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to total fund expenditures. Total fund balance and unassigned fund balance are 42% and 28% of total General Fund expenditures, respectively. During the current fiscal year, the fund balance of the City's general fund increased by \$2,564,608.

General Fund revenues totaled \$33,932,347, an increase of \$5,199,034 from the prior year. The primary reasons for this change are:

- Real Property Transfer Tax revenue increased by \$2,683,967 due to the combination of a 57% increase in the number of homes sold and an 11% increase in the average home sale price.
- Intergovernmental revenue increased by \$338,102 primarily due to an increase in mutual aid revenue received for assistance in battling the states wildfires.
- Service charge revenue increased \$784,127 from the prior year primarily due to an increase in recreational programming as COVID-19 health restrictions wanes and higher planning and building charges as construction/remodeling activity increased.
- Property tax revenues increased \$652,000 to \$15,442,493 due to the standard maximum 2% annual assessment increase and supplemental receipts for the increase in the assessed annual valuation of homes sold.

Due to the volatile nature of the real estate market, this category is budgeted conservatively at \$2.8 million. The table below shows the number of homes sold and the average sales price for the last ten fiscal years:

<u>Fiscal Year</u>	<u># Sold</u>	<u>Average Sales Price</u>	<u>Real Property Transfer Tax</u>
2011-12	148	\$1,341,700	\$2,700,925
2012-13	155	\$1,582,243	\$3,186,001
2013-14	168	\$1,839,248	\$4,001,012
2014-15	154	\$1,971,270	\$3,901,252
2015-16	120	\$1,836,197	\$3,117,999
2016-17	127	\$2,138,872	\$3,522,078
2017-18	132	\$2,278,523	\$3,845,198
2018-19	122	\$2,424,600	\$3,819,816
2019-20	108	\$2,574,599	\$3,602,634
2020-21	170	\$2,847,358	\$6,286,601

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

General fund expenditures totaled \$26,739,603, an increase of \$1,574,585 from the prior year. The increase is due primarily to the following:

- Administration expenses increased \$370,939 primarily due to:
 - \$101,000 increase in legal and consulting costs primarily related to COVID-19 related policy issues.
 - \$98,000 increase in costs related to collective bargaining as all labor contracts expired on June 30, 2021.
 - \$84,000 increase in personnel related expenses due to salary increases and pension related costs.
 - \$50,000 in recruiting costs as two department head positions turned over during the fiscal year.
- Public Works expenses increased \$436,878 primarily due to:
 - \$233,000 increase in personnel related expenses due to salary increases and pension related costs.
 - \$136,000 increase in consulting costs due to the housing element and other planning and building department projects.
 - Janitorial costs \$115,000 higher due to COVID-19 precautionary measures.
- Police expenses increased \$170,819 primarily due to:
 - \$214,000 increase in personnel related expenses due to salary increases and pension related costs.
 - Offset by lower training costs due to COVID-19 limitations.
- Fire expenses increased \$551,883 primarily due to overtime costs incurred to assist other agencies in battling the state's wildfires. This amount is offset by mutual aid revenue received.
- Recreation expenses decreased \$261,236 primarily due to facility closures and lower personnel costs due to part-time employees being furloughed due to COVID-19.
- Non-Departmental expenses increased \$305,302 primarily due to:
 - \$230,000 increase in General Liability premiums and claim payments.
 - \$80,000 increase in Unemployment Insurance payments due to furloughed recreation employees.
 - Offset by lower training costs due to COVID-19 limitations.

Equipment Replacement Fund

The Equipment Replacement Fund is used to replace the capital assets of the City. The fund balance of the Equipment Replacement Fund increased \$33,414 to \$3,097,100. The City Council authorized transfers from the General Fund to the Equipment Replacement Fund for \$610,500 to fund necessary future capital needs.

Purchases during the fiscal year totaled \$590,280. Major items included a Street Sweeper vehicle and costs associated with the implementation and upgrading the City's various operating systems, including a new financial system, an operating system for our recreational activities, and a safety timekeeping system.

Facilities Maintenance Fund

The Facilities Maintenance Fund is used to maintain the City's facilities, primarily its buildings and parks. The fund balance of the Facilities Maintenance Fund increased \$2,810,952 to \$9,339,708. The City Council authorized transfers from the General Fund and Projects and Services Fund to Facilities Maintenance Fund for \$4,044,911 to fund necessary future capital.

The Facilities Maintenance Fund expenditures totaled \$1,258,283 and included approximately \$523,000 for the repair and/or replacement of sidewalks, \$92,000 to resurface tennis courts, and the remainder for various repairs, maintenance and improvements to the City's parks and municipal buildings, primarily the Corporation Yard, Community Hall and the Police Department headquarters.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Three funds comprise the City's proprietary funds: the Sewer Enterprise Fund, Aquatics Enterprise Fund, and the Internal Service Fund.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Sewer Fund

The Sewer Fund is used to account for the sanitary sewer and storm water systems of the City. The net position of the Sewer Fund increased \$1,318,140 to \$11,221,614. This total increase offsets the net capital improvements of the sewer system which increased \$393,294 to \$17,293,728. The unrestricted net position of the Sewer Fund increased \$245,274 to \$129,806.

The City Council approved loans to the Sewer Fund for \$800,000 from the Equipment Replacement Fund and the Facilities Maintenance Fund. The funds are to assist in the completion of rehabilitating the sewer system to cover costs related to design documents so that they can be submitted to apply for a State Water Resources Control Board loan to reimburse for design and construction costs.

Aquatics Fund

The Aquatics Fund is used to account for the operations of the Piedmont Community Pool. The net position of the Aquatics Fund decreased \$230,259 to \$201,587. The pool closed on March 16, 2020 due to COVID-19 County health orders and remains closed to date.

Internal Service Fund

The Internal Service Funds' net position amounted to \$1,010,586, an increase of \$3,893 from the prior fiscal year. This increase is due to transfers from the General Fund exceeding insurance premiums and claims paid.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's original budget of \$28,293,106 increased \$362,086 to the final amended budget of \$28,655,192. The additional appropriations consisted primarily of administrative fees (legal, labor negotiation, and recruiting), and General Liability and Workers' Compensation insurance premium and claim costs.

The General Fund's actual expenditures of \$26,739,603 was less than the final amended budget of \$28,655,192.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's total capital assets for its governmental and business-type activities as of June 30, 2021 amount to \$48,445,561 (net of accumulated depreciation). Capital assets include land, construction-in-progress, buildings, equipment, and infrastructure. The major portion of infrastructure includes the pavement, sidewalk, curb, and gutter, parks and underground utility systems of the City, as well as the sewer system. The City's capital assets increased \$334,296 from \$48,111,265 to \$48,445,561.

CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 5,683	\$ 5,683	\$ -	\$ -	\$ 5,683	\$ 5,683
Construction in progress	210	1,511	-	-	210	1,511
Buildings & improvements	2,718	2,500	362	385	3,080	2,885
Vehicles	2,009	2,305	493	337	2,502	2,642
Property and equipment	1,613	1,608	-	-	1,613	1,608
Infrastructure	<u>18,556</u>	<u>17,218</u>	<u>16,801</u>	<u>16,563</u>	<u>35,357</u>	<u>33,781</u>
Total	<u>\$ 30,789</u>	<u>\$ 30,825</u>	<u>\$ 17,656</u>	<u>\$ 17,285</u>	<u>\$ 48,445</u>	<u>\$ 48,110</u>

Additional information on the City of Piedmont's capital assets can be found in Note 4 on pages 45 - 46 of this report.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Long-term Debt

At the end of the current fiscal year, the City had total long-term outstanding debt of \$6,201,920, a decrease of \$679,572 from the prior fiscal year. The City has sewer loans outstanding for Phase I, Phase II, Phase III, Phase IV, and Phase V of the sewer rehabilitation project with the State of California Water Resources Control Board.

At June 30, 2021, the City's governmental and business-type activities had total long-term debts and obligations as scheduled below.

<u>Type of Indebtedness</u>	<u>Outstanding June 30, 2021</u>	<u>Outstanding June 30, 2020</u>
<u>Business-type Activities</u>		
Sewer Loan - Phase I	278,614	413,044
Sewer Loan - Phase II	404,927	533,372
Sewer Loan - Phase III	607,609	750,363
Sewer Loan - Phase IV	1,102,372	1,196,733
Sewer Loan - Phase V	<u>3,808,398</u>	<u>3,987,980</u>
Total Business-type Activities	<u>6,201,920</u>	<u>6,881,492</u>
Total Outstanding Debt	<u>\$ 6,201,920</u>	<u>\$ 6,881,492</u>

Additional information about the City's long-term debt can be found in Note 5 on pages 46 - 49 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General Fund

Approximately 70 percent of the City's general revenue sources are property related. The largest portion is property tax revenue, which accounts for approximately 60% of property related revenue. This revenue source has historically been relatively stable, even during periods of economic recession. The average annual growth rate of property tax revenue over the past twenty years is 5.8%. There has not been a year of negative growth over this time frame. In FY 2021-22 property tax revenue is projected to increase 4.0% over FY 2020-21 levels based on the estimated assessed valuations provided by Alameda County.

One of the critical sources of General Fund revenue is the voter approved parcel tax which represents approximately 7% of the General Fund revenues and provides discretionary funding to maintain essential services. In March 2020, Piedmont voters approved a four-year extension of the parcel tax at the current level, plus a maximum annual increase limited to the lower of the Consumer Price Index or 4%. The tax will be imposed from July 1, 2021 through June 30, 2025.

Another critical source of General Fund revenue is the real property transfer tax, which is realized when homes are sold. The City's real estate market has been remarkably healthy throughout the COVID-19 pandemic. However, there is no guarantee this favorable trend will continue. During this fiscal year, real property transfer tax was \$6.3 million and represents approximately 18% of General Fund revenues. This was a record year for transfer tax receipts and was 57% higher than the next closest year (\$4.0 million in FY 2013-14). Real property transfer tax is an area the City monitors closely as tax receipts will fluctuate since they are dependent on the strength of the real estate market in Piedmont. The economy is now facing serious headwinds with rising inflation. This may cause an increase in interest rates which can adversely affect the real estate market. This may have a detrimental impact on our transfer tax receipts. Given this, it is prudent to continue treating this revenue source in a conservative manner. We have budgeted \$2.8 million for FY 2021-22, which is a 33% decline from the average of the past 5 years.

The City's salary and benefit costs represent approximately 65% of the General Fund. Four-year employee agreements have been finalized for all bargaining units and unrepresented employees for the period July 1, 2021 through June 30, 2025. The agreements provide for salary increases, resets employee contributions for medical benefits, and capped the percentage amount the employees contribute to the CalPERS pension plan. This was necessary to remain competitive in the local labor market and will not adversely affect the City's financial position.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Pension costs and retiree medical costs continue to rise at a faster pace than revenue despite the various measures taken beginning in 2013 to contain these costs, including elimination of employer paid member pension contributions, employee cost sharing of pension costs, and the restructuring of postretirement health insurance benefits. We have budgeted pension and retiree medical expenses at \$4.5 million compared to \$3.7 million actual in FY 2021-22, an increase of \$0.8 million or 20%. For reference, had the Council not taken the initiative to implement the cost reduction measures noted above, these costs would have been approximately \$1.1 million higher at \$5.5 million or 22% more than what we are budgeting today.

In May 2018, the City established a Pension Rate Stabilization Fund with an initial contribution of \$2.0 million. We partnered with the Public Agency Retirement Services (PARS) to establish a Section 115 Trust. The trust will allow us to smooth the effect of rising pension costs which are expected to more than double over the next ten years. Through the deposit of funds into the Section 115 Trust Program, the City could expect to earn a rate of return greater than what would be attained through the City's investment with the State of California Local Agency Investment Fund (LAIF).

An additional \$750,000 was transferred into the trust in November 2018 and \$1.0 million in November 2021. These additional contributions were in response to the lower than expected investment results at CalPERS in FY 2019-20 and the effect of the changes in their amortization policy. Amortization periods for the Unfunded Accrued Liability have been shortened from 30 years to 20 years, which lowers our overall liability, but increases annual payments. The City closely monitors its pension liability to assure adequate funding is available to meet these rising costs.

As a general practice, in years when revenues exceed budget estimates, the City Council prudently treats the surplus as "onetime" revenue and has directed the funds to address facility maintenance, equipment replacement, and underfunded liabilities. This practice is and will continue to be extremely important to the longterm health of the City, especially when considering an expanded definition of "facilities maintenance" to include such critical civic infrastructure as our streets, sidewalks, storm drains and parks. In FY 2020-21, revenues in excess of the budgeted amount were transferred to the Facilities Maintenance and the Pension Stabilization Funds.

Sewer Fund

On August 4, 2014, the United States Environmental Protection Agency (EPA) issued a negotiated Consent Decree (CD). The CD is intended to provide an expanded period of time (21 years) to allow the City to rehabilitate the sewer systems in order to substantially reduce the amount of infiltration and inflow (I&I) in the EBMUD system. The City has divided the project into seven phases. The City has completed Phases I through V. The State Water Resources Control Board (SWRCB) has reimbursed the City for the majority of the costs incurred for all phases by providing funding through low interest rate loans. The City expects to begin preliminary work on Phase VI during FY 2021-22.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Piedmont's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 120 Vista Avenue, City of Piedmont, California, 94611.

CITY OF PIEDMONT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 24,556,212	\$ 3,192,749	\$ 27,748,961
Restricted cash and investments (Note 2)	3,667,217	-	3,667,217
Accounts receivable	3,993,031	139,702	4,132,733
Interest receivable	33,680	5,863	39,543
Prepaid expenses	94,969	-	94,969
Internal balances	800,000	(800,000)	-
Capital assets (Note 4):			
Land and construction in progress	5,892,937	-	5,892,937
Depreciable, net of accumulated depreciation	24,897,320	17,655,304	42,552,624
Total capital assets	<u>30,790,257</u>	<u>17,655,304</u>	<u>48,445,561</u>
Net pension asset (Note 8)	<u>15,785,970</u>	-	<u>15,785,970</u>
Total Assets	<u>79,721,336</u>	<u>20,193,618</u>	<u>99,914,954</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
2021 pension contributions (Note 7)	3,601,354	175,590	3,776,944
Changes in the net pension liability (Note 7)	4,095,573	257,294	4,352,867
Changes in the net OPEB liability (Note 9)	1,171,066	88,532	1,259,598
Total Deferred Outflows of Resources	<u>8,867,993</u>	<u>521,416</u>	<u>9,389,409</u>
<u>LIABILITIES</u>			
Accounts payable	988,350	72,502	1,060,852
Accrued wages and benefits	534,994	3,408	538,402
Accrued interest payable	-	80,916	80,916
Deposit payable	707,051	-	707,051
Unearned revenue	1,268,538	-	1,268,538
Compensated absences (Note 5):			
Due within one year	625,268	36,263	661,531
Due in more than one year	369,249	22,272	391,521
Claims payable (Note 11):			
Due within one year	322,387	-	322,387
Due in more than one year	800,006	-	800,006
Net OPEB liability (Note 9):			
Due in more than one year	8,125,606	795,117	8,920,723
Long-term liabilities (Note 5):			
Due within one year	-	693,574	693,574
Due in more than one year	-	5,508,346	5,508,346
Net pension liability (Note 7):			
Due in more than one year	<u>29,981,771</u>	<u>1,569,204</u>	<u>31,550,975</u>
Total Liabilities	<u>43,723,220</u>	<u>8,781,602</u>	<u>52,504,822</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Changes in the net pension liability (Note 7)	1,664,065	82,283	1,746,348
Changes in the net pension asset - police & fire (Note 8)	2,587,053	-	2,587,053
Changes in the net OPEB liability (Note 9)	6,081,872	427,948	6,509,820
Total Deferred Inflows of Resources	<u>10,332,990</u>	<u>510,231</u>	<u>10,843,221</u>
<u>NET POSITION</u>			
Net investment in capital assets	30,790,257	11,453,384	42,243,641
Restricted for:			
Community development	1,682,170	-	1,682,170
Public safety	570,500	-	570,500
Recreation	185,498	-	185,498
Street improvement	874,665	-	874,665
Section 115 pension trust	3,667,217	-	3,667,217
Unrestricted	<u>(3,237,188)</u>	<u>(30,183)</u>	<u>(3,267,371)</u>
Total Net Position	<u>\$ 34,533,119</u>	<u>\$ 11,423,201</u>	<u>\$ 45,956,320</u>

See accompanying notes to the basic financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total Primary Government
PRIMARY GOVERNMENT							
Governmental activities:							
Administration	\$ 3,705,874	\$ 580,882	\$ 19,025	\$ -	\$ (3,105,967)	\$ -	\$ (3,105,967)
Public works	4,678,525	1,286,094	1,579,127	-	(1,813,304)	-	(1,813,304)
Street improvement	804,649	-	-	-	(804,649)	-	(804,649)
Public safety: police services	6,570,591	180,498	334,942	-	(6,055,151)	-	(6,055,151)
Public safety: fire services	6,946,376	226,259	513,197	-	(6,206,920)	-	(6,206,920)
Recreation	3,497,428	2,399,707	115,000	-	(982,721)	-	(982,721)
Nondepartmental	2,875,531	-	-	-	(2,875,531)	-	(2,875,531)
Total governmental activities	<u>29,078,974</u>	<u>4,673,440</u>	<u>2,561,291</u>	<u>-</u>	<u>(21,844,243)</u>	<u>-</u>	<u>(21,844,243)</u>
Business-type activities:							
Sewer	1,668,374	2,748,553	-	-	-	1,080,179	1,080,179
Aquatic	231,790	525	-	-	-	(231,265)	(231,265)
Total business-type activities	<u>1,900,164</u>	<u>2,749,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>848,914</u>	<u>848,914</u>
Total primary government	<u>\$ 30,979,138</u>	<u>\$ 7,422,518</u>	<u>\$ 2,561,291</u>	<u>\$ -</u>	<u>(21,844,243)</u>	<u>848,914</u>	<u>(20,995,329)</u>
General revenues:							
Taxes:							
Property tax					15,442,493	-	15,442,493
Sales tax					244,763	-	244,763
Franchise tax					560,828	-	560,828
Utility users tax					1,238,177	-	1,238,177
Real property transfer tax					6,286,601	-	6,286,601
Business license and rental tax					620,351	-	620,351
Parcel tax					2,411,381	-	2,411,381
Paramedic tax					69,502	-	69,502
Motor vehicle license fee					1,428,557	-	1,428,557
Investment earnings					739,536	14,775	754,311
Other revenues					387,860	-	387,860
Transfers					(224,192)	224,192	-
Total general revenues and transfers					<u>29,205,857</u>	<u>238,967</u>	<u>29,444,824</u>
Change in net position					7,361,614	1,087,881	8,449,495
Net position - July 1, 2020					<u>27,171,505</u>	<u>10,335,320</u>	<u>37,506,825</u>
Net position - June 30, 2021					<u>\$ 34,533,119</u>	<u>\$ 11,423,201</u>	<u>\$ 45,956,320</u>

CITY OF PIEDMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2021

	<u>General Fund</u>	<u>Equipment Replacement</u>	<u>Facilities Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and investments	\$ 7,036,021	\$ 2,526,220	\$ 9,150,496	\$ 3,694,703	\$ 22,407,440
Restricted cash and investments	3,667,217	-	-	-	3,667,217
Receivables:					
Accounts	3,701,184	-	-	291,847	3,993,031
Interest	19,414	2,923	8,495	2,848	33,680
Prepaid expenses	94,969	-	-	-	94,969
Advances to other funds	-	600,000	200,000	-	800,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,518,805</u>	<u>\$ 3,129,143</u>	<u>\$ 9,358,991</u>	<u>\$ 3,989,398</u>	<u>\$ 30,996,337</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 845,564	\$ 32,043	\$ 19,283	\$ 75,667	\$ 972,557
Accrued wages and benefits	521,872	-	-	13,122	534,994
Deposits payable	707,051	-	-	-	707,051
Unearned revenue	1,239,836	-	-	28,702	1,268,538
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>3,314,323</u>	<u>32,043</u>	<u>19,283</u>	<u>117,491</u>	<u>3,483,140</u>
FUND BALANCES					
Nonspendable	94,969	600,000	200,000	-	894,969
Restricted	3,667,217	-	-	3,785,516	7,452,733
Assigned	-	2,497,100	9,139,708	86,391	11,723,199
Unassigned	7,442,296	-	-	-	7,442,296
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>11,204,482</u>	<u>3,097,100</u>	<u>9,339,708</u>	<u>3,871,907</u>	<u>27,513,197</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 14,518,805</u>	<u>\$ 3,129,143</u>	<u>\$ 9,358,991</u>	<u>\$ 3,989,398</u>	<u>\$ 30,996,337</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances of governmental funds	\$ 27,513,197
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of \$37,117,736.	30,790,257
Net pension asset related to the police and fire pension plan is not a current financial resource and therefore not reported in the funds.	15,785,970
Deferred outflows related to the 2021 pension contributions were made subsequent to the measurement date.	3,601,354
Deferred outflows related to changes in the net pension liability and net pension asset are not reported in the governmental funds.	4,095,573
Deferred outflows related to changes in the net OPEB liability are not reported in the governmental funds.	1,171,066
Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.	
Compensated absences	(994,517)
Net pension liability	(29,981,771)
Net OPEB liability	(8,125,606)
Deferred inflows related to changes in the net pension liability and asset	(4,251,118)
Deferred inflows related to changes in the net OPEB liability	(6,081,872)
Internal service funds are used by management to charge costs of certain activities such as insurance and employee benefits to individual government funds. The assets and liabilities of the internal service funds are included in the governmental activities of the Statement of Net Position.	
Cash and investments	2,148,772
Accounts payable	(15,793)
Claims payable	<u>(1,122,393)</u>
Net position of governmental activities	<u>\$ 34,533,119</u>

See accompanying notes to the basic financial statements.

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

	General Fund	Equipment Replacement	Facilities Maintenance	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>					
Property tax	\$ 15,442,493	\$ -	\$ -	\$ -	\$ 15,442,493
Sales tax	244,763	-	-	-	244,763
Franchise tax	560,828	-	-	-	560,828
Utility users tax	1,238,177	-	-	-	1,238,177
Real property transfer tax	6,286,601	-	-	-	6,286,601
Business license and rental tax	620,351	-	-	-	620,351
Gas tax	-	-	-	466,337	466,337
Licenses and permits	709,986	-	-	-	709,986
Intergovernmental	2,224,176	-	-	862,039	3,086,215
Use of money and property	861,355	13,194	24,324	7,850	906,723
Current service charges	2,977,984	-	-	630,395	3,608,379
Measure B tax	-	-	-	511,024	511,024
Parcel tax	2,411,381	-	-	-	2,411,381
Contributions and donations	13,962	-	-	169,700	183,662
Other revenues	<u>340,290</u>	<u>-</u>	<u>-</u>	<u>47,570</u>	<u>387,860</u>
Total Revenues	<u>33,932,347</u>	<u>13,194</u>	<u>24,324</u>	<u>2,694,915</u>	<u>36,664,780</u>
<u>EXPENDITURES</u>					
Current:					
Administration	3,583,138	41,464	31,507	-	3,656,109
Public works	4,470,211	-	19,841	32,148	4,522,200
Street improvement	-	-	-	48,250	48,250
Public safety:					
Police services	6,530,461	8,250	17,268	358,428	6,914,407
Fire services	6,875,292	-	16,610	-	6,891,902
Recreation	2,404,970	-	107,222	706,355	3,218,547
Nondepartmental	2,875,531	-	-	-	2,875,531
Capital outlay	<u>-</u>	<u>540,566</u>	<u>1,065,835</u>	<u>582,919</u>	<u>2,189,320</u>
Total Expenditures	<u>26,739,603</u>	<u>590,280</u>	<u>1,258,283</u>	<u>1,728,100</u>	<u>30,316,266</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,192,744</u>	<u>(577,086)</u>	<u>(1,233,959)</u>	<u>966,815</u>	<u>6,348,514</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	51,183	610,500	4,044,911	46,612	4,753,206
Transfers out	<u>(4,679,319)</u>	<u>-</u>	<u>-</u>	<u>(73,887)</u>	<u>(4,753,206)</u>
Total Other Financing Sources (Uses)	<u>(4,628,136)</u>	<u>610,500</u>	<u>4,044,911</u>	<u>(27,275)</u>	<u>-</u>
Net Change in Fund Balances	2,564,608	33,414	2,810,952	939,540	6,348,514
Fund Balances - July 1, 2020	<u>8,639,874</u>	<u>3,063,686</u>	<u>6,528,756</u>	<u>2,932,367</u>	<u>21,164,683</u>
Fund Balances - June 30, 2021	<u>\$ 11,204,482</u>	<u>\$ 3,097,100</u>	<u>\$ 9,339,708</u>	<u>\$ 3,871,907</u>	<u>\$ 27,513,197</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ 6,348,514
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	2,189,321
Depreciation expense	(1,952,744)
Government funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.	
	(47,793)
Government funds only report the transfer of capital assets to enterprise funds as a disposal of capital assets. In the Statement of Activities, a transfer is reported.	
	(224,192)
Compensated absences expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.	
	7,554
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.	
Pension expense related to deferred outflows and inflows of resources	(647,774)
Other postemployment benefits	1,684,835
Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental funds.	
	<u>3,893</u>
Change in net position of governmental activities	<u>\$ 7,361,614</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Aquatic Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
<u>ASSETS</u>				
Current Assets				
Cash and investments	\$ 3,141,051	\$ 51,698	\$ 3,192,749	\$ 2,148,772
Receivables:				
Accounts, net	139,702	-	139,702	-
Interest	<u>5,607</u>	<u>256</u>	<u>5,863</u>	<u>-</u>
Total Current Assets	<u>3,286,360</u>	<u>51,954</u>	<u>3,338,314</u>	<u>2,148,772</u>
Non Current Assets				
Capital assets, net	<u>17,293,728</u>	<u>361,576</u>	<u>17,655,304</u>	<u>-</u>
Total Non-Current Assets	<u>17,293,728</u>	<u>361,576</u>	<u>17,655,304</u>	<u>-</u>
Total Assets	<u>20,580,088</u>	<u>413,530</u>	<u>20,993,618</u>	<u>2,148,772</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Changes in the net pension liability	414,755	18,129	432,884	-
Changes in the net OPEB liability	<u>81,144</u>	<u>7,388</u>	<u>88,532</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>495,899</u>	<u>25,517</u>	<u>521,416</u>	<u>-</u>
<u>LIABILITIES</u>				
Current Liabilities				
Accounts payable	45,039	27,463	72,502	15,793
Interest payable	80,916	-	80,916	-
Accrued wages and benefits	-	3,408	3,408	-
Long-term liabilities - current	693,574	-	693,574	-
Compensated absences - current	36,263	-	36,263	-
Claims payable - current	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,387</u>
Total Current Liabilities	<u>855,792</u>	<u>30,871</u>	<u>886,663</u>	<u>338,180</u>
Non-Current Liabilities				
Advances from other funds	800,000	-	800,000	-
Long-term liabilities - noncurrent	5,508,346	-	5,508,346	-
Compensated absences - noncurrent	22,272	-	22,272	-
Claims payable - noncurrent	-	-	-	800,006
Net pension liability	1,487,340	81,864	1,569,204	-
Net OPEB liability	<u>733,281</u>	<u>61,836</u>	<u>795,117</u>	<u>-</u>
Total Non-Current Liabilities	<u>8,551,239</u>	<u>143,700</u>	<u>8,694,939</u>	<u>800,006</u>
Total Liabilities	<u>9,407,031</u>	<u>174,571</u>	<u>9,581,602</u>	<u>1,138,186</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Changes in the net pension liability	76,622	5,661	82,283	-
Changes in the net OPEB liability	<u>370,720</u>	<u>57,228</u>	<u>427,948</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>447,342</u>	<u>62,889</u>	<u>510,231</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	11,091,808	361,576	11,453,384	-
Unrestricted	<u>129,806</u>	<u>(159,989)</u>	<u>(30,183)</u>	<u>1,010,586</u>
Total Net Position	<u>\$ 11,221,614</u>	<u>\$ 201,587</u>	<u>\$ 11,423,201</u>	<u>\$ 1,010,586</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Aquatic Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$ 2,748,553	\$ 525	\$ 2,749,078	\$ -
Total Operating Revenue	<u>2,748,553</u>	<u>525</u>	<u>2,749,078</u>	<u>-</u>
<u>OPERATING EXPENSES</u>				
Contract and professional services	280,336	67,086	347,422	-
Services and supplies	51,734	42,329	94,063	-
Salaries and benefits	708,812	98,785	807,597	-
Insurance and claims expense	-	-	-	1,733,424
Depreciation	<u>509,878</u>	<u>23,590</u>	<u>533,468</u>	<u>-</u>
Total Operating Expenses	<u>1,550,760</u>	<u>231,790</u>	<u>1,782,550</u>	<u>1,733,424</u>
Operating Income (Loss)	<u>1,197,793</u>	<u>(231,265)</u>	<u>966,528</u>	<u>(1,733,424)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest income	13,769	1,006	14,775	-
Interest expense	(117,614)	-	(117,614)	-
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,737,317</u>
Total Non-Operating Revenues (Expenses)	<u>(103,845)</u>	<u>1,006</u>	<u>(102,839)</u>	<u>1,737,317</u>
Income (Loss) Before Contributions	<u>1,093,948</u>	<u>(230,259)</u>	<u>863,689</u>	<u>3,893</u>
<u>CONTRIBUTIONS</u>				
Capital contributions	<u>224,192</u>	<u>-</u>	<u>224,192</u>	<u>-</u>
Total Contributions	<u>224,192</u>	<u>-</u>	<u>224,192</u>	<u>-</u>
Change in net position	1,318,140	(230,259)	1,087,881	3,893
Net Position - July 1, 2020	<u>9,903,474</u>	<u>431,846</u>	<u>10,335,320</u>	<u>1,006,693</u>
Net Position - June 30, 2021	<u>\$ 11,221,614</u>	<u>\$ 201,587</u>	<u>\$ 11,423,201</u>	<u>\$ 1,010,586</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Aquatic Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 2,745,211	\$ 16,037	\$ 2,761,248	\$ -
Claims and premium paid	-	-	-	(1,680,370)
Cash paid to suppliers	(387,246)	(154,063)	(541,309)	-
Cash paid to employees	(748,265)	(159,233)	(907,498)	-
Net Cash Provided by (Used for) Operating Activities	<u>1,609,700</u>	<u>(297,259)</u>	<u>1,312,441</u>	<u>(1,680,370)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Other income	-	-	-	<u>1,737,317</u>
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,737,317</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(678,980)	-	(678,980)	-
Principal paid on long-term debt	(679,572)	-	(679,572)	-
Interest paid on long-term debt	(126,248)	-	(126,248)	-
Net Cash Used for Capital and Related Financing Activities	<u>(1,484,800)</u>	<u>-</u>	<u>(1,484,800)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and dividends	<u>21,774</u>	<u>1,882</u>	<u>23,656</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>21,774</u>	<u>1,882</u>	<u>23,656</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	146,674	(295,377)	(148,703)	56,947
Cash and Cash Equivalents - July 1, 2020	<u>2,994,377</u>	<u>347,075</u>	<u>3,341,452</u>	<u>2,091,825</u>
Cash and Cash Equivalents - June 30, 2021	<u>\$ 3,141,051</u>	<u>\$ 51,698</u>	<u>\$ 3,192,749</u>	<u>\$ 2,148,772</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Aquatic Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED BY</u>				
<u>(USED FOR) OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ 1,197,793	\$ (231,265)	\$ 966,528	\$ (1,733,424)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	509,878	23,590	533,468	-
Pension and OPEB expense	(49,141)	(6,440)	(55,581)	-
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(3,342)	15,512	12,170	-
Increase (decrease) in:				
Accounts payable	(55,176)	(44,648)	(99,824)	11,882
Claims payable	-	-	-	41,172
Accrued wages	-	(49,436)	(49,436)	-
Compensated absences	9,688	(4,572)	5,116	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,609,700</u>	<u>\$ (297,259)</u>	<u>\$ 1,312,441</u>	<u>\$ (1,680,370)</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Police and Fire Pension Plan Trust</u>	<u>OPEB Trust</u>	<u>Custodial Fund 2017 Undergrounding Refunding Bond Fund</u>
<u>ASSETS</u>			
Restricted cash (Note 2)	\$ -	\$ -	\$ 387,304
Restricted investments (Note 2)	17,397,563	12,486,333	-
Interest receivable	<u>5,767</u>	<u>-</u>	<u>-</u>
Total Assets	<u>17,403,330</u>	<u>12,486,333</u>	<u>387,304</u>
<u>LIABILITIES</u>			
Accounts payable and other liabilities	<u>47,467</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>47,467</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>			
Restricted for:			
Police and fire pension	17,355,863	-	-
OPEB	-	6,714,197	-
Individuals, organizations, and other governments	<u>-</u>	<u>-</u>	<u>387,304</u>
Total Net Position	<u>\$ 17,355,863</u>	<u>\$ 6,714,197</u>	<u>\$ 387,304</u>

See accompanying notes to the basic financial statements.

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

	<u>Police and Fire Pension Plan Trust</u>	<u>OPEB Trust</u>	<u>Custodial Fund 2017 Undergrounding Refunding Bond Fund</u>
<u>ADDITIONS</u>			
Assessments	\$ -	\$ -	\$ 376,182
Contributions from employees	-	75,944	-
Investment income:			
Net increase in fair value of investments	3,669,946	(2,886,068)	-
Interest and dividends	<u>334,332</u>	<u>-</u>	<u>-</u>
Net investment income	<u>4,004,278</u>	<u>(2,886,068)</u>	<u>-</u>
Total Additions	<u>4,004,278</u>	<u>(2,810,124)</u>	<u>376,182</u>
<u>DEDUCTIONS</u>			
Pension benefits paid	198,760	-	-
Administrative expenses	90,124	-	8,856
Debt service:			
Principal	-	-	244,359
Interest	<u>-</u>	<u>-</u>	<u>99,197</u>
Total Deductions	<u>288,884</u>	<u>-</u>	<u>352,412</u>
Change in Fiduciary Net Position	<u>3,715,394</u>	<u>(2,810,124)</u>	<u>23,770</u>
Fiduciary Net Position - July 1, 2020	13,640,469	9,524,321	15,454
Change in accounting principle (Note 16)	<u>-</u>	<u>-</u>	<u>348,080</u>
Fiduciary Net Position - July 1, 2020, Restated	<u>13,640,469</u>	<u>9,524,321</u>	<u>363,534</u>
Fiduciary Net Position - June 30, 2021	<u>\$ 17,355,863</u>	<u>\$ 6,714,197</u>	<u>\$ 387,304</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Piedmont is a residential community located in the East Bay Hills, approximately ten miles east of San Francisco, California. The City was incorporated as a municipal corporation in 1907; population at June 30, 2021 was approximately 11,317.

The City operates under the Council-Administrator form of government, with five elected Council members served by a full-time City Administrator and staff. At June 30, 2021, the City's staff was comprised of 92 full-time employees who were responsible for the following City-provided services:

Public Safety - The City employs 19 sworn and 9 non-sworn police personnel to provide round-the-clock police services from a central station, and 25 fire personnel to provide round-the-clock fire services from a central station.

Streets and Roads - The City contracts the construction and maintenance of its streets, curbs, gutters, and related public property.

Recreation, Public Works, Administration and other services are provided by a total of 40 full-time and 5 part-time employees.

In addition, the City employs approximately 316 seasonal recreational personnel.

The accounting policies of the City of Piedmont conform to accounting principles generally accepted in the United States of America as applicable to governments. Following is a summary of the more significant policies.

A. The Reporting Entity

The accompanying basic financial statements present the financial activities of the City, which has no component units.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. These standards require that the financial statements described below be presented.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service activities. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in part by fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

The fund financial statements provide information about the City's funds, including fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Internal Service Funds - Internal service funds are used to account for, and finance, services and commodities furnished by a designated department of a governmental unit to other departments of the same governmental unit. The City uses internal service funds to account for insurance activities.

Fiduciary Funds (not included in government-wide statements)

Pension (and Other Employee Benefit) Trust Funds - Pension (and Other Employee Benefit) Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, and other employee benefit plans.

CITY OF PIEDMONT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Major Funds

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in a separate fund.

Equipment Replacement Fund - This fund is used to account for the accumulation of resources used for the replacement of capital assets used by governmental funds.

Facilities Maintenance Fund - This fund is used to account for the accumulation of resources used for the maintenance of capital assets used by governmental funds.

The City reports the following major proprietary funds in the accompanying financial statements:

Sewer Fund - This fund is used to account for the operations of the sewer and storm drain systems.

Aquatic Fund - This fund is used to account for the operations of the Piedmont Community Pool.

The City also reports the following fund types:

Police and Fire Pension Trust Fund - This fund accounts for the pension investment activity including retirement payments to 10 retired City employees and/or surviving spouses.

OPEB Trust Fund - This fund accounts for OPEB trust investment activity for post-employment retiree healthcare benefits.

Custodial Fund - The Custodial fund accounts for resources held by the City as an agent for individuals, private organizations, and other governmental entities. This fund accounts for amounts held for one underground utility assessment district.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and proprietary activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources, generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.
- c. Fiduciary funds use the "economic resources" measurement focus and the accrual basis of accounting.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and proprietary activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the enterprise and internal service funds are charges for services. Operating expenses for proprietary 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 nonoperating 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.

D. Property Taxes

The County of Alameda levies, bills, and collects property taxes and special assessments for the City as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation Dates	March 1	March 1
Lien/levy Dates	January 1	January 1
Due Dates	50% on November 1 and February 1	August 31
Delinquent as of	December 10 and April 10	August 31

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed. Property tax revenue is recognized in accordance with applicable GASB pronouncements; that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities in the current period. The County remits the entire amount of the tax levy to the City (net of County administrative fees), and handles all delinquencies, retaining any interest and penalties. The County remits a property tax clean-up payment for the current period each September following the close of the fiscal year. The City makes an exception to the 60-day recognition period to recognize this revenue in the current period.

E. Cash and Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures and monies held in the police and fire pension trust, and OPEB trust. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

For purposes of the statement of cash flows, the City considers cash and cash equivalents as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Because the only investments held by the proprietary funds are the Local Agency Investment Fund (LAIF), which meets the definition of a cash equivalent, and investments in Multi-Bank Securities, the entire pooled balance is reported as cash and investments.

F. Accounts and Interest Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, fines, interest, and other fees. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but are not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund financial statements, but are recorded as deferred inflows of resources to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Service charges and interest earnings compose the majority of proprietary fund receivables.

G. Capital Assets

The accounting treatment of property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

In the government-wide financial statements, capital assets with a cost of \$5,000 or more are capitalized. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and improvements	60 years
Vehicles	4 - 20 years
Furniture, fixtures, and equipment	7 - 25 years
Pavement system	28 years
Sidewalk, curb, and gutters	40 years
Traffic signals	25 years
Street lights	25 years
Bridges	75 years
Park facilities system	25 - 40 years
Sewer and storm drains	50 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of debt financed capital assets of business-type activities is included as part of the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

H. Compensated Absences

A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2021. Compensated absences include vacation pay and compensated time off. The City's liability for compensated absences is recorded at the City-wide level in the Statement of Net Position for governmental activities or in the proprietary funds as appropriate.

I. Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs, and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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 City's California Public Employees' Retirement System (CalPERS) plan (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 CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Section 115 Trust

In fiscal year 2017-18, the City Council approved the creation of a Section 115 Trust Agreement with U.S. Bank National Association, Trustee, and Public Agency Retirement Services (PARS), Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the City's pension obligations. Contributions to the Section 115 trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the City. The purpose of the creation of the Section 115 Trust was to address the City's pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the City rather than plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits in the City's General Fund rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

L. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 - June 30, 2021

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report 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. Deferred outflows of resources recorded for the City relate to the City's defined benefit pension plan and the OPEB plan. See Notes 7 and 9.

In addition to liabilities, the statement of net position or balance sheet will sometimes report 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. Deferred inflows of resources recorded for the City relate to the City's defined benefit pension plan, the police and fire pension plan, and OPEB plan. See Notes 7, 8, and 9.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and 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 noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

O. Equity Classifications

Government-wide Financial Statements

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the government-wide level, and are described below:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the City Council's intent to be used for specific purposes through a resolution, but are neither restricted or committed. The City Council assigns fund balances for specific purposes by resolution adopting the annual budget for the upcoming fiscal year, or by an amending budget resolution during the fiscal year.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

Further detail about the City's fund balance classification is described in Note 10.

P. General Budget Policies

The City operates under the general laws of the State of California and annually adopts a budget for its governmental and proprietary funds to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances are considered to be expenditures in the year the commitment is entered into. Budget appropriations lapse at the end of the fiscal year unless encumbered by specific Council approval.

Q. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

R. Reclassifications

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

S. Implementation of Governmental Accounting Standards Board Statements

Effective July 1, 2020, the City implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Additionally, this Statement describes four fiduciary funds that should be reported, as well as provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The City adopted this accounting guidance for its June 30, 2021 year-end.

Governmental Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The City adopted this accounting guidance for its June 30, 2021 year-end.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2021 or later. The City has not determined the effects, if any, on the financial statements.

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires interest costs incurred before the end of a construction period be recognized as an expense in the period in which the costs is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

Governmental Accounting Standards Board Statement No. 91

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

Government Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

Government Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The City has not determined what impact, if any, this pronouncement will have on the financial statements. The removal of LIBOR as an appropriate benchmark interest rate is effective for the City's fiscal year ending June 30, 2022. All other requirements of this statement are effective for the City's fiscal year ending June 30, 2022.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 97

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 were classified in the accompanying financial statements as follows:

	<u>Cash and Investments</u>	<u>Restricted Cash and Investments</u>	<u>Total</u>
Governmental activities	\$ 24,556,212	\$ 3,667,217	\$ 28,223,429
Business-type activities	<u>3,192,749</u>	<u>-</u>	<u>3,192,749</u>
Total government-wide cash and investments	<u>27,748,961</u>	<u>3,667,217</u>	<u>31,416,178</u>
Fiduciary activities	<u>-</u>	<u>30,271,200</u>	<u>30,271,200</u>
Total cash and investments	<u>\$ 27,748,961</u>	<u>\$ 33,938,417</u>	<u>\$ 61,687,378</u>

Cash and investments were carried at fair value as of June 30, 2021 and consisted of the following:

Cash on hand	\$ 904
Cash in banks	<u>319,939</u>
Total cash	<u>320,843</u>
Certificates of deposit	6,511,343
Local Agency Investment Fund (LAIF)	21,304,079
Held in Trust:	
Equity mutual funds	12,486,333
Fixed income securities	8,624,768
Domestic equities	12,338,362
Money market funds	<u>101,650</u>
Total investments	<u>61,366,535</u>
Total cash and investments	<u>\$ 61,687,378</u>

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)Authorized Investments of the City

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). This table also identifies certain provisions of 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. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Quality Requirements	Maximum Investment in one Issuer
Local Agency Bonds	5 years	None	None	None
U.S. Treasury Obligations	5 years	None	None	None
State Obligations - CA and Others	5 years	None	None	None
CA Local Agency Obligations	5 years	None	None	None
U.S. Agency Obligations	5 years	None	None	None
Banker's Acceptances	180 days	40%	None	30%
Commercial Paper - Pooled Funds	270 days	40% of the agency's money	Highest letter and number rating by an NRSROH	None
Commercial Paper - Non-Pooled Funds	270 days	25% of the agency's money	Highest letter and number rating by an NRSROH	None
Negotiable Certificates of Deposit	5 years	30%	None	None
Non-negotiable Certificates of Deposit	5 years	None	None	None
Placement Service Deposits	5 years	30%	None	None
Placement Service Certificates of Deposit	5 years	30%	None	None
Repurchase Agreements	1 year	None	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	Multiple	None
Collateralized Bank Deposits	5 years	None	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better	None
County Pooled Investment Funds	N/A	None	None	None
Joint Powers Authority Pool	N/A	None	Multiple	None
Local Agency Investment Fund (LAIF)	N/A	None	None	None
Voluntary Investment Program Fund	N/A	None	None	None
Supranational Obligations	5 years	30%	"AA" rating category or its equivalent or better	None

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The City complies with the provisions of the California Government Code (or the City's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by the Police and Fire Pension Board

Investment of funds in the Police and Fire pension are managed by an investment advisor. The Piedmont Police and Fire Pension Fund investment policy allows the investment advisor to manage the Pension Fund in a manner consistent with the investment objectives as outlined in the April 2006 investment policy, the Prudent Expert Rule, and the provisions of the Employee Retirement Income Security Act of 1974.

The investment policy grants the advisor full power and authority to make purchases, sales, exchanges, conversion and trades in connection therewith as the advisor deems appropriate to the provisions of Sections 2.144 and 2.145 of the Piedmont City Code. The assets in the plan are invested in a manner that is consistent with generally accepted standards of fiduciary responsibility, to insure the security of principal, and maximum yield on all pension fund investments through a mix of well diversified, high quality, fixed income and equity securities.

Authorized investments include the following:

Authorized Investment Type	Maximum Percentage of Portfolio	Minimum Credit Rating
Domestic Equities	5% per issuer	N/A
Foreign Equity Investments Traded on U.S. Based Exchanges	20%	N/A
Cash	10%	N/A
S&P Stock Index Futures	None	N/A
Fixed Income Securities	None	B/B overall portfolio
Commercial Paper	None	A-2/P-2
Certificates of Deposit	None	None
Bankers Acceptances	None	None
U.S. Treasury Bonds, Notes, and Bills	None	None
Debt Instruments of U.S. Government Agencies	None	None
Repurchase Agreements with U.S. Treasury Securities as Collateral	None	None
Repurchase Agreements with U.S. Treasury Agencies as Collateral	None	None
Corporate Notes	None	B/B
Asset-Backed Securities	None	None
Municipal Debt	None	Baa/BBB
Mortgage-Backed Pass-Through Securities by GSE's and CMBS	None	None
Collateralized Mortgage Obligations	None	None

Other investments are also permissible upon Board approval.

Investments Authorized by the OPEB Trust Fund

Investment of funds in the OPEB (Other Post-employment Benefits) Trust are managed by the same investment advisor as the Police and Fire Pension Trust. The OPEB investment policy allows the investment advisor to manage the OPEB Trust Fund in a manner consistent with the investment objectives as outlined in the May 2013 investment policy.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The investment policy grants the advisor full power and authority to make purchases, sales, exchanges, conversions and trades in connection therewith as the advisor deems appropriate. The advisor is expected to operate within the Prudent Expert Rule, the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and other pertinent state and federal laws, regulations, and rulings that relate to the investment process. The assets of the Trust shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility to insure the security of principal and maximum yield on all investments through a mix of well-diversified fixed income and equity securities. The following are the OPEB Trust Fund investment policies and guidelines:

The investment policy specified the long-term asset allocation targets:

Asset Class	Minimum	Target	Maximum
Equity	25%	60%	75%
Fixed Income	25%	40%	75%

The cash holdings should not exceed 10% of the market value in the portfolio. The asset allocation targets are to be pursued on a long-term strategic basis and may be revised when significant changes occur within the economic and/or capital market environment or in the stream of future benefits expected to be paid. Capital market assumptions and projections shall be reviewed annually. Benefit payments shall be reviewed quarterly. Benefit liabilities and assumptions shall be reviewed no less frequently than every three years.

The equity portion of the Trust shall be invested in marketable equity securities with certain restrictions placed:

Equity Types	Restrictions
Equity mutual funds	None
Individual U.S. Stocks	a. 5% maximum exposure at cost b. 10% maximum exposure at market value c. 5% maximum of company's outstanding shares
Individual non-U.S. Stocks (including American Depository receipts, foreign-listed securities)	25% maximum at cost

The fixed income portion of the Trust shall be invested in marketable, fixed-income securities with certain restrictions specified below. All fixed income securities held directly must be rated B/B or better by Moody's Investors Services and Standard & Poor's Corporation.

Fixed-Income Types	Restrictions
U.S. Treasury bonds, notes, and bills	None
Debt instruments issued by U.S. Government or Agencies	None
Repurchase agreements with U.S. Treasury Securities and Agencies of U.S. Government as collateral	None
Certificates of deposit and banker's acceptances	None
Diversified fixed-income mutual funds	None
Asset-backed securities	None
Mortgage-backed pass through securities issued by Government Sponsored Enterprises (GSEs) and Commercials (CMBS)	None
Collateralized Mortgage Obligations (CMOs)	Has certain restrictions
Commercial paper or variable rate notes	a. A-2/P-2 or higher by S&P or Moody's b. 10% maximum exposure at market value
Private placements	5% maximum exposure at cost
Eurodollar securities and non-dollar denominated instruments	15% maximum exposure at cost
Preferred stock	10% maximum exposure at cost
Debt for equity exchanges	5% maximum exposure at cost
Mortgage-backed derivative instruments	10% maximum exposure at cost

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The following investments are explicitly prohibited by the OPEB Trust Investment Policy:

<u>Asset Class</u>	<u>Prohibited Investment</u>
Equity	a. Future b. Derivatives c. Short sale d. Private placements e. Commodities
Fixed-Income	a. Interest-only strips b. Inverse floating rate notes

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2021:

<u>Investments</u>	Fair Value Measurements Using			<u>Total Fair Value</u>
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	
Certificates of deposit	\$ -	\$ 6,511,343	\$ -	\$ 6,511,343
Held in Trust:				
Equity mutual funds	12,486,333	-	-	12,486,333
Fixed income securities	-	8,624,768	-	8,624,768
Equity securities	12,338,362	-	-	12,338,362
Money market funds	<u>101,650</u>	<u>-</u>	<u>-</u>	<u>101,650</u>
Total	<u>\$ 24,926,345</u>	<u>\$ 15,136,111</u>	<u>\$ -</u>	<u>\$ 40,062,456</u>

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. The investment balance of \$21,304,079 is not subject to valuation on a recurring basis.

Disclosure Relating to 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. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the City's investments (including investments held in trust) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2021:

Investments	Remaining Maturity			Fair Value
	12 months or less	1-5 years	More than 5 years	
Police and Fire Pension Trust Fund:				
Fixed income securities	\$ 4,957,551	\$ -	\$ -	\$ 4,957,551
Domestic equities	12,338,362	-	-	12,338,362
Money market funds	<u>101,650</u>	<u>-</u>	<u>-</u>	<u>101,650</u>
Total Police and Fire Pension Trust Fund	<u>17,397,563</u>	<u>-</u>	<u>-</u>	<u>17,397,563</u>
OPEB Trust Fund:				
Equity mutual funds	<u>12,486,333</u>	<u>-</u>	<u>-</u>	<u>12,486,333</u>
Total OPEB Trust Fund	<u>12,486,333</u>	<u>-</u>	<u>-</u>	<u>12,486,333</u>
City and Agency Funds:				
Fixed income securities	3,667,217	-	-	3,667,217
Certificates of deposit	2,486,105	4,025,238	-	6,511,343
Local Agency Investment Fund	<u>21,304,079</u>	<u>-</u>	<u>-</u>	<u>21,304,079</u>
Total City and Agency Funds	<u>27,457,401</u>	<u>4,025,238</u>	<u>-</u>	<u>31,482,639</u>
Total Investments	<u>\$ 57,341,297</u>	<u>\$ 4,025,238</u>	<u>\$ -</u>	<u>\$ 61,366,535</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held in trust) that were highly sensitive to interest rate fluctuations as of June 30, 2021.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Rating as of Fiscal Year End S&P</u>	<u>Moody's</u>
Police and Fire Pension Trust Fund:			
Fixed income securities	\$ 4,957,551	Not rated	Not rated
Domestic equities	12,338,362	Not rated	Not rated
Money market funds	101,650	Not rated	Not rated
OPEB Trust Fund			
Equity mutual funds	12,486,333	Not rated	Not rated
City and Agency Funds			
Fixed income securities	3,667,217	Not rated	Not rated
Certificates of deposit	6,511,343	Not rated	Not rated
Local Agency Investment Fund	<u>21,304,079</u>	Not rated	Not rated
	<u>\$ 61,366,535</u>		

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3: INTERFUND TRANSACTIONS**Advances to/from Other Funds**

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance in applicable governmental funds to indicate they are not in spendable form. The composition of advances to/from other funds as of June 30, 2021 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Proprietary Funds</u>			
Equipment Replacement	Sewer	Sewer replacement project	\$ 600,000
Facilities Maintenance	Sewer	Sewer replacement project	<u>200,000</u>
		Total Proprietary Funds	<u>800,000</u>
		Total Advances to/From Other Funds	<u>\$ 800,000</u>

Sewer Replacement Project - In October 2014, the City approved an interfund loan to the Sewer Fund from the Equipment Replacement and Facilities Funds in the amounts of \$600,000 and \$200,000, respectively to meet capital requirements of the Sewer Fund. The loan bears interest based on the Local Agency Investment Fund rate, not to exceed 1.0%. Interest only payments are due during the replacement of the sewer system. Principal and interest payments begin approximately in FY 2028, when phase VII loan payments begin. Under this schedule, the loan is set to retire in FY 2035.

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2021 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Equipment Replacement	Funding for capital outlay	\$ 610,000
	Facilities Maintenance	Funding for capital outlay	4,022,707
	Tobacco Grant	General Fund subsidy	<u>46,612</u>
		Total Major Governmental Interfund Transfers	\$ <u>4,679,319</u>
<u>Non-Major Governmental Funds</u>			
Projects and Services	Equipment Replacement	Capital projects	\$ 500
Projects and Services	Facilities Maintenance	Capital projects	22,204
Measure D Fund	General Fund	Administrative cost recovery	<u>51,183</u>
		Total Non- Major Governmental Interfund Transfer	\$ <u>73,887</u>

Intra-fund Transfers between Funds

Intra-fund transfers are not presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds as they are presented on a net basis. Intrafund transfers during the year ended June 30, 2021 consisted of a transfer between the General Fund and the Traffic Safety fund for \$20,000.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: CAPITAL ASSETS**Governmental Activities:**

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2021</u>
Capital assets not being depreciated					
Land	\$ 5,683,095	\$ -	\$ -	\$ -	\$ 5,683,095
Construction-in-progress	<u>1,511,214</u>	<u>58,170</u>	<u>(9,370)</u>	<u>(1,350,172)</u>	<u>209,842</u>
Total capital assets not being depreciated	<u>7,194,309</u>	<u>58,170</u>	<u>(9,370)</u>	<u>(1,350,172)</u>	<u>5,892,937</u>
Capital assets being depreciated					
Buildings and improvements	4,372,835	216,657	-	238,494	4,827,986
Vehicles	4,257,995	289,132	(320,188)	(224,192)	4,002,747
Property and equipment	4,898,736	251,434	-	72,902	5,223,072
Infrastructure	<u>45,762,451</u>	<u>1,373,928</u>	<u>(236,768)</u>	<u>1,061,640</u>	<u>47,961,251</u>
Total capital assets being depreciated	<u>59,292,017</u>	<u>2,131,151</u>	<u>(556,956)</u>	<u>1,148,844</u>	<u>62,015,056</u>
Less accumulated depreciation					
Buildings and improvements	(1,872,969)	(236,624)	-	-	(2,109,593)
Vehicles	(1,952,851)	(322,321)	281,765	-	(1,993,407)
Property and equipment	(3,290,700)	(319,151)	-	-	(3,609,851)
Infrastructure	<u>(28,544,141)</u>	<u>(1,074,648)</u>	<u>236,768</u>	<u>(22,864)</u>	<u>(29,404,885)</u>
Total accumulated depreciation	<u>(35,660,661)</u>	<u>(1,952,744)</u>	<u>518,533</u>	<u>(22,864)</u>	<u>(37,117,736)</u>
Total capital assets being depreciated, net	<u>23,631,356</u>	<u>178,407</u>	<u>(38,423)</u>	<u>1,125,980</u>	<u>24,897,320</u>
Total Capital Assets, net	<u>\$ 30,825,665</u>	<u>\$ 236,577</u>	<u>\$ (47,793)</u>	<u>\$ (224,192)</u>	<u>\$ 30,790,257</u>

Depreciation was charged to functions based on their usage of the related assets as follows:

Governmental Activities:

Administration	\$ 102,194
Public works	107,826
Street improvement	756,399
Public safety - police	250,863
Public safety - fire	274,118
Recreation	<u>461,344</u>
Total governmental activities depreciation expense	<u>\$ 1,952,744</u>

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: CAPITAL ASSETS (CONTINUED)**Business-type Activities:**

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2021</u>
Capital assets being depreciated					
Building and improvements	\$ 579,916	\$ -	\$ -	\$ -	\$ 579,916
Vehicles	1,009,681	-	-	224,192	1,233,873
Infrastructure	<u>22,079,735</u>	<u>678,980</u>	<u>-</u>	<u>-</u>	<u>22,758,715</u>
Total capital assets being depreciated	<u>23,669,332</u>	<u>678,980</u>	<u>-</u>	<u>224,192</u>	<u>24,572,504</u>
Less accumulated depreciation					
Building and improvements	(194,750)	(23,590)	-	-	(218,340)
Vehicles	(672,600)	(68,285)	-	-	(740,885)
Infrastructure	<u>(5,516,382)</u>	<u>(441,593)</u>	<u>-</u>	<u>-</u>	<u>(5,957,975)</u>
Total accumulated depreciation	<u>(6,383,732)</u>	<u>(533,468)</u>	<u>-</u>	<u>-</u>	<u>(6,917,200)</u>
Total capital assets being depreciated, net	<u>17,285,600</u>	<u>145,512</u>	<u>-</u>	<u>224,192</u>	<u>17,655,304</u>
Total Capital Assets, net	<u>\$ 17,285,600</u>	<u>\$ 145,512</u>	<u>\$ -</u>	<u>\$ 224,192</u>	<u>\$ 17,655,304</u>

Depreciation was charged to functions based on their usage of the related assets as follows:

Business-type Activities:

Sewer	\$ 509,878
Aquatics	<u>23,590</u>
Total business-type activities depreciation expense	<u>\$ 533,468</u>

NOTE 5: LONG-TERM LIABILITIES

Governmental activities long-term liabilities issued and outstanding at June 30, 2021 were comprised of the following:

<u>Type of Indebtedness</u>	<u>Outstanding June 30, 2021</u>
Compensated absences	\$ <u>994,517</u>
Total governmental activities	<u>\$ 994,517</u>

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

Business-type activities long-term liabilities issued and outstanding at June 30, 2021 were comprised of the following:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2021</u>
Sewer Rehab Loan - Phase I	2022	2.40%	\$ 2,266,920	\$ 278,614
Sewer Rehab Loan - Phase II	2023	2.50%	2,211,812	404,927
Sewer Rehab Loan - Phase III	2025	2.50%	2,512,708	607,609
Sewer Rehab Loan - Phase IV	2031	1.00%	1,900,188	1,102,372
Sewer Rehab Loan - Phase V	2037	1.70%	4,397,000	3,808,398
Compensated absences				<u>58,535</u>
Total business-type activities				<u>\$ 6,260,455</u>

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Governmental Activities:					
Other liabilities:					
Compensated absences	<u>1,002,071</u>	<u>791,747</u>	<u>(799,301)</u>	<u>994,517</u>	<u>625,268</u>
Total Governmental Activities	<u>\$ 1,002,071</u>	<u>\$ 791,747</u>	<u>\$ (799,301)</u>	<u>\$ 994,517</u>	<u>\$ 625,268</u>
Business-type Activities					
Sewer Rehab Loan - Phase I	\$ 413,044	\$ -	\$ (134,430)	\$ 278,614	\$ 137,655
Sewer Rehab Loan - Phase II	533,372	-	(128,445)	404,927	131,657
Sewer Rehab Loan - Phase III	750,363	-	(142,754)	607,609	146,323
Sewer Rehab Loan - Phase IV	1,196,733	-	(94,361)	1,102,372	95,305
Sewer Rehab Loan - Phase V	<u>3,987,980</u>	<u>-</u>	<u>(179,582)</u>	<u>3,808,398</u>	<u>182,634</u>
Total loans payable	<u>6,881,492</u>	<u>-</u>	<u>(679,572)</u>	<u>6,201,920</u>	<u>693,574</u>
Other liabilities:					
Compensated absences	<u>48,847</u>	<u>44,414</u>	<u>(34,726)</u>	<u>58,535</u>	<u>36,263</u>
Total Business-type Activities	<u>\$ 6,930,339</u>	<u>\$ 44,414</u>	<u>\$ (714,298)</u>	<u>\$ 6,260,455</u>	<u>\$ 729,837</u>

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

A description of the long-term liabilities at June 30, 2021 follows:

A. Governmental Activities

Compensated Absences

At June 30, 2021, compensated absences totaled \$994,517, of which \$625,268 was recorded as a current liability and the non-current portion totaled \$369,249. For governmental activities, compensated absences are liquidated by the general fund.

B. Business-type Activities

Sewer Rehabilitation Loan - Phase I

In August 2001, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for a sewer rehabilitation project (Phase I). Funds are drawn on the agreement as work is completed up to a maximum amount of \$2,226,920 plus any construction period interest. The loan accrues interest at a rate of 2.4 percent annually. Principal and interest payments are due in 20 annual installments with the first payment due one year after completion of the project. The project was completed in July 2002 and the first principal installment was paid in July 2003. Final payment is due July 2022.

Sewer Rehabilitation Loan - Phase II

In October 2003, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for a sewer rehabilitation project (Phase II). Funds are drawn on the agreement as work is completed up to a maximum amount of \$2,211,812 plus any construction period interest. The loan accrues interest at a rate of 2.5 percent annually. Principal and interest payments are due in 20 annual installments with the first payment due one year after completion of the project. The project was completed in December 2003 and the first principal installment was paid in December 2004. Final payment is due December 2023. Net revenues, defined as all sewer enterprise fund revenues less operations and maintenance costs (excluding depreciation and amortization expenses), are pledged for future debt service.

Sewer Rehabilitation Loan - Phase III

In September 2004, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for a sewer rehabilitation project (Phase III). Funds are drawn on the agreement as work is completed up to a maximum amount of \$2,512,708 plus any construction period interest. The loan accrues interest at a rate of 2.5 percent annually. Principal and interest payments are due in 20 annual installments with the first payment due one year after completion of the project. The project was completed in May 2005 and the first principal installment was paid in May 2006. Final payment is due May 2025. Net revenues, defined as all sewer enterprise fund revenues less operations and maintenance costs (excluding depreciation and amortization expenses), are pledged for future debt service.

Sewer Rehabilitation Loan - Phase IV

In October 2009, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for a sewer rehabilitation project (Phase IV). Funds are drawn on the agreement as work is completed up to a maximum amount of \$1,900,188 plus any construction period interest. The loan accrues interest at a rate of 1.0 percent annually. Annual principal payments are due each September 1, commencing September 1, 2012. Final payment is due September 2031. Net revenues, defined as all sewer enterprise fund revenues less operations and maintenance costs (excluding depreciation and amortization expenses), are pledged for future debt service.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5: LONG-TERM LIABILITES (CONTINUED)Sewer Rehabilitation Loan - Phase V

In October 2016, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for a sewer rehabilitation project (Phase V). Funds are drawn on the agreement as work is completed up to a maximum amount of \$4,397,000 plus any construction period interest. The loan accrues interest at a rate of 1.7 percent annually. Annual principal payments are due each July 31, commencing July 31, 2019. Final payment is due July 2038. Net revenues, defined as all sewer enterprise fund revenues less operations and maintenance costs (excluding depreciation and amortization expenses), are pledged for future debt service.

Business-type Activities Long-Term Liabilities Future Debt Service

<u>For the Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 693,574	\$ 107,765	\$ 801,339
2023	707,885	93,455	801,340
2024	578,169	78,829	656,998
2025	447,874	67,344	515,218
2026	294,548	59,157	353,705
2027 - 2031	1,538,780	229,745	1,768,525
2032 - 2036	1,223,495	119,718	1,343,213
2037 - 2041	<u>717,595</u>	<u>24,535</u>	<u>742,130</u>
Total	<u>\$ 6,201,920</u>	<u>\$ 780,548</u>	<u>\$ 6,982,468</u>

NOTE 6: ASSESSMENT DEBT WITHOUT CITY COMMITMENT

In December 2017, the City administered the issuance of the City of Piedmont Reassessment District No. 2017-1 Limited Obligation Refunding Bonds in the principal amount of \$3,917,261. The proceeds from the issuance of the bonds were used to refund the Dudley/Blair Underground Utility Assessment District bonds, the Wildwood/Crocker Underground Utility Assessment District bonds and the Piedmont Hills Underground Assessment District bonds and to pay the costs of issuance of the bonds. At June 30, 2021, the outstanding principal of the bond issue was \$3,262,594. The City is not liable for the repayment of this debt and is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to the bondholders, and initiating foreclosure proceedings. For this reason, this debt is not reported as a long-term liability of the City.

NOTE 7: DEFINED BENEFIT PENSION PLAN**A. General Information about the Pension Plan**Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors six rate plans (three miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (age 62 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Special Death Benefit (Safety only), the Basic Death Benefit, the 1957 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 rate plan provisions and benefits in effect at June 30, 2021 are summarized as follows:

	Miscellaneous		
	Tier I Prior to January 1, 2013	Tier II Prior to January 1, 2013	Tier III (PEPRA) On or After January 1, 2013
Hire Date			
Benefit Formula	3.0% @ 60	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	60 and up	62 and up
Monthly Benefits, as a % of Eligible Compensation	2.0% to 3.0%	2.0%	2.0%
Required Employee Contribution Rates	8.000%	7.000%	6.750%
Required Employer Contribution Rates *	35.428%	9.202%	8.001%
	Safety		
			Tier III (PEPRA) On or After January 1, 2013
Hire Date	Tier I Prior to January 1, 2013	Tier II Prior to January 1, 2013	Tier III (PEPRA) On or After January 1, 2013
Benefit Formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	50 and up	57 and up
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.0%	2.70%
Required Employee Contribution Rates	9.000%	9.000%	13.750%
Required Employer Contribution Rates *	57.363%	20.290% (police) 20.575% (fire)	14.287%

* The required employer contribution rate includes the normal cost rate plus the employer unfunded liability.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)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. The City's contributions to the Plan for the year ending June 30, 2021 were \$3,776,944.

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

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$31,550,975.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

Proportion - June 30, 2019	0.27862%
Proportion - June 30, 2020	<u>0.28998%</u>
Change - Increase (Decrease)	<u><u>0.01136%</u></u>

For the year ended June 30, 2021, the City recognized pension expense of \$5,969,639. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Made Subsequent to Measurement Date	\$ 3,776,944	\$ -
Differences between Employer's Contributions and Proportionate Share of Contributions	-	1,605,457
Differences between Expected and Actual Experience	2,201,693	-
Changes of Assumptions	-	140,891
Change in Employer's Proportion	1,390,372	-
Differences between Projected and Actual Investment Earnings	<u>760,802</u>	<u>-</u>
Total	<u><u>\$ 8,129,811</u></u>	<u><u>\$ 1,746,348</u></u>

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$3,776,944 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,		
2022	\$	575,154
2023		943,685
2024		712,472
2025		375,208

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% net of pension plan investment expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter.

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report available on CalPERS website under Forms and Publications.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates.

Changes in Assumptions

For the measurement period June 30, 2020, there were no changes in assumptions.

Discount Rate

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical returns of all of the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on December 19, 2017.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)

(a) An expected inflation of 2.0% used for this period

(b) An expected inflation of 2.92% used for this period

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></u>	<u>Discount Rate -1%</u> <u>(6.15%)</u>	<u>Current Discount Rate</u> <u>(7.15%)</u>	<u>Discount Rate +1%</u> <u>(8.15%)</u>
Net Pension Liability (Asset)	\$ 48,478,290	\$ 31,550,975	\$ 17,628,939

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8: PIEDMONT POLICE AND FIRE PENSION PLAN (CLOSED PLAN)

A. General Information about the Pension Plan

Plan Description

The Piedmont Police and Fire Pension Plan (the Plan) is a single-employer defined benefit pension plan for the City's police and fire employees hired before July 1, 1971. The Plan is closed to new participants. Section 26.1 of the City Ordinance grants authority to establish and manage benefit terms to the Police and Fire Pension Board (the Board). The Board is comprised of the mayor, one member of the City Council, one member of the police department, one member of the fire department, and one community representative.

As of June 30, 2021, the Plan covers 10 retired City employees or surviving spouses, who receive monthly benefits, which will continue for life.

Funding Policy

Contributions are determined by an actuarial valuation. Currently, assets exceed the total pension liability, so the contribution rate is 0%.

Benefit Terms

Benefits for service retirement - Benefit is 50% of final average salary (FAS) (average over the 12 months before retirement, 36 months if advanced in rank during the last 3 years before retirement) plus $3 \frac{1}{3}\%$ x FAS for each year of service greater than 25 but less than 30 years. The maximum benefit is $66 \frac{2}{3}\%$ of pay. Benefits are payable for participant's lifetime with 50% of the benefit payable to eligible spouse upon the death of the participant.

Benefits for duty related disability - Benefit is 50% of FAS plus $3 \frac{1}{3}\%$ x FAS for each year of service greater than 25 but less than 30 years. The maximum benefit is $66 \frac{2}{3}\%$ of pay. Benefits are payable for participant's lifetime with 50% of the benefit payable to eligible spouse or minor children upon the death of the participant.

A 2% cost-of-living adjustment is payable to certain retirees.

B. Net Pension Liability (Asset)

The City's net pension liability (asset) is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of the Plan is based on a valuation as of June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability (asset) follows.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8: PIEDMONT POLICE AND FIRE PENSION PLAN (CLOSED PLAN) (CONTINUED)

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.00%
Inflation	2.50%
Salary Increases	2.00%
Investment Rate of Return	6.00% net of pension plan investment expenses

Mortality

Service retirements and beneficiaries	California PERS mortality table for healthy recipients (based on CalPERS 1997-2015 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2019.
Disability retirements	California PERS mortality table for work-related disabled retirees (based on CalPERS 1997-2015 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2019.

Changes of Assumptions

In FY 20/21, the general inflation rate was lowered from 2.75% to 2.5% and the long-term rate of return was lowered from 6% to 5.5% based on capital market assumption review and the lower inflation rate. In Fiscal Year 2019/20, the mortality improvement scale was updated to Scale MP-2019.

Discount Rate

The discount rate was set equal to the long-term expected rate of return. The long-term expected rate of return was used as current assets are expected to be sufficient to cover all future benefit payments and expenses due to the magnitude of the Plan's 667% funded ratio and the average age of the group (83).

The 5.5% long-term expected rate of return was based on an assumed long-term asset allocation of 60% equities and 40% fixed income with expected real rates of return of 4.29% and .78%. The sensitivity of the net pension liability/(asset) to a 1% change in the discount rate is shown below.

	1% Decrease 4.5%	Current Discount Rate 5.5%	1% Increase 6.5%
Net pension liability (asset)	\$ (15,684,714)	\$ (15,785,970)	\$ (15,875,822)

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8: PIEDMONT POLICE AND FIRE PENSION PLAN (CLOSED PLAN) (CONTINUED)

C. Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) for the Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2020	\$ 1,629,200	\$ 13,640,469	\$ (12,011,269)
Changes in the year:			
Interest	93,213	-	93,213
Net investment income	-	3,914,153	(3,914,153)
Changes of assumptions	46,239	-	46,239
Benefit payments	<u>(151,293)</u>	<u>(151,293)</u>	<u>-</u>
Net changes	<u>(11,841)</u>	<u>3,762,860</u>	<u>(3,774,701)</u>
Balance at June 30, 2021	<u>\$ 1,617,359</u>	<u>\$ 17,403,329</u>	<u>\$ (15,785,970)</u>

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense/(credit) of \$(1,464,176). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	\$ -	\$ 2,587,053
Total	<u>\$ -</u>	<u>\$ 2,587,053</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2022	\$ (654,324)
2023	(666,297)
2024	(646,380)
2025	(620,052)

NOTE 9: OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Piedmont Retiree Healthcare Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City. Effective January 1, 1997, all City employees were enrolled in the PERS Health Care Plan. The City provides postretirement healthcare benefits to eligible employees who retire directly from the City. The City pays healthcare coverage up to a cap for eligible retirees and their dependents.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The City reports the financial activity of the other post-employment benefits (OPEB) in the fiduciary OPEB Trust Fund, and no separate financial report is prepared.

In fiscal 2010, the City established an OPEB irrevocable trust with the City Administrator and Finance Director acting as trustees for the OPEB Trust Fund.

Benefits Provided

Tier 1	<ul style="list-style-type: none"> • Eligibility: Hired before May 1, 2018 or January 1, 2018 depending on the MOU group Retire under CalPERS directly from City service • Premium is paid up to active cap of Kaiser Region 1 Premium (based on coverage level) on PEMHCA Unequal Method • Active cap is based on 2013 Kaiser Bay Area premiums plus 50% of subsequent annual premium changes • Unequal Method: increase City contributions for retirees annually until reach formula for employees. Maximum yearly increase \$100/month. • 2021 Monthly Retiree Caps are \$813.64, \$1,627.28 and \$2,115.46 for Single, Dual and Family coverages respectively • Members contribute \$50 semi-monthly
Tier 2	<ul style="list-style-type: none"> • Eligibility: Retire directly from the City under CalPERS Hired on or after May 1, 2018 or January 1, 2018 depending on the MOU group Retire under CalPERS directly from City service Disability retirement • PEMHCA minimum benefit is paid monthly (\$143/month in 2021, \$149/month in 2022)
Other	<ul style="list-style-type: none"> • The City pays Kaiser Single Non-Medicare rate for 2 retirees hired before October 1, 1984 with special agreements. The retiree currently under 65 will stop benefiting upon reaching age 65; the payments for the other retiree will continue for life since she is not Medicare eligible. • No dental, vision, or life benefits

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	92
Inactive employees currently receiving benefits	62
Inactive employees entitled to, but not yet receiving benefits	13
Total	167

Contributions

Following is a summary of the City's contribution policy:

- The City contributes the pay-as-you go cost.
- The City reimburses itself from the OPEB trust for a level % of OPEB cash benefit payments beginning Fiscal Year End 2030.
- The Police and Fire Pension Plan assets are transferred to the OPEB trust once the Police and Fire Pension Plan no longer has participants. Thereafter all OPEB benefits are paid from the OPEB trust.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost, level percentage of payroll
Expected Long Term Rate of Return on Investments	<ul style="list-style-type: none"> • 5.75% at June 30, 2021 • 6.50% at June 30, 2020
20-Year Municipal Bond (Bond Buyer 20-Bond GO)	<ul style="list-style-type: none"> • 2.16% at June 30, 2021 • 2.21% at June 30, 2020
Discount Rate	<ul style="list-style-type: none"> • 5.22% at June 30, 2021 • 5.97% at June 30, 2020
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Salary increases	<ul style="list-style-type: none"> • Aggregate - 2.75% annually • Merit - CalPERS 1997-2015 Experience Study
Medical Trend	<ul style="list-style-type: none"> • Non-Medicare - 7% for 2021, decreasing to an ultimate rate of 3.75% in 2076 • Medicare: <ul style="list-style-type: none"> Kaiser: 6.05% for 2021, 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Non-Kaiser: 6.05% for 2021, 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increases	Increase 4% annually
Participation at Retirement	<ul style="list-style-type: none"> • Currently covered (Tier 1): 100% • Currently covered (Tier 2): 70% (eligible for PEMHCA minimum only) • Currently not covered: 0%
Coverage at Retirement	<ul style="list-style-type: none"> • 80% elect 2-party or family coverage at retirement • Miscellaneous - 20% have family coverage until age 65 • Safety - 35% have family coverage until age 65

Changes of Assumptions

In Fiscal Year 2020/21, general inflation was lowered from 2.75% to 2.5%, the long-term rate of return was lowered from 6.5% to 5.5% based on capital market assumption review and the lower inflation rate, and the discount rate was updated based on crossover test. In Fiscal Year 2019/20, the discount rate was updated based on the crossover test, the long-term rate of return was updated due to change in the target asset allocation, Kaiser Medicare Health Trend was updated, Medicare eligibility and family coverage at retirement rates were updated based on the City's experience, and the mortality improvement scale was updated to Scale MP-2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.22 percent. The table below reflects long-term expected real rates of return presented as geometric means.

<u>Asset Class Component</u>	<u>Target Allocation Osterweis Fund</u>	<u>Investment Policy Allocation</u>
Equity	65%	4.29%
Fixed Income	35%	.78%
Assumed Long-term Rate of Inflation		2.50%
Expected Long-term Net Rate of Return, Rounded		5.75%

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at July 1, 2020	\$ 19,078,743	\$ 9,503,371	\$ 9,575,372
Service cost	674,535	-	674,535
Interest cost	1,154,436	-	1,154,436
Assumption changes	1,331,335	-	1,331,335
Contributions - employer	-	833,801	(833,801)
Contributions - employee	-	96,894	(96,894)
Net investment income	-	2,886,067	(2,886,067)
Benefit payments	(831,994)	(831,994)	-
Administrative expenses	-	(1,807)	1,807
Net change	<u>2,328,312</u>	<u>2,982,961</u>	<u>(654,649)</u>
Balance at June 30, 2021	<u>\$ 21,407,055</u>	<u>\$ 12,486,332</u>	<u>\$ 8,920,723</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability of the City if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Net OPEB Liability	\$ <u>11,946,442</u>	\$ <u>8,920,723</u>	\$ <u>6,460,447</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following represents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate (Non-medicare 6.05% decreasing to 3.75%, Medicare 6.05% decreasing to 3.75%), for measurement period ended June 30, 2021:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ <u>6,292,532</u>	\$ <u>8,920,723</u>	\$ <u>12,245,359</u>

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the City recognized OPEB expense/(credit) of \$(987,362). As of fiscal year ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,397,283
Changes in assumptions	1,259,598	2,260,315
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>1,852,222</u>
Total	<u>\$ 1,259,598</u>	<u>\$ 6,509,820</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2022	\$ (2,101,376)
2023	(1,649,378)
2024	(959,377)
2025	(682,736)
2026	142,645

NOTE 10: FUND BALANCE

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non Spendable: Amounts that cannot be spent because they are either (a) not in spendable form (not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted: Amounts subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provision, or enabling legislation. This fund balance type is essentially the same definition as restricted net position under GASB Statement No. 34.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of City Council. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance) it employed to previously commit those amounts. Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10: FUND BALANCE (CONTINUED)

Assigned: Amounts that are not restricted by the funding agency but are for specific purposes and assigned by City Council for that purpose. City Council's action in creating the fund is to ensure that the funds are used for their intended purpose. That purpose is not always planned for the current fiscal year as it may take several years to build up a sufficient fund balance to be able to implement the stated purpose. This classification also represents all remaining amounts (except negative balances) reported in governmental funds, other than the general fund, that are not classified as non spendable, restricted, or committed.

Unassigned: Residual amounts in the general fund, not classified as non spendable, restricted, committed, or assigned. For other governmental fund types, unassigned is only used when a deficit or negative fund balance occurs.

The City Council establishes (and modifies or rescinds) fund balance commitments by approval of a resolution. Currently, the City Council has not committed any fund balances. The City Council delegates authority to the Finance Director to assign amounts to be used for specific purposes. Assignments are less formal than commitments and can be changed by the Finance Director.

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

As of June 30, 2021, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Equipment Replacement</u>	<u>Facilities Maintenance</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Prepaid expenses	\$ 94,969	\$ -	\$ -	\$ -	\$ 94,969
Advances	-	600,000	200,000	-	800,000
Total Nonspendable	<u>94,969</u>	<u>600,000</u>	<u>200,000</u>	<u>-</u>	<u>894,969</u>
Restricted					
Projects and services	-	-	-	1,348,746	1,348,746
Street projects	-	-	-	493,928	493,928
Schoolmates program	-	-	-	185,498	185,498
Measure D	-	-	-	16,154	16,154
Measure B sales tax	-	-	-	307,370	307,370
Measure BB sales tax	-	-	-	472,683	472,683
COPS	-	-	-	531,080	531,080
Measure F	-	-	-	73,367	73,367
Athletic facility preservation	-	-	-	317,270	317,270
Abandoned vehicle	-	-	-	39,420	39,420
Section 115 Trust	3,667,217	-	-	-	3,667,217
Total Restricted	<u>3,667,217</u>	<u>-</u>	<u>-</u>	<u>3,785,516</u>	<u>7,452,733</u>
Assigned					
Capital improvement	-	-	-	67,301	67,301
Equipment replacement	-	2,497,100	-	-	2,497,100
Facilities maintenance	-	-	9,139,708	-	9,139,708
Sidewalk repair	-	-	-	19,090	19,090
Total Assigned	<u>-</u>	<u>2,497,100</u>	<u>9,139,708</u>	<u>86,391</u>	<u>11,723,199</u>
Unassigned	<u>7,442,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,442,296</u>
Total Fund Balance	<u>\$ 11,204,482</u>	<u>\$ 3,097,100</u>	<u>\$ 9,339,708</u>	<u>\$ 3,871,907</u>	<u>\$ 27,513,197</u>

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these risk pools exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. Obligations and liabilities of these risk pools are the City's responsibility.

A. Risk Pools

General Liability - Bay Cities Joint Powers Insurance Authority (BCJPIA) covers general liability claims, including excess liability, in an amount up to \$29,000,000. The City has a deductible or uninsured liability of up to \$10,000 per claim. Once the City's deductible is met, BCJPIA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2021, the City contributed \$883,208 for current year coverage.

Workers' Compensation - BCJPIA also covers workers' compensation liability in an amount up to \$1,000,000 per claim. The City has a deductible or uninsured liability of up to \$150,000 per claim. The Local Agency Workers' Compensation Excess Insurance Joint Powers Authority (LAWCX) covers workers' compensation claims in excess of \$1,000,000 per claim up to \$300,000,000. During the fiscal year ended June 30, 2021, the City contributed \$527,648 for current year coverage.

Financial statements for BCJPIA and LAWCX may be obtained from Bickmore & Associates, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The City's contribution with each risk pool equals the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

B. Liability for Uninsured Claims

The City has retained the risk for the uninsured portion of the above claims as discussed above. Activity for the City's liability for uninsured claims was as follows for the year ended June 30, 2021:

	General Liability		Workers' Compensation		Total	
	2021	2020	2021	2020	2021	2020
Beginning balance	\$ 91,221	\$ 103,092	\$ 990,000	\$ 967,000	\$ 1,081,221	\$ 1,070,092
Incurred claims	130,943	70,637	195,495	167,317	326,438	237,954
Claims paid	(104,771)	(82,508)	(180,495)	(144,317)	(285,266)	(226,825)
Ending Balance	<u>\$ 117,393</u>	<u>\$ 91,221</u>	<u>\$ 1,005,000</u>	<u>\$ 990,000</u>	<u>\$ 1,122,393</u>	<u>\$ 1,081,221</u>
Current portion	<u>\$ 40,422</u>	<u>\$ 29,288</u>	<u>\$ 281,965</u>	<u>\$ 295,890</u>	<u>\$ 322,387</u>	<u>\$ 325,178</u>

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12: PARCEL TAX

The City of Piedmont is required by the Municipal Code to refund or reduce subsequent taxes regarding any excess of the ending General Fund unencumbered fund balance over 25 percent of that year's General Fund expenditures. This calculation applies only to the City's General Fund and excludes the Deposits and Bonds, Traffic Safety, and Pension Rate Stabilization Trust Funds which are combined into the General Fund for financial reporting purposes. The unencumbered General Fund balance at June 30, 2021 did not exceed the 25 percent of expenditures limitation.

	Amount
General fund expenditures	\$ 27,739,603
Fund balance limitation, 25% of expenditures	6,934,901
Unencumbered General fund balance at year end	6,509,006
Amount below fund balance limitation	\$ (425,895)

NOTE 13: EXCESS EXPENDITURES AND TRANSFERS OUT OVER APPROPRIATIONS

The following funds incurred expenditures and transfers out in excess of appropriations in the following amounts for the year ended June 30, 2021:

Fund	Excess Expenditures and Transfers Out
Schoolmates Program	\$ 118,652
Projects and Services	22,704
Measure D	33,188
Tobacco Grant	44,070

The excess expenditures were covered by available fund balance in the funds.

NOTE 14: CONTINGENCIES AND COMMITMENTSGrant Awards

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

Contracts

At June 30, 2021, the City had construction contracts outstanding of approximately \$1,376,354 related to various construction projects.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14: CONTINGENCIES AND COMMITMENTS (CONTINUED)Public Health Emergency

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 3, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation of certain financial statement line items such as investments, accounts receivable, accounts payable, and accrued expenses to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported on the financial statements are properly valued as of June 30, 2021. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to the financial condition of the City.

NOTE 15: SUBSEQUENT EVENTAmerican Rescue Plan Act Funding

Signed into law on March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") provides \$350 billion in additional funding for state and local governments. The local funding portion is approximately \$130 billion, equally divided between cities and counties. Localities will receive the funds in two tranches - the first after the U.S. Treasury certifies the proceeds to each jurisdiction and the second one year later. The City's portion was determined to be \$2,663,729. As of June 30, 2021, the City had not received their funding portion.

General Obligation Bonds

In December 2021, the City issued 2021 General Obligation Bonds in the principal amount of \$19,500,000 for the purpose of constructing new pool facilities and related areas.

Management has evaluated subsequent events through March 7, 2022, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

NOTE 16: CHANGE IN ACCOUNTING PRINCIPLE

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, beginning net position of custodial funds has been restated to \$363,534. Prior to GASB Statement No. 84, custodial funds (previously, agency funds) only reported assets and liabilities and reported no net position or measurement of results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PIEDMONT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Property taxes	\$ 15,135,000	\$ 15,135,000	\$ 15,442,493	\$ 307,493
Sales tax	120,000	120,000	244,763	124,763
Franchise tax	520,000	520,000	560,828	40,828
Utility users tax	1,175,000	1,175,000	1,238,177	63,177
Real property transfer tax	2,200,000	2,200,000	6,286,601	4,086,601
Business licenses and rental tax	336,000	336,000	620,351	284,351
Licenses and permits	326,000	326,000	709,986	383,986
Intergovernmental	1,625,000	1,625,000	2,224,176	599,176
Use of money and property	512,000	512,000	861,355	349,355
Charges for services	2,708,500	2,708,500	2,977,984	269,484
Parcel tax	2,410,000	2,410,000	2,411,381	1,381
Contribution and donations	20,000	20,000	13,962	(6,038)
Other revenues	<u>435,000</u>	<u>435,000</u>	<u>340,290</u>	<u>(94,710)</u>
Total Revenues	<u>27,522,500</u>	<u>27,522,500</u>	<u>33,932,347</u>	<u>6,409,847</u>
<u>EXPENDITURES</u>				
Current:				
Administration	3,393,485	3,650,747	3,583,138	67,609
Public works	5,379,251	5,416,759	4,470,211	946,548
Public safety:				
Police services	6,918,886	6,918,886	6,530,461	388,425
Fire services	6,950,585	6,950,585	6,875,292	75,293
Recreation	2,700,428	2,700,428	2,404,970	295,458
Nondepartmental	<u>2,950,471</u>	<u>3,017,787</u>	<u>2,875,531</u>	<u>142,256</u>
Total Expenditures	<u>28,293,106</u>	<u>28,655,192</u>	<u>26,739,603</u>	<u>1,915,589</u>
Excess (deficiency) of revenues over expenditures	<u>(770,606)</u>	<u>(1,132,692)</u>	<u>7,192,744</u>	<u>4,494,258</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,122,000	1,122,000	51,183	(1,070,817)
Transfers out	<u>(552,927)</u>	<u>(4,052,927)</u>	<u>(4,679,319)</u>	<u>(626,392)</u>
Total Other Financing Sources (Uses)	<u>569,073</u>	<u>(2,930,927)</u>	<u>(4,628,136)</u>	<u>(1,697,209)</u>
Net change in fund balance	<u>\$ (201,533)</u>	<u>\$ (4,063,619)</u>	2,564,608	<u>\$ 2,797,049</u>
Fund balance - July 1, 2020			<u>8,639,874</u>	
Fund balance - June 30, 2021			<u>\$ 11,204,482</u>	

CITY OF PIEDMONT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2021

Budgetary Information

The amounts reported as the original budgeted amounts in the budgetary schedules reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary schedules reflect the amounts after all budget amendments have been accounted for. The City did not formally adopt a budget for the Abandoned Vehicle nonmajor special revenue fund.

Budgetary Controls

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City Council approves total appropriations on a departmental basis. Budgetary comparison schedules are presented for all funds. The budgetary comparison schedules present both the original adopted budget and the final budget with all amendments.

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Prepared for the City's Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan
 As of June 30, 2021
 Last 10 Years *

	Measurement Period						
	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.28998 %	0.27862 %	0.27018 %	0.26200 %	0.25701 %	0.24111 %	0.24773 %
Proportionate share of the net pension liability	\$ 31,550,975	\$ 28,550,576	\$ 26,035,468	\$ 25,982,764	\$ 22,238,992	\$ 16,549,792	\$ 15,419,642
Covered payroll	\$ 10,804,215	\$ 10,517,384	\$ 10,265,025	\$ 9,471,727	\$ 9,305,356	\$ 9,157,966	\$ 8,752,938
Proportionate share of the net pension liability as a percentage of covered payroll	292.02 %	271.46 %	253.63 %	274.32 %	238.99 %	180.71 %	176.17 %
Plan fiduciary net position as a percentage of the total pension liability	75.10 %	75.30 %	75.30 %	73.29 %	74.06 %	78.40 %	79.82 %

Notes to Schedule:

Changes in assumptions. In 2020 and 2019, there were no changes in assumptions. In 2018, assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
 Prepared for the City's Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan
 As of June 30, 2021
 Last 10 Years *

	Fiscal Year-End						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 3,776,944	\$ 3,367,402	\$ 2,920,619	\$ 2,521,862	\$ 2,295,957	\$ 2,072,601	\$ 1,934,849
Contributions in relation to the actuarially determined contributions	<u>3,776,944</u>	<u>3,367,402</u>	<u>2,920,619</u>	<u>2,521,862</u>	<u>2,295,957</u>	<u>2,072,601</u>	<u>1,934,849</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,098,592	\$ 10,804,215	\$ 10,517,384	\$ 10,265,025	\$ 9,471,727	\$ 9,305,356	\$ 9,157,966
Contributions as a percentage of covered payroll	34.03 %	31.17 %	27.77 %	24.57 %	24.24 %	22.27 %	21.13 %

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

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POLICE AND FIRE PENSION (CLOSED) PLAN
Last 10 Years *

	Fiscal Year-End							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Interest	\$ 93,213	\$ 97,631	\$ 104,393	\$ 112,356	\$ 119,038	\$ 141,412	\$ 148,653	\$ 156,380
Differences between expected and actual experience	-	25,239	-	74,556	-	(270,454)	-	-
Change of assumptions	46,239	(15,617)	-	(93,912)	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(151,293)</u>	<u>(210,488)</u>	<u>(223,674)</u>	<u>(227,770)</u>	<u>(233,036)</u>	<u>(251,005)</u>	<u>(287,175)</u>	<u>(283,192)</u>
Net change in total pension liability	(11,841)	(103,235)	(119,281)	(134,770)	(113,998)	(380,047)	(138,522)	(126,812)
Total pension liability - beginning	<u>1,629,200</u>	<u>1,732,435</u>	<u>1,851,716</u>	<u>1,986,486</u>	<u>2,100,484</u>	<u>2,480,531</u>	<u>2,619,053</u>	<u>2,745,865</u>
Total pension liability - ending (a)	<u>\$ 1,617,359</u>	<u>\$ 1,629,200</u>	<u>\$ 1,732,435</u>	<u>\$ 1,851,716</u>	<u>\$ 1,986,486</u>	<u>\$ 2,100,484</u>	<u>\$ 2,480,531</u>	<u>\$ 2,619,053</u>
Plan Fiduciary Net Position								
Net investment income	\$ 3,914,153	\$ 902,277	\$ 833,644	\$ 649,249	\$ 1,321,041	\$ (539,063)	\$ 213,159	\$ 1,837,733
Benefit payments, including refunds of employee contributions	(151,293)	(210,488)	(223,674)	(227,770)	(233,036)	(251,005)	(287,175)	(283,192)
Administrative expenses	<u>-</u>	<u>(1,350)</u>	<u>(12,000)</u>	<u>(3,405)</u>	<u>(7,183)</u>	<u>(2,025)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	3,762,860	690,439	597,970	418,074	1,080,822	(792,093)	(74,016)	1,554,541
Plan fiduciary net position - beginning	<u>13,640,469</u>	<u>12,950,030</u>	<u>12,352,060</u>	<u>11,933,986</u>	<u>10,853,164</u>	<u>11,645,257</u>	<u>11,719,273</u>	<u>10,164,732</u>
Plan fiduciary net position - ending (b)	<u>\$ 17,403,329</u>	<u>\$ 13,640,469</u>	<u>\$ 12,950,030</u>	<u>\$ 12,352,060</u>	<u>\$ 11,933,986</u>	<u>\$ 10,853,164</u>	<u>\$ 11,645,257</u>	<u>\$ 11,719,273</u>
Plan's net pension liability (asset) - ending (a)-(b)	<u>\$ (15,785,970)</u>	<u>\$ (12,011,269)</u>	<u>\$ (11,217,595)</u>	<u>\$ (10,500,344)</u>	<u>\$ (9,947,500)</u>	<u>\$ (8,752,680)</u>	<u>\$ (9,164,726)</u>	<u>\$ (9,100,220)</u>
Fiduciary net position as a percentage of total pension liability	1,076 %	837 %	748 %	667 %	601 %	517 %	469 %	447 %
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POLICE AND FIRE PENSION (CLOSED) PLAN (CONTINUED)
Last 10 Years *

Employer Actuarially Determined Contribution for fiscal year June 30, 2021:

<u>Actuarial Valuation Date</u>	<u>Actuarially Determined Contribution (ADC)</u>	<u>Employer Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>ADC as a % of Covered Payroll</u>
2014	\$ -	\$ -	\$ -	\$ -	NA
2015	-	-	-	-	NA
2016	-	-	-	-	NA
2017	-	-	-	-	NA
2018	-	-	-	-	NA
2019	-	-	-	-	NA
2020	-	-	-	-	NA
2021	-	-	-	-	NA

The actuarially determined contribution is based on the same assumptions as the net pension liability (asset).

* Fiscal year 2014 was the 1st year of implementation of GASB 67, therefore only eight years are shown.

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
For the Measurement Periods Ended June 30
Last 10 Years*
(Amounts in 000's)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 675	\$ 948	\$ 944	\$ 1,179
Interest	1,155	1,225	1,155	1,361
Changes of benefit terms	-	-	-	(1,104)
Actual vs. expected experience	-	(1,743)	-	(4,473)
Changes in assumptions	1,331	(2,620)	355	(2,016)
Benefit payments	<u>(832)</u>	<u>(772)</u>	<u>(641)</u>	<u>(562)</u>
Net change in total OPEB liability	2,329	(2,962)	1,813	(5,615)
Total OPEB liability, beginning	<u>19,078</u>	<u>22,040</u>	<u>20,227</u>	<u>25,842</u>
Total OPEB liability, ending (a)	<u>\$ 21,407</u>	<u>\$ 19,078</u>	<u>\$ 22,040</u>	<u>\$ 20,227</u>
Plan fiduciary net position				
Contributions - employer	\$ 834	\$ 774	\$ 642	\$ 1,028
Contributions - employee	97	89	161	-
Net investment income	2,886	580	597	441
Benefit payments	(832)	(772)	(641)	(562)
Administrative expenses	<u>(2)</u>	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>
Net change in plan fiduciary net position	2,983	669	758	905
Plan fiduciary net position, beginning	<u>9,503</u>	<u>8,834</u>	<u>8,076</u>	<u>7,171</u>
Plan fiduciary net position, ending (b)	<u>\$ 12,486</u>	<u>\$ 9,503</u>	<u>\$ 8,834</u>	<u>\$ 8,076</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 8,921</u>	<u>\$ 9,575</u>	<u>\$ 13,206</u>	<u>\$ 12,151</u>
Plan fiduciary net position as a percentage of the total OPEB liability	58.33 %	49.81 %	40.08 %	39.93 %
Covered-employee payroll	\$ 13,111	\$ 12,373	\$ 11,344	\$ 11,022
Net OPEB liability as a percentage of covered-employee payroll	68.04 %	77.39 %	116.41 %	110.24 %

Notes to Schedule:

Changes of assumptions: For the measurement period ended June 30, 2021, general inflation was lowered from 2.75% to 2.5%, the long-term rate of return was lowered from 6.5% to 5.5% based on capital market assumption review and the lower inflation rate, and the discount rate was updated based on crossover test. For the measurement period ended June 30, 2020, the discount rate was updated based on the crossover test, the long-term rate of return was updated due to change in the target asset allocation, Kaiser Medicare Health Trend was updated, Medicare eligibility and family coverage at retirement rates were updated based on the City's experience, and the mortality improvement scale was updated to Scale MP-2019. For the measurement period ended June 30, 2019, the discount rate was changed from 5.54 percent (net of administrative expense) to 5.42 percent.

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only four years are shown. Additional years' information will be displayed as it becomes available.

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
For the Fiscal Year Ended June 30
Last 10 Years*
(Amounts in 000's)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 834	\$ 774	\$ 642	\$ 1,028
Contributions in relation to the ADC	<u>(834)</u>	<u>(774)</u>	<u>(642)</u>	<u>(1,028)</u>
Contribution deficiency (excess)**	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	13,111	12,373	11,344	11,022
Contributions as a percentage of covered-employee payroll	6.36 %	6.26 %	5.66 %	9.33 %

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only four years are shown. Additional years' information will be displayed as it becomes available.

** The City contributes \$100 per month for every Tier 1 active employee in addition to contributing the pay-as-you go cost.

COMBINING FINANCIAL STATEMENTS, SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION

CITY OF PIEDMONT
EQUIPMENT REPLACEMENT - MAJOR CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 39,000	\$ 39,000	\$ 13,194	\$ (25,806)
Total Revenues	<u>39,000</u>	<u>39,000</u>	<u>13,194</u>	<u>(25,806)</u>
<u>EXPENDITURES</u>				
Current:				
Administrative	-	-	41,464	(41,464)
Public safety - police services	60,000	60,000	8,250	51,750
Capital outlay	<u>1,013,800</u>	<u>1,079,300</u>	<u>540,566</u>	<u>538,734</u>
Total Expenditures	<u>1,073,800</u>	<u>1,139,300</u>	<u>590,280</u>	<u>549,020</u>
Excess (deficiency) of revenues over expenditures	<u>(1,034,800)</u>	<u>(1,100,300)</u>	<u>(577,086)</u>	<u>523,214</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>302,927</u>	<u>3,802,927</u>	<u>610,500</u>	<u>(3,192,427)</u>
Total Other Financing Sources (Uses)	<u>302,927</u>	<u>3,802,927</u>	<u>610,500</u>	<u>(3,192,427)</u>
Net change in fund balance	\$ <u>(731,873)</u>	\$ <u>2,702,627</u>	33,414	\$ <u>(2,669,213)</u>
Fund balance - July 1, 2020			<u>3,063,686</u>	
Fund balance - June 30, 2021			<u>\$ 3,097,100</u>	

CITY OF PIEDMONT
FACILITIES MAINTENANCE - MAJOR CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	with Final
			Amounts	Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 62,000	\$ 62,000	\$ 24,324	\$ (37,676)
Total Revenues	<u>62,000</u>	<u>62,000</u>	<u>24,324</u>	<u>(37,676)</u>
<u>EXPENDITURES</u>				
Current:				
Administration	-	233,524	31,507	202,017
Public works	492,800	180,775	19,841	160,934
Public safety - police services	-	17,325	17,268	57
Public safety - fire services	-	62,325	16,610	45,715
Recreation	70,000	493,076	107,222	385,854
Capital outlay	<u>767,500</u>	<u>865,982</u>	<u>1,065,835</u>	<u>(199,853)</u>
Total Expenditures	<u>1,330,300</u>	<u>1,853,007</u>	<u>1,258,283</u>	<u>594,724</u>
Excess (deficiency) of revenues over expenditures	<u>(1,268,300)</u>	<u>(1,791,007)</u>	<u>(1,233,959)</u>	<u>557,048</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	4,044,911	4,044,911
Total Other Financing Sources (Uses)	-	-	4,044,911	4,044,911
Net change in fund balance	<u>\$ (1,268,300)</u>	<u>\$ (1,791,007)</u>	2,810,952	<u>\$ 4,601,959</u>
Fund balance - July 1, 2020			<u>6,528,756</u>	
Fund balance - June 30, 2021			<u>\$ 9,339,708</u>	

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

Streets Projects - accounts for revenues and expenditures associated with the maintenance and improvements of the City's roads and street landscaping that is funded through the receipt of the City's share of the gas tax.

Schoolmates Program - accounts for the operation of the before- and after-school child care program for elementary school age children operated by the Piedmont Recreation Department.

Projects and Services - accounts for the Private Contribution Fund. The Private Contribution Fund is used to account for all citizen and other private contributions and donations to the City.

Measure D - accounts for surcharges collected for the continuation and expansion of municipal recycling programs.

Abandoned Vehicle - accounts for abandoned vehicle abatement funding as the City is a participant in the Alameda County Abandoned Vehicle Program for receiving reimbursement of expenses arising from the investigation of reported abandoned vehicles.

Measure B Sales Tax - accounts for a tax approved by Alameda County voters in November 2000 to provide programmatic pass-through funds for bicycle and pedestrian paths & safety improvements, mass transit, paratransit, and local streets and roads projects.

Measure BB Sales Tax - accounts for a tax approved by Alameda County voters in November 2014 to provide for the direct funding for local street projects and bicycle and pedestrian projects based on population and road mileage.

COPS - accounts for revenues and expenditures of the State of California funded Supplemental Law Enforcement Services grant.

Measure F - accounts for the additional \$10 fee associated with registering a vehicle in the County. Fees are restricted to reduce traffic congestion and vehicle related pollution.

Athletic Facility Preservation - accounts for funds to be used for repairing, refurbishing, and replacing City athletic facilities.

Tobacco Grant - accounts for Prop. 56 grant funds to be used to promote a healthier California by reducing illegal sales and marketing of cigarettes and tobacco products, including e-cigarettes, to minors.

CAPITAL PROJECT FUNDS

Capital Improvement - accounts for the City's major capital projects.

Sidewalk Repair - accounts for sidewalk reimbursement revenue associated with the repair/replacement of City sidewalks under article V, section 18.26 of the City code.

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2021

Special Revenue Funds					
	<u>Streets Projects</u>	<u>Schoolmates Program</u>	<u>Projects and Services</u>	<u>Measure D</u>	<u>Abandoned Vehicle</u>
ASSETS					
Cash and investments	\$ 537,554	\$ 230,111	\$ 1,343,746	\$ 7,685	\$ 38,121
Receivables:					
Accounts	27,755	-	5,000	8,392	1,243
Interest	<u>187</u>	<u>410</u>	<u>-</u>	<u>77</u>	<u>56</u>
Total Assets	<u>\$ 565,496</u>	<u>\$ 230,521</u>	<u>\$ 1,348,746</u>	<u>\$ 16,154</u>	<u>\$ 39,420</u>
LIABILITIES					
Accounts payable	\$ 71,568	\$ 3,199	\$ -	\$ -	\$ -
Accrued wages and benefits	-	13,122	-	-	-
Unearned revenue	<u>-</u>	<u>28,702</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>71,568</u>	<u>45,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	493,928	185,498	1,348,746	16,154	39,420
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>493,928</u>	<u>185,498</u>	<u>1,348,746</u>	<u>16,154</u>	<u>39,420</u>
Total Liabilities and Fund Balances	<u>\$ 565,496</u>	<u>\$ 230,521</u>	<u>\$ 1,348,746</u>	<u>\$ 16,154</u>	<u>\$ 39,420</u>

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2021

Special Revenue Funds					
	<u>Measure B Sales Tax</u>	<u>Measure BB Sales Tax</u>	<u>COPS</u>	<u>Measure F</u>	<u>Athletic Facility Preservation</u>
ASSETS					
Cash and investments	\$ 203,116	\$ 375,338	\$ 490,453	\$ 65,461	\$ 316,803
Receivables:					
Accounts	104,080	96,845	40,707	7,825	-
Interest	<u>174</u>	<u>500</u>	<u>820</u>	<u>81</u>	<u>467</u>
Total Assets	<u>\$ 307,370</u>	<u>\$ 472,683</u>	<u>\$ 531,980</u>	<u>\$ 73,367</u>	<u>\$ 317,270</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 900	\$ -	\$ -
Accrued wages and benefits	-	-	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>900</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	307,370	472,683	531,080	73,367	317,270
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>307,370</u>	<u>472,683</u>	<u>531,080</u>	<u>73,367</u>	<u>317,270</u>
Total Liabilities and Fund Balances	<u>\$ 307,370</u>	<u>\$ 472,683</u>	<u>\$ 531,980</u>	<u>\$ 73,367</u>	<u>\$ 317,270</u>

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds	Capital Projects		Total Non-major Governmental Funds
	Tobacco Grant	Capital Improvement	Sidewalk Repair	
ASSETS				
Cash and investments	\$ -	\$ 67,225	\$ 19,090	\$ 3,694,703
Receivables:				
Accounts	-	-	-	291,847
Interest	-	76	-	2,848
	<u>-</u>	<u>76</u>	<u>-</u>	<u>2,848</u>
Total Assets	<u>\$ -</u>	<u>\$ 67,301</u>	<u>\$ 19,090</u>	<u>\$ 3,989,398</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 75,667
Accrued wages and benefits	-	-	-	13,122
Unearned revenue	-	-	-	28,702
	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,702</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,491</u>
FUND BALANCES				
Restricted	-	-	-	3,785,516
Assigned	-	67,301	19,090	86,391
	<u>-</u>	<u>67,301</u>	<u>19,090</u>	<u>86,391</u>
Total Fund Balances	<u>-</u>	<u>67,301</u>	<u>19,090</u>	<u>3,871,907</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 67,301</u>	<u>\$ 19,090</u>	<u>\$ 3,989,398</u>

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

	Special Revenue Funds				
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle
REVENUES					
Gas tax	\$ 466,337	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	4,869
Use of money and property	1,338	1,150	-	221	155
Current service charges	-	586,127	-	-	-
Measure B tax	-	-	-	-	-
Contributions and donations	-	-	120,550	-	-
Other revenues	-	-	-	39,110	-
Total Revenues	<u>467,675</u>	<u>587,277</u>	<u>120,550</u>	<u>39,331</u>	<u>5,024</u>
EXPENDITURES					
Current:					
Public works	-	-	-	22,005	-
Street improvements	48,250	-	-	-	-
Public safety:					
Police services	-	-	-	-	-
Recreation	-	706,355	-	-	-
Capital outlay	<u>354,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>402,778</u>	<u>706,355</u>	<u>-</u>	<u>22,005</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>64,897</u>	<u>(119,078)</u>	<u>120,550</u>	<u>17,326</u>	<u>5,024</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(22,704)</u>	<u>(51,183)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(22,704)</u>	<u>(51,183)</u>	<u>-</u>
Net change in fund balances	64,897	(119,078)	97,846	(33,857)	5,024
Fund balances - July 1, 2020	<u>429,031</u>	<u>304,576</u>	<u>1,250,900</u>	<u>50,011</u>	<u>34,396</u>
Fund balances - June 30, 2021	<u>\$ 493,928</u>	<u>\$ 185,498</u>	<u>\$ 1,348,746</u>	<u>\$ 16,154</u>	<u>\$ 39,420</u>

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Measure B Sales Tax	Measure BB Sales Tax	COPS	Measure F	Athletic Facility Preservation
<u>REVENUES</u>					
Gas tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	476,385	197,434	45,893	-
Use of money and property	145	867	2,293	181	1,264
Current service charges	-	-	-	-	44,268
Measure B tax	511,024	-	-	-	-
Contributions and donations	-	-	-	-	49,150
Other revenues	-	-	-	-	-
Total Revenues	<u>511,169</u>	<u>477,252</u>	<u>199,727</u>	<u>46,074</u>	<u>94,682</u>
<u>EXPENDITURES</u>					
Current:					
Public works	-	-	-	-	-
Street improvements	-	-	-	-	-
Public safety:					
Police services	-	-	174,358	-	-
Recreation	-	-	-	-	-
Capital outlay	<u>205,722</u>	<u>5,012</u>	<u>-</u>	<u>6,718</u>	<u>-</u>
Total Expenditures	<u>205,722</u>	<u>5,012</u>	<u>174,358</u>	<u>6,718</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>305,447</u>	<u>472,240</u>	<u>25,369</u>	<u>39,356</u>	<u>94,682</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	305,447	472,240	25,369	39,356	94,682
Fund balances - July 1, 2020	<u>1,923</u>	<u>443</u>	<u>505,711</u>	<u>34,011</u>	<u>222,588</u>
Fund balances - June 30, 2021	<u>\$ 307,370</u>	<u>\$ 472,683</u>	<u>\$ 531,080</u>	<u>\$ 73,367</u>	<u>\$ 317,270</u>

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects		Total Non-major Governmental Funds
	Tobacco Grant	Capital Improvement	Sidewalk Repair	
REVENUES				
Gas tax	\$ -	\$ -	\$ -	\$ 466,337
Intergovernmental	137,458	-	-	862,039
Use of money and property	-	236	-	7,850
Current service charges	-	-	-	630,395
Measure B tax	-	-	-	511,024
Contributions and donations	-	-	-	169,700
Other revenues	-	-	8,460	47,570
Total Revenues	<u>137,458</u>	<u>236</u>	<u>8,460</u>	<u>2,694,915</u>
EXPENDITURES				
Current:				
Public works	-	3,000	7,143	32,148
Street improvements	-	-	-	48,250
Public safety:				
Police services	184,070	-	-	358,428
Recreation	-	-	-	706,355
Capital outlay	-	10,939	-	582,919
Total Expenditures	<u>184,070</u>	<u>13,939</u>	<u>7,143</u>	<u>1,728,100</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(46,612)</u>	<u>(13,703)</u>	<u>1,317</u>	<u>966,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	46,612	-	-	46,612
Transfers out	-	-	-	(73,887)
Total Other Financing Sources (Uses)	<u>46,612</u>	<u>-</u>	<u>-</u>	<u>(27,275)</u>
Net change in fund balances	-	(13,703)	1,317	939,540
Fund balances - July 1, 2020	-	81,004	17,773	2,932,367
Fund balances - June 30, 2021	<u>\$ -</u>	<u>\$ 67,301</u>	<u>\$ 19,090</u>	<u>\$ 3,871,907</u>

CITY OF PIEDMONT
STREETS PROJECTS - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	with Final
			Amounts	Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Gas tax	\$ 243,000	\$ 423,000	\$ 466,337	\$ 43,337
Use of money and property	<u>-</u>	<u>-</u>	<u>1,338</u>	<u>1,338</u>
Total Revenues	<u>243,000</u>	<u>423,000</u>	<u>467,675</u>	<u>44,675</u>
<u>EXPENDITURES</u>				
Current:				
Street improvements	-	180,000	48,250	131,750
Capital outlay	<u>430,000</u>	<u>250,000</u>	<u>354,528</u>	<u>(104,528)</u>
Total Expenditures	<u>430,000</u>	<u>430,000</u>	<u>402,778</u>	<u>27,222</u>
Net change in fund balance	<u>\$ (187,000)</u>	<u>\$ (7,000)</u>	64,897	<u>\$ 71,897</u>
Fund balance - July 1, 2020			<u>429,031</u>	
Fund balance - June 30, 2021			<u>\$ 493,928</u>	

CITY OF PIEDMONT
SCHOOLMATES PROGRAM - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 5,000	\$ 5,000	\$ 1,150	\$ (3,850)
Charges for services	<u>460,000</u>	<u>460,000</u>	<u>586,127</u>	<u>126,127</u>
Total Revenues	<u>465,000</u>	<u>465,000</u>	<u>587,277</u>	<u>122,277</u>
<u>EXPENDITURES</u>				
Current:				
Recreation	585,203	585,203	706,355	(121,152)
Capital outlay	<u>2,500</u>	<u>2,500</u>	-	<u>2,500</u>
Total Expenditures	<u>587,703</u>	<u>587,703</u>	<u>706,355</u>	<u>(118,652)</u>
Net change in fund balance	<u>\$ (122,703)</u>	<u>\$ (122,703)</u>	(119,078)	<u>\$ 3,625</u>
Fund balance - July 1, 2020			<u>304,576</u>	
Fund balance - June 30, 2021			<u>\$ 185,498</u>	

CITY OF PIEDMONT
PROJECTS AND SERVICES - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Contributions and donations	\$ 5,000	\$ 5,000	\$ 120,550	\$ 115,550
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>120,550</u>	<u>115,550</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(22,704)	(22,704)
Total Other Financing Sources (Uses)	-	-	(22,704)	(22,704)
Net change in fund balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	97,846	<u>\$ 92,846</u>
Fund balance - July 1, 2020			<u>1,250,900</u>	
Fund balance - June 30, 2021			<u>\$ 1,348,746</u>	

CITY OF PIEDMONT
MEASURE D - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 221	\$ 221
Other revenues	<u>43,000</u>	<u>43,000</u>	<u>39,110</u>	<u>(3,890)</u>
Total Revenues	<u>43,000</u>	<u>43,000</u>	<u>39,331</u>	<u>(3,669)</u>
<u>EXPENDITURES</u>				
Current:				
Public works	<u>40,000</u>	<u>40,000</u>	<u>22,005</u>	<u>17,995</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>22,005</u>	<u>17,995</u>
Excess (deficiency) of revenues over expenditures	<u>3,000</u>	<u>3,000</u>	<u>17,326</u>	<u>14,326</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(51,183)</u>	<u>(51,183)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(51,183)</u>	<u>(51,183)</u>
Net change in fund balance	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>(33,857)</u>	<u>\$ (36,857)</u>
Fund balance - July 1, 2020			<u>50,011</u>	
Fund balance - June 30, 2021			<u>\$ 16,154</u>	

CITY OF PIEDMONT
ABANDONED VEHICLE - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original*	Final*	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 4,869	\$ 4,869
Use of money and property	<u>-</u>	<u>-</u>	<u>155</u>	<u>155</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>5,024</u>	<u>5,024</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,024	<u>\$ 5,024</u>
Fund balance - July 1, 2020			<u>34,396</u>	
Fund balance - June 30, 2021			<u>\$ 39,420</u>	

*The City did not adopt a budget for the Abandoned Vehicle Fund for the year ended June 30, 2021.

CITY OF PIEDMONT
MEASURE B SALES TAX - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 145	\$ 145
Measure B tax	<u>430,000</u>	<u>430,000</u>	<u>511,024</u>	<u>81,024</u>
Total Revenues	<u>430,000</u>	<u>430,000</u>	<u>511,169</u>	<u>81,169</u>
<u>EXPENDITURES</u>				
Current:				
Capital outlay	<u>430,000</u>	<u>430,000</u>	<u>205,722</u>	<u>224,278</u>
Total Expenditures	<u>430,000</u>	<u>430,000</u>	<u>205,722</u>	<u>224,278</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	305,447	<u>\$ 305,447</u>
Fund balance - July 1, 2020			<u>1,923</u>	
Fund balance - June 30, 2021			<u>\$ 307,370</u>	

CITY OF PIEDMONT
MEASURE BB SALES TAX - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	with Final
			Amounts	Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 476,385	\$ 76,385
Use of money and property	<u>-</u>	<u>-</u>	<u>867</u>	<u>867</u>
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>477,252</u>	<u>77,252</u>
<u>EXPENDITURES</u>				
Current:				
Capital outlay	<u>400,000</u>	<u>400,000</u>	<u>5,012</u>	<u>394,988</u>
Total Expenditures	<u>400,000</u>	<u>400,000</u>	<u>5,012</u>	<u>394,988</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	472,240	<u>\$ 472,240</u>
Fund balance - July 1, 2020			<u>443</u>	
Fund balance - June 30, 2021			<u>\$ 472,683</u>	

CITY OF PIEDMONT
COPS - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	with Final
			Amounts	Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 145,000	\$ 145,000	\$ 197,434	\$ 52,434
Use of money and property	<u>6,000</u>	<u>6,000</u>	<u>2,293</u>	<u>(3,707)</u>
Total Revenues	<u>151,000</u>	<u>151,000</u>	<u>199,727</u>	<u>48,727</u>
<u>EXPENDITURES</u>				
Current:				
Public safety: police services	<u>481,750</u>	<u>605,713</u>	<u>174,358</u>	<u>431,355</u>
Total Expenditures	<u>481,750</u>	<u>605,713</u>	<u>174,358</u>	<u>431,355</u>
Net change in fund balance	<u>\$ (330,750)</u>	<u>\$ (454,713)</u>	25,369	<u>\$ 480,082</u>
Fund balance - July 1, 2020			<u>505,711</u>	
Fund balance - June 30, 2021			<u>\$ 531,080</u>	

CITY OF PIEDMONT
MEASURE F - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	with Final
			Amounts	Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 45,893	\$ 5,893
Use of money and property	<u>-</u>	<u>-</u>	<u>181</u>	<u>181</u>
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>46,074</u>	<u>6,074</u>
<u>EXPENDITURES</u>				
Current:				
Capital outlay	<u>45,000</u>	<u>45,000</u>	<u>6,718</u>	<u>38,282</u>
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>6,718</u>	<u>38,282</u>
Net change in fund balance	<u><u>\$(5,000)</u></u>	<u><u>\$(5,000)</u></u>	39,356	<u><u>\$ 44,356</u></u>
Fund balance - July 1, 2020			<u>34,011</u>	
Fund balance - June 30, 2021			<u><u>\$ 73,367</u></u>	

CITY OF PIEDMONT
ATHLETIC FACILITY PRESERVATION - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	with Final
			Amounts	Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 1,264	\$ 1,264
Charges for services	30,000	30,000	44,268	14,268
Contributions and donations	-	-	49,150	49,150
	<u>30,000</u>	<u>30,000</u>	<u>94,682</u>	<u>64,682</u>
Total Revenues				
<u>EXPENDITURES</u>				
Current:				
Recreation	<u>40,000</u>	<u>40,000</u>	-	<u>40,000</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	-	<u>40,000</u>
Net change in fund balance	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	94,682	<u>\$ 104,682</u>
Fund balance - July 1, 2020			<u>222,588</u>	
Fund balance - June 30, 2021			<u>\$ 317,270</u>	

CITY OF PIEDMONT
TOBACCO GRANT - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 137,458	\$ (2,542)
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>137,458</u>	<u>(2,542)</u>
<u>EXPENDITURES</u>				
Current:				
Public safety - police services	-	140,000	184,070	(44,070)
Total Expenditures	-	140,000	184,070	(44,070)
Excess (deficiency) of revenues over expenditures	<u>140,000</u>	<u>-</u>	<u>(46,612)</u>	<u>(46,612)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	46,612	46,612
Total Other Financing Sources (Uses)	-	-	46,612	46,612
Net change in fund balance	<u>\$ 140,000</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - July 1, 2020			-	
Fund balance - June 30, 2021			<u>\$ -</u>	

CITY OF PIEDMONT
CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	with Final
			Amounts	Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ _____ -	\$ _____ -	\$ _____ 236	\$ _____ 236
Total Revenues	_____ -	_____ -	_____ 236	_____ 236
<u>EXPENDITURES</u>				
Current:				
Public works	20,000	20,000	3,000	17,000
Capital outlay	<u>3,055</u>	<u>3,055</u>	<u>10,939</u>	<u>(7,884)</u>
Total Expenditures	<u>23,055</u>	<u>23,055</u>	<u>13,939</u>	<u>9,116</u>
Net change in fund balance	<u>\$ (23,055)</u>	<u>\$ (23,055)</u>	(13,703)	<u>\$ 9,352</u>
Fund balance - July 1, 2020			<u>81,004</u>	
Fund balance - June 30, 2021			<u>\$ 67,301</u>	

CITY OF PIEDMONT
SIDEWALK REPAIR - CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	with Final
			Amounts	Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Other revenues	\$ 15,000	\$ 15,000	\$ 8,460	\$ (6,540)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>8,460</u>	<u>(6,540)</u>
<u>EXPENDITURES</u>				
Current:				
Public works	<u>20,000</u>	<u>20,000</u>	<u>7,143</u>	<u>12,857</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>7,143</u>	<u>12,857</u>
Net change in fund balance	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	1,317	<u>\$ 6,317</u>
Fund balance - July 1, 2020			<u>17,773</u>	
Fund balance - June 30, 2021			<u>\$ 19,090</u>	

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues and expenses of each internal service fund are eliminated by netting them against the operations of the City departments that generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position. However, internal service funds are still presented separately in the fund financial statements.

CITY OF PIEDMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Workers' Compensation</u>	<u>Insurance Liabilities</u>	<u>Total Internal Service Funds</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ <u>1,761,961</u>	\$ <u>386,811</u>	\$ <u>2,148,772</u>
Total Current Assets	<u>1,761,961</u>	<u>386,811</u>	<u>2,148,772</u>
Total Assets	<u>1,761,961</u>	<u>386,811</u>	<u>2,148,772</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	8,293	7,500	15,793
Claims payable - current	<u>281,965</u>	<u>40,422</u>	<u>322,387</u>
Total Current Liabilities	<u>290,258</u>	<u>47,922</u>	<u>338,180</u>
Non-Current Liabilities			
Claims payable	<u>723,035</u>	<u>76,971</u>	<u>800,006</u>
Total Non-Current Liabilities	<u>723,035</u>	<u>76,971</u>	<u>800,006</u>
Total Liabilities	<u>1,013,293</u>	<u>124,893</u>	<u>1,138,186</u>
<u>NET POSITION</u>			
Unrestricted	<u>748,668</u>	<u>261,918</u>	<u>1,010,586</u>
Total Net Position	<u>\$ 748,668</u>	<u>\$ 261,918</u>	<u>\$ 1,010,586</u>

CITY OF PIEDMONT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Workers' Compensation</u>	<u>Insurance Liabilities</u>	<u>Total Internal Service Funds</u>
<u>OPERATING EXPENSES</u>			
Insurance and claims expenses	\$ <u>719,273</u>	\$ <u>1,014,151</u>	\$ <u>1,733,424</u>
Total Operating Expenses	<u>719,273</u>	<u>1,014,151</u>	<u>1,733,424</u>
Operating Loss	<u>(719,273)</u>	<u>(1,014,151)</u>	<u>(1,733,424)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Other income	<u>722,374</u>	<u>1,014,943</u>	<u>1,737,317</u>
Total Non-Operating Revenues	<u>722,374</u>	<u>1,014,943</u>	<u>1,737,317</u>
Change in net position	3,101	792	3,893
Net Position - July 1, 2020	<u>745,567</u>	<u>261,126</u>	<u>1,006,693</u>
Net Position - June 30, 2021	<u>\$ 748,668</u>	<u>\$ 261,918</u>	<u>\$ 1,010,586</u>

CITY OF PIEDMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Workers Compensation</u>	<u>Insurance Liabilities</u>	<u>Total Internal Service Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Claims and premiums paid	\$ <u>(697,155)</u>	\$ <u>(983,215)</u>	\$ <u>(1,680,370)</u>
Net Cash Used for Operating Activities	<u>(697,155)</u>	<u>(983,215)</u>	<u>(1,680,370)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Other income	<u>722,374</u>	<u>1,014,943</u>	<u>1,737,317</u>
Net Cash Provided by Non-Capital Financing Activities	<u>722,374</u>	<u>1,014,943</u>	<u>1,737,317</u>
Net Increase in Cash and Cash Equivalents	25,219	31,728	56,947
Cash and Cash Equivalents - July 1, 2020	<u>1,736,742</u>	<u>355,083</u>	<u>2,091,825</u>
Cash and Cash Equivalents - June 30, 2021	<u>\$ 1,761,961</u>	<u>\$ 386,811</u>	<u>\$ 2,148,772</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:</u>			
Operating Loss	\$ (719,273)	\$ (1,014,151)	\$ (1,733,424)
Changes in assets and liabilities:			
Increase (decrease) in:			
Accounts payable	7,118	4,764	11,882
Claims payable	<u>15,000</u>	<u>26,172</u>	<u>41,172</u>
Net Cash Used for Operating Activities	<u>\$ (697,155)</u>	<u>\$ (983,215)</u>	<u>\$ (1,680,370)</u>

GENERAL FUND

The following funds are reported in total on the Governmental Fund Financial Statements under the column General Fund.

GENERAL FUND

General Fund - the general operating fund of the City and is used to account for all financial resources.

Deposits and Bonds - accounts for the receipt and use of deposits held by the City.

Traffic Safety - accounts for City revenue from vehicle code fines and parking ticket citation fees. The revenue comes from Alameda County and the Superior Court of California as a result of vehicle code violations and parking enforcement efforts by the Police Department. At the end of each fiscal year, revenue in the fund is transferred to the General fund.

Pension Rate Stabilization - accounts for funds held in a Section 115 Trust with the Public Agency Retirement Services (PARS) to aid in funding future pension expense and allow the City to smooth the effect of rising pension costs.

**CITY OF PIEDMONT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2021**

	<u>General</u>	<u>Deposits and Bonds</u>	<u>Traffic Safety</u>	<u>Pension Rate Stabilization</u>	<u>Total General Fund</u>
<u>ASSETS</u>					
Cash and investments	\$ 6,302,716	\$ 704,623	\$ 28,682	\$ -	\$ 7,036,021
Restricted cash and investments	-	-	-	3,667,217	3,667,217
Receivables:					
Accounts	3,701,040	-	144	-	3,701,184
Interest	19,414	-	-	-	19,414
Prepaid expenses	94,969	-	-	-	94,969
Due from other funds	-	-	-	1,000,000	1,000,000
Total Assets	<u>\$ 10,118,139</u>	<u>\$ 704,623</u>	<u>\$ 28,826</u>	<u>\$ 4,667,217</u>	<u>\$ 15,518,805</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 841,151	\$ 3,846	\$ 567	\$ -	\$ 845,564
Accrued wages and benefits	521,872	-	-	-	521,872
Deposits payable	6,274	700,777	-	-	707,051
Due to other funds	1,000,000	-	-	-	1,000,000
Unearned revenue	<u>1,239,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239,836</u>
Total Liabilities	<u>3,609,133</u>	<u>704,623</u>	<u>567</u>	<u>-</u>	<u>4,314,323</u>
FUND BALANCES					
Nonspendable	94,969	-	-	-	94,969
Restricted	-	-	-	4,667,217	4,667,217
Unassigned	<u>6,414,037</u>	<u>-</u>	<u>28,259</u>	<u>-</u>	<u>6,442,296</u>
Total Fund Balances	<u>6,509,006</u>	<u>-</u>	<u>28,259</u>	<u>4,667,217</u>	<u>11,204,482</u>
Total Liabilities and Fund Balances	<u>\$ 10,118,139</u>	<u>\$ 704,623</u>	<u>\$ 28,826</u>	<u>\$ 4,667,217</u>	<u>\$ 15,518,805</u>

CITY OF PIEDMONT
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Deposits and Bonds</u>	<u>Traffic Safety</u>	<u>Pension Rate Stabilization</u>	<u>Total General Fund</u>
<u>REVENUES</u>					
Property tax	\$ 15,442,493	\$ -	\$ -	\$ -	\$ 15,442,493
Sales tax	244,763	-	-	-	244,763
Franchise tax	560,828	-	-	-	560,828
Utility users tax	1,238,177	-	-	-	1,238,177
Real property transfer tax	6,286,601	-	-	-	6,286,601
Business license and rental tax	620,351	-	-	-	620,351
Licenses and permits	709,986	-	-	-	709,986
Intergovernmental	2,224,176	-	-	-	2,224,176
Use of money and property	208,616	-	-	652,739	861,355
Current service charges	2,977,984	-	-	-	2,977,984
Parcel tax	2,411,381	-	-	-	2,411,381
Contributions and donations	-	-	13,962	-	13,962
Other revenues	<u>340,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,290</u>
Total Revenues	<u>33,265,646</u>	<u>-</u>	<u>13,962</u>	<u>652,739</u>	<u>33,932,347</u>
<u>EXPENDITURES</u>					
Current:					
Administration	3,583,138	-	-	-	3,583,138
Public works	4,470,211	-	-	-	4,470,211
Public safety:					
Police services	6,530,461	-	-	-	6,530,461
Fire services	6,875,292	-	-	-	6,875,292
Recreation	2,404,970	-	-	-	2,404,970
Nondepartmental	<u>3,875,531</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>2,875,531</u>
Total Expenditures	<u>27,739,603</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>26,739,603</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,526,043</u>	<u>-</u>	<u>13,962</u>	<u>1,652,739</u>	<u>7,192,744</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	71,183	-	-	-	71,183
Transfers out	<u>(4,679,319)</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(4,699,319)</u>
Total Other Financing Sources (Uses)	<u>(4,608,136)</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(4,628,136)</u>
Net Change in Fund Balances	917,907	-	(6,038)	1,652,739	2,564,608
Fund Balances - July 1, 2020	<u>5,591,099</u>	<u>-</u>	<u>34,297</u>	<u>3,014,478</u>	<u>8,639,874</u>
Fund Balances - June 30, 2021	<u>\$ 6,509,006</u>	<u>\$ -</u>	<u>\$ 28,259</u>	<u>\$ 4,667,217</u>	<u>\$ 11,204,482</u>

OTHER REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council of
 the City of Piedmont
 Piedmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 7, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mann, Muntra, Nelson CPA's

Sacramento, California
March 7, 2022

CITY OF PIEDMONT
MEASURE B FUND
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2021

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CA 95833

**CITY OF PIEDMONT
MEASURE B FUND
FOR THE YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Piedmont
Piedmont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure B Fund of the City of Piedmont (the City) as of and for the year ended June 30, 2021 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Fund of the City as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure B Fund and do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2021, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Arman Umutia, Oregon CPA's

Sacramento, California
December 22, 2021

**CITY OF PIEDMONT
MEASURE B FUND
BALANCE SHEET
JUNE 30, 2021**

	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments (Note 3)	\$ 199,935	\$ 3,181	\$ 203,116
Other receivables	95,767	8,313	104,080
Accrued interest receivable	<u>167</u>	<u>7</u>	<u>174</u>
TOTAL ASSETS	<u>\$ 295,869</u>	<u>\$ 11,501</u>	<u>\$ 307,370</u>
<u>FUND BALANCE</u>			
Restricted for Measure B programs & projects	<u>295,869</u>	<u>11,501</u>	<u>307,370</u>
TOTAL FUND BALANCE	<u>295,869</u>	<u>11,501</u>	<u>307,370</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 295,869</u>	<u>\$ 11,501</u>	<u>\$ 307,370</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT
MEASURE B FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Total</u>
<u>REVENUES</u>			
Measure B pass-through revenue			
Pass-through allocation	\$ 470,210	\$ 40,814	\$ 511,024
Interest	<u>139</u>	<u>6</u>	<u>145</u>
Total Revenues	<u>470,349</u>	<u>40,820</u>	<u>511,169</u>
<u>EXPENDITURES</u>			
Public works	<u>174,485</u>	<u>31,237</u>	<u>205,722</u>
Total Expenditures	<u>174,485</u>	<u>31,237</u>	<u>205,722</u>
NET CHANGE IN FUND BALANCE	295,864	9,583	305,447
FUND BALANCE - BEGINNING OF YEAR	<u>5</u>	<u>1,918</u>	<u>1,923</u>
FUND BALANCE - END OF YEAR	<u>\$ 295,869</u>	<u>\$ 11,501</u>	<u>\$ 307,370</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT
MEASURE B FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: BACKGROUND - MEASURE B

Under Measure B, approved by the voters of Alameda County in 1986 and 2000, the City receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures. These measures were adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid by property taxes, but rather, would be used for additional projects and programs.

Projects funded by Measure B during the year were as follows:

Street Resurfacing - To improve, repair, and overlay cities streets.

Bike and Pedestrian - To provide sidewalk and ADA improvements and to implement the bikeway network.

The pool of funds held by the County is allocated among the cities in the County, based on the cities' populations and the number of roads within their city limits for other transportation-related projects. Funds allocated for streets and roads; bike lanes and pedestrian lanes are recorded as a special revenue fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Measure B Fund of the City of Piedmont, California are included as separate special revenue and capital project funds in the basic financial statements of the City.

The financial statements are intended to present the financial position and results of operations of only transactions recorded under the Measure B Fund. The fund itself is included in the financial statements of the City.

B. Basis of Presentation

The Measure B Fund's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

All governmental funds are reported using the *current financial resources* measurement focus and the modified *accrual* basis of accounting. Revenues are recorded when measurable and available and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

D. 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.

**CITY OF PIEDMONT
MEASURE B FUND**
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021

NOTE 3: CASH AND INVESTMENTS

The Measure B fund participates in the City's cash and investment pool. See the City's Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

NOTE 4: COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs did not require a Single Audit during the year ended June 30, 2021. However, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of financial statement line items to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the Measure B Fund's financial statements are properly valued as of June 30, 2021. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to Measure B Fund's financial position that have yet to be determined.



INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

To the City Council
City of Piedmont
City of Piedmont, California

Report on Compliance for Measure B Fund

We have audited the accompanying financial statements of the Measure B Fund of the City of Piedmont's (the City) compliance with the requirements described in the *Master Program Funding Agreement* between the City and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect on the Measure B Funds for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants specified in the *Master Programs Funding Agreement* between the City and the ACTC.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and requirements specified in the *Master Programs Funding Agreement* between the City and ACTC. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure B Funds occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on Measure B Funds for the year ended June 30, 2021.

Report on Internal Control over Compliance

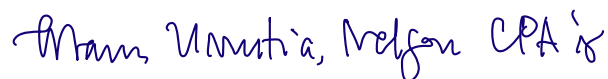
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on Measure B Funds to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the requirements noted above, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the *Master Programs Funding Agreement*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Ann Unsworth, Nelson CPA's". The signature is written in a cursive, flowing style.

Sacramento, California
December 22, 2021



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council of
the City of Piedmont
City of Piedmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure B Fund of the City of Piedmont (the "Fund"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Piedmont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Piedmont's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Piedmont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Miriam Montaña, Nelson CPA's

Sacramento, California
December 22, 2021

CITY OF PIEDMONT
MEASURE BB FUND
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2021

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CA 95833

**CITY OF PIEDMONT
MEASURE BB FUND
FOR THE YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Piedmont
Piedmont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure BB Fund of the City of Piedmont (the City) as of and for the year ended June 30, 2021 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure BB Fund of the City as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure BB Fund and do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2021, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mann, Mustia, Nelson CPA's

Sacramento, California
December 22, 2021

**CITY OF PIEDMONT
MEASURE BB FUND
BALANCE SHEET
JUNE 30, 2021**

	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments (Note 3)	\$ 348,331	\$ 27,007	\$ 375,338
Other receivables	90,063	6,782	96,845
Accrued interest receivable	<u>465</u>	<u>35</u>	<u>500</u>
TOTAL ASSETS	<u>\$ 438,859</u>	<u>\$ 33,824</u>	<u>\$ 472,683</u>
<u>FUND BALANCE</u>			
Restricted for Measure BB capital projects	<u>438,859</u>	<u>33,824</u>	<u>472,683</u>
TOTAL FUND BALANCE	<u>438,859</u>	<u>33,824</u>	<u>472,683</u>
TOTAL LIABILITIES FUND BALANCE	<u>\$ 438,859</u>	<u>\$ 33,824</u>	<u>\$ 472,683</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT
MEASURE BB FUND**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Total</u>
<u>REVENUES</u>			
Measure BB pass-through revenue			
Pass-through allocation	\$ 443,022	\$ 33,363	\$ 476,385
Interest	<u>806</u>	<u>61</u>	<u>867</u>
Total Revenues	<u>443,828</u>	<u>33,424</u>	<u>477,252</u>
<u>EXPENDITURES</u>			
Public works	<u>5,012</u>	<u>-</u>	<u>5,012</u>
Total Expenditures	<u>5,012</u>	<u>-</u>	<u>5,012</u>
NET CHANGE IN FUND BALANCE	438,816	33,424	472,240
FUND BALANCE - BEGINNING OF YEAR	<u>43</u>	<u>400</u>	<u>443</u>
FUND BALANCE - END OF YEAR	<u>\$ 438,859</u>	<u>\$ 33,824</u>	<u>\$ 472,683</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT
MEASURE BB FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: BACKGROUND - MEASURE BB

Measure BB is a tax that was approved by the voters of Alameda County in November 2014, which implemented a 30 year Transportation Expenditure Plan. The measure extended Measure B which was the original 0.5 percent transportation sales tax approved in 2000 from ending April 1, 2022 to April 1, 2045 and increased the tax by 0.5 percent. This resulted in a 1 percent total sales tax in the County dedicated to transportation expenses. The City receives a portion of the proceeds to be used for transportation-related expenditures. The Measure BB Fund accounts for the direct funding from the measure for local street projects and bicycle and pedestrian projects based on population and road mileage provided by the additional 0.5 percent.

Projects funded by Measure BB during the year were as follows:

Street Resurfacing - To improve, repair, and overlay cities streets.

Bike and Pedestrian - To provide sidewalk and ADA improvements and to implement the bikeway network.

The pool of funds held by the County is allocated among the cities in the County, based on the cities' populations and the number of roads within their city limits for other transportation-related projects. Funds allocated for streets and roads, bike lanes and pedestrian lanes are recorded as a special revenue fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Measure BB Fund of the City of Piedmont, California are included as separate special revenue and capital project funds in the basic financial statements of the City.

The financial statements are intended to present the financial position, results of operations and cash flows of only transactions recorded under the Measure BB Fund. The fund itself is included in the financial statements of the City.

B. Basis of Presentation

The Measure BB Fund's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

All governmental funds are reported using the *current financial resources* measurement focus and the modified *accrual* basis of accounting. Revenues are recorded when measurable and available and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

D. 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.

**CITY OF PIEDMONT
MEASURE BB FUND**
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021

NOTE 3: CASH AND INVESTMENTS

The Measure BB fund participates in the City's cash and investment pool. See the City's Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

NOTE 4: COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs did not require a Single Audit during the year ended June 30, 2021. However, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of financial statement line items to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the Measure BB Fund's financial statements are properly valued as of June 30, 2020. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to Measure BB Fund's financial position that have yet to be determined.



INDEPENDENT AUDITOR'S REPORT ON MEASURE BB COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

To the City Council
City of Piedmont
Piedmont, California

Report on Compliance for Measure BB Fund

We have audited the accompanying financial statements of the Measure BB Fund of the City of Piedmont's (the City) compliance with the requirements described in the *Master Program Funding Agreement* between the City and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect to the Measure BB Funds for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants specified in the *Master Programs Funding Agreement* between the City and the ACTC.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and requirements specified in the *Master Programs Funding Agreement* between the City and ACTC. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure BB Funds occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on Measure BB Funds for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on Measure BB Funds to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the requirements noted above, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the *Master Programs Funding Agreement*. Accordingly, this report is not suitable for any other purpose.

Mann, Muntia, Nelson CPA's

Sacramento, California
December 22, 2021



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council of
 the City of Piedmont
 Piedmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure BB Fund of the City of Piedmont (the "Fund"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Piedmont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Piedmont's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Piedmont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Mann, Monica Nelson CPA's".

Sacramento, California
December 22, 2021

CITY OF PIEDMONT
MEASURE F FUND
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2021

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CA 95833

**CITY OF PIEDMONT
MEASURE F FUND
FOR THE YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Piedmont
Piedmont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure F Fund of the City of Piedmont (the City) as of and for the year ended June 30, 2021 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure F Fund of the City as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure F Fund and do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2021, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mann, Murria, Nelson CPA's

Sacramento, California
December 22, 2021

**CITY OF PIEDMONT
MEASURE F FUND
BALANCE SHEET
JUNE 30, 2021**

	<u>Local Road Improvement and Repair Program</u>
<u>ASSETS</u>	
Cash and investments (Note 3)	\$ 65,461
Other receivables	7,825
Accrued Interest receivable	<u>81</u>
TOTAL ASSETS	\$ <u>73,367</u>
<u>FUND BALANCE</u>	
Restricted for Measure F capital projects	\$ <u>73,367</u>
TOTAL FUND BALANCE	<u>73,367</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>73,367</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT
MEASURE F FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Local Road Improvement and Repair Program</u>
<u>REVENUES</u>	
Measure F pass-through revenue	
Pass-through allocation	\$ 45,893
Interest	<u>181</u>
Total Revenues	<u>46,074</u>
<u>EXPENDITURES</u>	
Public works	<u>6,718</u>
Total Expenditures	<u>6,718</u>
CHANGE IN FUND BALANCE	39,356
FUND BALANCE - BEGINNING OF YEAR	<u>34,011</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 73,367</u></u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT
MEASURE F FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: BACKGROUND - MEASURE F

The Measure F Alameda County Vehicle Registration Fee (Measure F) was approved by the voters in November 2010, with 63 percent of the vote. The fee will generate about \$10.7 million per year by a \$10 per year vehicle registration fee. The collection of the \$10 per year vehicle registration fee started in the first week of May 2011. The goal of Measure F is to sustain the County's transportation network and reduce traffic congestion and vehicle related pollution. The program includes the following four categories of projects:

- Local Road Improvement and Repair Program (60 percent)
- Transit for Congestion Relief (25 percent)
- Local Transportation Technology (10 percent)
- Pedestrian and Bicyclist Access and Safety Program (5 percent)

The Alameda County Transportation Commission administers the program and distributes an equitable share of funds among the four planning areas of the county over successive five year cycles. Geographic equity will be measured by a formula, weighted 50 percent by population of the planning area and 50 percent of registered vehicles of the planning area.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Measure F Fund of the City of Piedmont, California (City) are included as a separate capital project fund in the basic financial statements of the City.

The accompanying financial statements are intended to present the financial position and results of operations of only transactions recorded under the Measure F Fund. The fund itself is included in the financial statements of the City.

B. Basis of Presentation

The Measure F Fund's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

All governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Revenues are recorded when measurable and available and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

D. Description of Fund

The accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts. The City uses special revenue funds to account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

**CITY OF PIEDMONT
MEASURE F FUND**
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021

E. 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.

NOTE 3: CASH AND INVESTMENTS

The Measure F fund participates in the City's cash and investment pool. See the City's Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

NOTE 4: COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs did not require a Single Audit during the year ended June 30, 2021. However, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of financial statement line items to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the Measure F Fund's financial statements are properly valued as of June 30, 2020. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to Measure F Fund's financial position that have yet to be determined.



INDEPENDENT AUDITOR'S REPORT ON MEASURE F COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

To the City Council
City of Piedmont
Piedmont, California

Report on Compliance for Measure F Fund

We have audited the accompanying financial statements of the Measure F Fund of the City of Piedmont's (the City) compliance with the requirements described in the *Master Program Funding Agreement* between the City and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect to the Measure F Fund for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the laws and regulations, contracts and grant requirements as specified in the *Master Programs Funding Agreement* between the City and the ACTC.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and requirements specified in the *Master Programs Funding Agreement* between the City and ACTC. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure F Funds occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on Measure F Funds for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on Measure F Funds to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the requirements noted above, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the *Master Programs Funding Agreement*. Accordingly, this report is not suitable for any other purpose.

Mann, Umritia, Nelson CPA's

Sacramento, California
December 22, 2021



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council of
 the City of Piedmont
 Piedmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure F Fund of the City of Piedmont (the "Fund"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Piedmont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Piedmont's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Piedmont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

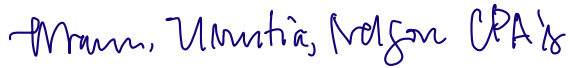
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sacramento, California
December 22, 2021

**CITY OF PIEDMONT
APPROPRIATIONS LIMIT CALCULATION
AS OF JUNE 30, 2022**



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To The Honorable Mayor and
 Members of the City Council
 City of Piedmont
 Piedmont, California

We have performed the procedures enumerated below on the Appropriations Limit Calculation of the City of Piedmont (the City) as of June 30, 2022. The City's management is responsible for the Appropriations Limit Calculation.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. Additionally, the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. The report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the completed internal calculations and compared the limit and annual adjustment factors included in those calculations to the limit and annual adjustment factors that were adopted by a resolution of the City Council. We compared the population and inflation options included in the aforementioned calculations to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the Appropriations Limit Calculation, we added the June 30, 2021 appropriation limit to the annual permitted adjustments and agreed the resulting amount to the June 30, 2022 appropriations limit.

Finding: No exceptions were noted as a result of our procedures

3. We compared current year information presented in the appropriations limit calculation to supporting worksheets.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the June 30, 2021 appropriations limit presented in the appropriations limit calculation to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Appropriations Limit Calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII B of the California Constitution.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

Mann, Montia, Nelson CPA's

Sacramento, California
March 7, 2022

CITY OF PIEDMONT
APPROPRIATIONS LIMIT CALCULATION
JUNE 30, 2022

	<u>Amount</u>	<u>Source</u>
Total revised prior year's appropriation limit (at June 30, 2021)	\$ 26,974,379	
Revised prior year's Measure Y voter approved increase	<u>(2,410,000)</u>	
A. Revised prior year's appropriations limit (at June 30, 2021)	<u>24,564,379</u>	
B. Adjustment factors for the current fiscal year:		
1. Population change	0.9999	* State Finance
2. Inflation (per capita personal income change)	<u>1.0573</u>	* State Finance
Total adjustment	<u>1.0572</u>	* (B1 x B2)
C. Annual adjustment	1,405,082	A x (B - 1)
D. Other Adjustments		
Lost responsibility (-)	-	
Transfer to fees (-)	-	
Voter Approved Increase (+)	2,422,000	
Assumed Responsibility (+)	<u>-</u>	
	<u>2,422,000</u>	
E. Total adjustments	<u>3,827,082</u>	C+D
F. Current year's appropriations limit (at June 30, 2022)	<u>\$ 28,391,461</u>	A+E

* Rounded to the nearest ten thousandth

Management Letter

March 7, 2022

To the City Council and Management
of the City of Piedmont

In planning and performing our audit of the financial statements of the City of Piedmont (the City) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 7, 2022, on the financial statements of the City of Piedmont.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The City of Piedmont's responses to the findings identified in our audit are described in the accompanying attachment. The City of Piedmont's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,



Mann, Urrutia, Nelson CPAs & Associates LLP
Sacramento, California

City of Piedmont
Summary of Control Deficiencies
June 30, 2021

Capital Assets

During our review of the City's capital asset schedules, we noted the following:

- The City incorrectly recorded current year capital asset additions in the sewer fund as a direct adjustment to fund balance.
- The City incorrectly recorded a current year capital asset transfer from a governmental fund and to a business-type fund as a direct adjustment to fund balance.
- Accumulated depreciation and current year depreciation expense were understated as the City did not record depreciation for current year capital asset additions.
- Current year street paving additions on the capital asset schedule, City Asset Report, and general ledger were overstated and required adjustment.
- The capital asset schedule reported prior year disposals rather than the current year disposals.
- The construction in progress schedule provided as part of the capital asset schedule included incorrect beginning balances.

The implementation of the new ERP system in FY 2020/21 may have contributed to the issues noted above. However, some of the issues are a result of the City's process for recording certain transactions and data entry errors in the manual capital asset schedules. With the implementation of the new ERP system, we recommend the City review the various capital asset reports contained within the system and work with the system vendor, if necessary, to determine if the capital asset information can be obtained directly from the system and reduce the manual data entry on an excel spreadsheet. We further recommend the City use contra asset, transfers, and/or capital contribution accounts when recording the transfer of capital assets between funds.

Management's Response:

Management agrees. The finance staff will further review the capability of the Caselle capital asset module and strive to streamline the related accounting processes. As we have accomplished in other accounting processes (Accounts Payable, Payroll, Budgeting, Recreation), it is our goal to reduce, and possibly eliminate, manual processes and the use of "shadow systems" in capital asset accounting.

City of Piedmont
Status of Prior Year Findings
June 30, 2021

Capital Assets

Business-Type Capital Assets. Upon receipt of the trial balance to be audited, we noted that capital asset balance sheet accounts had not changed from the prior year. Capital asset acquisitions were being recorded as expenses and current year depreciation expense and related accumulated depreciation for all business-type capital assets had not been recorded. We recommend the City properly record capital asset acquisitions as additions to the capital asset balance sheet accounts and properly record depreciation expense and accumulated depreciation in the proprietary funds.

Status: Partially implemented

Governmental Capital Assets. During review of the City's governmental capital asset schedule, we noted that additions to construction in progress were incomplete. Additionally, we noted the City did not capitalize the full amount of expenditures incurred for various projects and was unable to provide the basis for the amounts capitalized versus expensed. We recommend the City ensure that all additions to capital assets are identified and properly recorded prior to providing the schedule for audit. Further, all capital asset additions should be properly supported by invoices and/or a documented basis supporting the calculation of the cost.

Status: Implemented

Preparation and Review of Time Cards (Repeat Finding)

During our review of the payroll process, we noted out of 40 time cards tested, 3 were not signed by the employee, 1 was not approved by the supervisor, and 1 was not signed by either party. We recommend that management remind staff of the established process, which states that time cards must be completed and signed by every employee.

Status: Implemented

Revenues

During our testing of ten items recorded as miscellaneous revenue, we noted two items were incorrectly recorded as miscellaneous revenue. We recommend that management review the accounts and ensure amounts are recorded in the proper account.

Status: Implemented

Fund Balance Reconciliation (Repeat Finding)

Upon starting the audit, we identified that beginning fund balances for several funds did not agree to the prior year audit report. Beginning with incorrect fund balances could mislead any financial statement analysis that is performed during the year. We recommend that management perform a reconciliation of fund balance accounts once the audit is complete and trial balance is finalized to ensure that fund balances are recorded correctly.

Status: Implemented

March 7, 2022

To the City Council
City of Piedmont
120 Vista Avenue
Piedmont, California 94611

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont (the City for the year ended June 30, 2021). Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 22, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City adopted Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in 2021. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Changes in Fiduciary Net Position. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Depreciation – based on the City's capitalization policy

Workers' compensation and general liability claims – based on known claim information and loss history

Net pension liability, net pension asset (closed plan), net other post-employment benefits (OPEB) liability – based on actuarial valuations

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The material misstatements in Attachment A were detected as a result of audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 7, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters


We applied certain limited procedures to management's discussion and analysis; the budgetary comparison schedules for the general fund and major special revenue funds; and the required GASB pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the non-major funds combining financial statements and budgetary comparison schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Piedmont and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Mann, Urrutia, Nelson CPAs & Associates LLP

Attachment A

**CITY OF PIEDMONT
SUMMARY OF AUDIT ADJUSTMENTS
June 30, 2021**

Description	Effect - Increase (Decrease)				
	Assets & Deferred Outflows	Liabilities & Deferred Inflows	Equity/Amt to be Provided	Revenue	Expense
<u>Current Year Differences</u>					
To correct capital assets	\$ (328,609)	\$ -	\$ (172,295)	\$ -	\$ 156,314
To correct due to bondholder per implementation of GASB 84	-	(380,706)	348,080	376,182	343,556
To adjust net OPEB liability	1,030,597	(790,566)	-	-	(1,821,163)
To correct capital asset transfers	-	-	(903,171)	-	(903,171)
Total Income Statement Effect				<u>\$ 376,182</u>	<u>\$ (2,224,464)</u>
Balance Sheet Effect	<u>\$ 701,988</u>	<u>\$ (1,171,272)</u>	<u>\$ (727,386)</u>		