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# **City of Piedmont**

Financial Statements  
and  
Independent Auditor's Report  
For the Year Ended  
June 30, 2023



**CITY OF PIEDMONT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***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, pension related schedules and OPEB related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying 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. Such information is 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. The 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 February 28, 2024, 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 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'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.

MJUN CPAs, LLP

Sacramento, California  
February 28, 2024

**CITY OF PIEDMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. 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, 2023, the City's government-wide net position amounted to a positive balance of \$64,275,409. This represents an increase of \$10,768,016 from the June 30, 2022 balance of \$53,507,393.
  - Governmental activities of \$49,748,278 accounts for 77% of total net position.
  - Business-type activities of \$14,527,131 accounts for 23% 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 \$19,494,028 in Deferred Outflows of Resources, \$4,457,038 includes contribution payments made to CalPERS during fiscal year 2022-23, as well as changes in the net pension liability totaling \$14,063,811 and changes in the net pension asset - police & fire totaling \$211,706. As allowed by GASB No. 68, the CalPERS measurement date is June 30, 2022 and contributions subsequent to the measurement date are reflected as a deferred outflow. The remaining \$761,473 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 \$6,594,482. The deferred Inflows include deferrals due to changes in the net pension liability and net OPEB liability and deferrals related to leases. Notes 3, 8, 9 and 10 discuss the impacts of these changes to net position.
- Net position increased by \$10,768,016 due to the following factors:
  - Net investment in capital assets increased \$3,287,347 to \$47,253,646 due to the following:
    - Governmental activities increased by \$1,844,016 due primarily to the capital improvement of streets and sidewalks, which were greater than annual depreciation.
    - Business-type activities increased \$1,443,331 due primarily to additions to the aquatics construction in progress and the purchase of sewer related heavy equipment, offset by depreciation.
  - Unrestricted net position increased by \$6,807,611 to \$8,815,217 due to the following:
    - Increase in net pension liability net of deferred outflow/inflow - \$1,040,967.
    - Increase in other post employment benefits liability net of deferred outflow/inflow - \$1,886,709.
    - Increase in Police and Fire Pension Asset net of deferred outflow - \$865,795
    - Total revenues from governmental activities increased \$964,486 to \$29,335,207 primarily due to an increase in property taxes.
  - As of June 30, 2023, capital assets, net of depreciation, amount to \$57,939,732 and are reported in the Statement of Net Position.

**Fund level**

- Governmental fund balances increased \$1,507,289 to \$31,408,297. Of this amount, the unassigned fund balance was \$7,381,031, an increase of \$17,542 from the prior year.
- Enterprise fund net position increased \$3,566,660 to \$14,527,131. Of this amount, net investment in capital assets totaled \$13,289,532, an increase of \$1,443,331 from the prior year.



**CITY OF PIEDMONT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

**Fiduciary funds**

- The trust funds net position increased \$2,620,850 to \$28,218,242. The trust funds represent the police and fire pension plan and OPEB for \$16,133,211 and \$12,085,031, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 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.

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*.

**CITY OF PIEDMONT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

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 the Facilities Capital fund as a major fund. Data for this fund is 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 - 66 of this report.

**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 67 - 76 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 81 - 108 of this report.

**CITY OF PIEDMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**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 \$64,275,409 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.

**Statement of Net Position**  
**As of June 30, 2023 and 2022**  
**(in thousands)**

	<b>Governmental Activities</b>			<b>Business-Type Activities</b>			<b>Total Government</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>	<b>2023</b>	<b>2022</b>	<b>Net Change</b>	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>ASSETS</b>									
Current and other assets	\$ 40,499	\$ 38,819	\$ 1,680	\$ 24,310	\$ 25,650	\$ (1,340)	\$ 64,809	\$ 64,469	\$ 340
Noncurrent assets	49,370	45,561	3,809	23,456	18,947	4,509	72,826	64,508	8,318
<b>Total Assets</b>	<b>89,869</b>	<b>84,380</b>	<b>5,489</b>	<b>47,766</b>	<b>44,597</b>	<b>3,169</b>	<b>137,635</b>	<b>128,977</b>	<b>8,658</b>
Deferred Outflows of Resources	18,781	10,249	8,532	713	529	184	19,494	10,778	8,716
<b>LIABILITIES</b>									
Long-term liabilities	44,958	25,962	18,996	31,075	31,720	(645)	76,033	57,682	18,351
Other liabilities	7,703	7,368	335	2,523	1,668	855	10,226	9,036	1,190
<b>Total Liabilities</b>	<b>52,661</b>	<b>33,330</b>	<b>19,331</b>	<b>33,598</b>	<b>33,388</b>	<b>210</b>	<b>86,259</b>	<b>66,718</b>	<b>19,541</b>
Deferred Inflows of Resources	6,241	18,752	(12,511)	353	778	(425)	6,594	19,530	(12,936)
<b>NET POSITION</b>									
Net investment in capital assets	33,964	32,120	1,844	13,290	11,846	1,444	47,254	43,967	3,287
Restricted	8,206	7,534	672	-	-	-	8,206	7,534	672
Unrestricted	7,578	2,893	4,685	1,238	(886)	2,124	8,816	2,007	6,809
<b>Total Net Position</b>	<b>\$ 49,748</b>	<b>\$ 42,547</b>	<b>\$ 7,201</b>	<b>\$ 14,528</b>	<b>\$ 10,960</b>	<b>\$ 3,568</b>	<b>\$ 64,276</b>	<b>\$ 53,508</b>	<b>\$ 10,768</b>

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, 2023**

**Changes in Net Position**  
**For the Years Ended June 30, 2023 and 2022**  
**(in thousands)**

	<b>Governmental Activities</b>			<b>Business-Type Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>REVENUES:</b>						
Program revenues						
Charges for services	\$ 7,820	\$ 6,963	\$ 857	\$ 2,958	\$ 2,801	\$ 157
Operating grants and contributions	3,709	2,887	822	-	-	-
General revenues						
Taxes and fees	29,276	28,913	363	1,349	-	1,349
Investment earnings	810	(930)	1,740	559	(502)	1,061
Other revenue	485	388	97	-	-	-
Transfers	(1,235)	-	(1,235)	1,235	-	1,235
<b>Total Revenues</b>	<b>40,865</b>	<b>38,221</b>	<b>2,644</b>	<b>6,101</b>	<b>2,299</b>	<b>3,802</b>
<b>EXPENSES:</b>						
Administration	3,773	3,359	414	-	-	-
Public works	6,072	5,546	526	-	-	-
Street improvement	1,193	678	515	-	-	-
Safety: police	6,947	6,376	571	-	-	-
Safety: fire	6,955	6,175	780	-	-	-
Recreation	5,232	4,880	352	-	-	-
NonDepartmental	3,488	3,193	295	-	-	-
Interest	4	-	4	-	-	-
Sewer	-	-	-	1,647	1,837	(190)
Aquatics	-	-	-	886	925	(39)
<b>Total Expenses</b>	<b>33,664</b>	<b>30,207</b>	<b>3,457</b>	<b>2,533</b>	<b>2,762</b>	<b>(229)</b>
Change in net position	7,201	8,014	(813)	3,568	(463)	4,031
Net position - beginning	42,547	34,533	8,014	10,960	11,423	(463)
Net position - ending	<u>\$ 49,748</u>	<u>\$ 42,547</u>	<u>\$ 7,201</u>	<u>\$ 14,528</u>	<u>\$ 10,960</u>	<u>\$ 3,568</u>

**Governmental Activities.** On a full accrual basis, governmental activities increased the City of Piedmont's net position by \$7,201,356 primarily due to increased interest and investment earnings.

**Business-type Activities.** Business-type activities increased the City of Piedmont's net position due to transfers from governmental funds.

**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, 2023**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,408,297, an increase of \$1,507,289 compared with the prior year. A total of \$7,381,031, approximately 24%, 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 \$11,779,502 and \$7,381,031, 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 36% and 23% of total General Fund expenditures, respectively. During the current fiscal year, the fund balance of the City's general fund increased by \$302,973.

General Fund revenues totaled \$36,736,594, an increase of \$1,771,723 from the prior year. The primary reasons for this change are:

- Property tax revenues increased \$1,304,969 to \$17,528,512 due to the standard maximum 2% annual assessment increase and supplemental receipts for the increase in the assessed annual valuation of homes sold.
- Use of money and property increased \$1,218,623 due to higher interest income and unrealized gains on fixed income investments as interest rates rose to 20 year highs.
- Service charge revenue increased \$449,793 from the prior year primarily due to higher recreational related receipts as camp and program offerings were increased due to community demand.

Offset by:

- Real Property Transfer Tax revenue decreased by \$1,516,259. The number of homes sold dropped 27% to 111 from 152 due to the weakening real estate market.

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

Fiscal Year	# Sold	Average Sales Price	Real Property Transfer Tax
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
2021-22	152	\$3,090,3	\$5,981,156
2022-23	111	\$3,097,797	\$4,464,897

**CITY OF PIEDMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

General fund expenditures totaled \$32,655,593, an increase of \$1,624,032 from the prior year. The increase is due primarily to the following:

- Administration expenses increased \$218,873 primarily due to:
  - \$310,000 increase in compensated related expenses due to the addition of a Communications Manager position, higher health benefit and retirement costs, and annual cost of living salary increases required by collective bargaining agreements.
  - \$108,000 increase in information technology related costs primarily due to the implementation of system upgrades.
  - Offset by:
    - \$231,000 decrease in legal expenses primarily related to human resource issues.
- Public Works expenses increased \$138,346 primarily due to:
  - Park and City maintenance costs increased by \$196,000 due to increased clean-up necessitated by a heavy storm season.
  - \$77,000 was expended to perform a City-wide tree inventory to aid in future maintenance scheduling.
  - \$59,000 increase in compensation costs due to annual cost of living salary increases required by collective bargaining agreements.
  - Offset by:
    - \$215,000 decrease in Planning and Building department expenses. Permit processing work previously performed by third party consultants was shifted to internal resources.
- Police expenses increased \$198,309 primarily due to:
  - \$129,000 increase in personnel related expenses due to salary increases and pension related costs.
  - Other operating costs increased \$47,000.
- Fire expenses increased \$343,570 primarily due to:
  - \$236,000 increase personnel related costs, primarily pension costs.
  - \$93,000 increase in operating costs due to the rollout of the Emergency Preparedness training program.
- Recreation expenses increased \$430,488 as personnel and third party contractor costs increased due to an expanded offering of recreation programs and camps. This increase was more than offset by the revenue generated from the increased activity.
- Non-Departmental expenses increased \$294,446 primarily due to:
  - \$324,000 increase in insurance expense due to a rise in the required actuarial determined claim liability reserve.
  - \$187,000 increase in Workers' Compensation and General Liability premiums and claim payments.
- Offset by:
  - \$153,000 decline in funds transferred from the General Fund to Capital Funds.

**Facilities Capital Fund**

The Facilities Capital Fund is used to provide funding for the City's facilities, primarily its buildings and parks. The Facilities Capital Fund was established in FY 2022/23 and had an ending fund balance \$10,797,969. The City Council authorized transfers from the General Fund and Facilities Maintenance to Facilities Capital Fund for \$11,828,367 to fund necessary future capital.

The Facilities Maintenance Fund expenditures totaled \$1,203,308 and included approximately \$602,000 for the repair and/or replacement of sidewalks, \$122,000 to resurface tennis courts, and the remainder for various repairs, maintenance and improvements to the City's parks and municipal buildings, primarily the Community Hall and City Hall.

**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, 2023**

**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 \$1,379,349 to \$13,521,041. This total increase offsets the net capital improvements of the sewer system which increased \$368,541 to \$16,986,863. The unrestricted net position of the Sewer Fund increased \$1,040,005 to \$1,335,496.

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 increased \$2,187,311 to \$1,006,090. Construction began on the new Community Pool in January 2023 and is scheduled to open in Fall 2024. The old pool, which was reaching end of life, closed on March 16, 2020 due to COVID-19 County health orders.

**Internal Service Fund**

The Internal Service Funds' net position amounted to \$1,010,586, which did not change from the prior year balance.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund's original budget of \$33,880,753 increased \$543,692 to the final amended budget of \$34,424,445. The additional appropriations consisted primarily of public safety personnel costs, workers' compensation and general liability insurance related expenses, and planning and building consulting services.

The General Fund's actual expenditures of \$32,655,593 was less than the final amended budget of \$34,424,445.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's total capital assets for its governmental and business-type activities as of June 30, 2023 amount to \$57,939,732 (net of accumulated depreciation/amortization). Capital assets include land, construction-in-progress, SBITA work-in-progress, buildings, equipment, infrastructure, and ROU subscription assets. 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 \$6,872,854 from \$51,066,878 to \$57,939,732.

**CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 5,683	\$ 5,683	\$ -	\$ -	\$ 5,683	\$ 5,683
Construction in progress	164	485	6,469	1,591	6,633	2,076
SBITA work in progress	353	-	-	-	353	-
Buildings & improvements	2,970	2,733	-	-	2,970	2,733
Vehicles	1,827	1,786	797	1,010	2,624	2,796
Property and equipment	1,565	1,308	-	-	1,565	1,308
Infrastructure	21,340	20,125	16,190	16,346	37,530	36,471
ROU subscription asset	<u>583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>583</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 34,485</u></b>	<b><u>\$ 32,120</u></b>	<b><u>\$ 23,456</u></b>	<b><u>\$ 18,947</u></b>	<b><u>\$ 57,941</u></b>	<b><u>\$ 51,067</u></b>

Additional information on the City of Piedmont's capital assets can be found in Note 5 on pages 46 - 47 of this report.

**CITY OF PIEDMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Long-term Debt**

At the end of the current fiscal year, the City had total long-term outstanding debt of \$30,298,451, a decrease of \$380,928 from the prior fiscal year. The City has subscription liabilities, 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 and the 2021 general obligation bond.

At June 30, 2023, 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, 2023</u>	<u>Outstanding June 30, 2022</u>
<u>Governmental Activities</u>		
Subscription (SBITA) liability	\$ 519,550	\$ -
<u>Business-type Activities</u>		
Sewer Loan - Phase I	-	140,959
Sewer Loan - Phase II	138,322	273,270
Sewer Loan - Phase III	311,303	461,284
Sewer Loan - Phase IV	910,811	1,007,069
Sewer Loan - Phase V	3,440,882	3,626,621
2021 General Obligation Bonds	<u>24,977,583</u>	<u>25,170,176</u>
Total Business-type Activities	<u>29,778,901</u>	<u>30,679,379</u>
Total Outstanding Debt	<u>\$ 30,298,451</u>	<u>\$ 30,679,379</u>

Additional information about the City's long-term debt can be found in Note 6 on pages 47 - 51 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**General Fund**

Approximately 67 percent of the City's general revenue sources are property related. The largest portion is property tax revenue, which accounts for approximately 72% 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 5.2%. There has not been a year of negative growth over this time frame. In FY 2023-24 property tax revenue is projected to increase 4.2% over FY 2022-23 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. In March 2024, Piedmont residents will vote on Measure F. If passed, the measure would increase the parcel tax by 20% and extend its term by 12 years, through June 2037. It would allow for an annual tax increase of the lower of the Consumer Price Index or 4%.

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 had been remarkably healthy throughout the COVID-19 pandemic, generating record Transfer Tax receipts, \$6.3 million in FY 2020-21 and \$6.0 million in FY 2021-22. These receipts represented approximately 17% of General Fund revenues in each of the years. In comparison, the next highest level of receipts was \$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 dealing with higher inflation and interest rates. This has caused an increase in mortgage rates which has adversely affected the real estate market. This has had a detrimental impact on our transfer tax receipts as they have eased. In FY 2022/23, tax receipts were \$4.5 million, 25% lower than the prior year, and 12% of General Fund revenue. Given this, it is prudent to continue treating this revenue source in a conservative manner. We have budgeted \$3.4 million for FY 2023-24, which is 30% below the average of the past 5 years.



**CITY OF PIEDMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

The City's salary and benefit costs represent approximately 63% 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.

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 \$5.2 million compared to \$4.8 million actual last year, an increase of \$0.4 million or 8%.

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 long-term 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 2022-23, revenues in excess of the budgeted amount were transferred to the Facilities Capital and Equipment Replacement 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 began design work on Phase IV in FY 2022-23.

**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, 2023**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and investments (Note 2)	\$ 32,090,146	\$ 5,248,514	\$ 37,338,660
Restricted cash and investments (Note 2)	4,316,293	19,612,365	23,928,658
Accounts receivable	2,637,772	162,650	2,800,422
Interest receivable	192,059	79,043	271,102
Leases receivable (Note 3)	380,353	-	380,353
Prepaid expenses	82,178	7,761	89,939
Internal balances	800,000	(800,000)	-
Capital assets (Note 5):			
Land and construction in progress	6,199,771	6,469,205	12,668,976
Depreciable, net of accumulated depreciation	<u>28,283,893</u>	<u>16,986,863</u>	<u>45,270,756</u>
Total capital assets	<u>34,483,664</u>	<u>23,456,068</u>	<u>57,939,732</u>
Net pension asset (Note 9)	<u>14,886,464</u>	<u>-</u>	<u>14,886,464</u>
<b>Total Assets</b>	<u>89,868,929</u>	<u>47,766,401</u>	<u>137,635,330</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
2023 pension contributions (Note 8)	4,304,898	152,140	4,457,038
Changes in the net pension liability (Note 8)	13,554,918	508,893	14,063,811
Changes in the net pension asset - police & fire (Note 9)	211,706	-	211,706
Changes in the net OPEB liability (Note 10)	<u>709,644</u>	<u>51,829</u>	<u>761,473</u>
<b>Total Deferred Outflows of Resources</b>	<u>18,781,166</u>	<u>712,862</u>	<u>19,494,028</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	1,487,736	1,008,289	2,496,025
Accrued wages and benefits	595,227	-	595,227
Accrued interest payable	-	388,108	388,108
Deposit payable	626,448	-	626,448
Unearned revenue	3,596,919	-	3,596,919
Compensated absences (Note 6):			
Due within one year	793,428	51,163	844,591
Due in more than one year	247,652	15,970	263,622
Claims payable (Note 12):			
Due within one year	451,152	-	451,152
Due in more than one year	952,625	-	952,625
Net OPEB liability (Note 10):			
Due in more than one year	7,459,014	741,659	8,200,673
Long-term liabilities (Note 6):			
Due within one year	151,649	1,075,762	1,227,411
Due in more than one year	367,901	28,703,139	29,071,040
Net pension liability (Note 8):			
Due in more than one year	<u>35,931,032</u>	<u>1,614,594</u>	<u>37,545,626</u>
<b>Total Liabilities</b>	<u>52,660,783</u>	<u>33,598,684</u>	<u>86,259,467</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Leases (Note 3)	369,811	-	369,811
Changes in the net pension liability (Note 8)	2,897,697	176,891	3,074,588
Changes in the net OPEB liability (Note 10)	<u>2,973,526</u>	<u>176,557</u>	<u>3,150,083</u>
<b>Total Deferred Inflows of Resources</b>	<u>6,241,034</u>	<u>353,448</u>	<u>6,594,482</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	33,964,114	13,289,532	47,253,646
Restricted for:			
Community development	1,716,811	-	1,716,811
Public safety	550,881	-	550,881
Recreation	1,216,362	-	1,216,362
Street improvement	406,199	-	406,199
Section 115 pension trust	4,316,293	-	4,316,293
Unrestricted	<u>7,577,618</u>	<u>1,237,599</u>	<u>8,815,217</u>
<b>Total Net Position</b>	<u>\$ 49,748,278</u>	<u>\$ 14,527,131</u>	<u>\$ 64,275,409</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
Administration	\$ 3,773,052	\$ 1,203,924	\$ 379,593	\$ -	\$ (2,189,535)	\$ -	\$ (2,189,535)
Public works	6,070,928	1,149,622	2,010,289	-	(2,911,017)	-	(2,911,017)
Street improvement	1,193,305	-	-	-	(1,193,305)	-	(1,193,305)
Public safety: police services	6,947,342	274,958	121,540	-	(6,550,844)	-	(6,550,844)
Public safety: fire services	6,955,397	368,216	-	-	(6,587,181)	-	(6,587,181)
Recreation	5,231,966	4,823,611	1,197,880	-	789,525	-	789,525
Nondepartmental	3,487,860	-	-	-	(3,487,860)	-	(3,487,860)
Debt interest	3,634	-	-	-	(3,634)	-	(3,634)
Total governmental activities	<u>33,663,484</u>	<u>7,820,331</u>	<u>3,709,302</u>	<u>-</u>	<u>(22,133,851)</u>	<u>-</u>	<u>(22,133,851)</u>
Business-type activities:							
Sewer	1,647,090	2,957,417	-	-	-	1,310,327	1,310,327
Aquatic	886,154	-	-	-	-	(886,154)	(886,154)
Total business-type activities	<u>2,533,244</u>	<u>2,957,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,173</u>	<u>424,173</u>
Total primary government	<u>\$ 36,196,728</u>	<u>\$ 10,777,748</u>	<u>\$ 3,709,302</u>	<u>\$ -</u>	<u>(22,133,851)</u>	<u>424,173</u>	<u>(21,709,678)</u>
General revenues:							
Taxes:							
Property tax					17,528,512	1,348,453	18,876,965
Sales tax					227,099	-	227,099
Franchise tax					591,006	-	591,006
Utility users tax					1,534,144	-	1,534,144
Real property transfer tax					4,464,897	-	4,464,897
Business license and rental tax					745,047	-	745,047
Parcel tax					2,520,255	-	2,520,255
Paramedic tax					69,502	-	69,502
Motor vehicle license fee					1,595,239	-	1,595,239
Investment earnings					809,956	559,007	1,368,963
Other revenues					484,577	-	484,577
Transfers					(1,235,027)	1,235,027	-
Total general revenues					<u>29,335,207</u>	<u>3,142,487</u>	<u>32,477,694</u>
Change in net position					7,201,356	3,566,660	10,768,016
Net position - July 1, 2022					<u>42,546,922</u>	<u>10,960,471</u>	<u>53,507,393</u>
Net position - June 30, 2023					<u>\$ 49,748,278</u>	<u>\$ 14,527,131</u>	<u>\$ 64,275,409</u>

**CITY OF PIEDMONT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 JUNE 30, 2023

	<b>General Fund</b>	<b>Facilities Capital</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 10,663,570	\$ 10,870,218	\$ 8,103,209	\$ 29,636,997
Restricted cash and investments	4,316,293	-	-	4,316,293
Receivables:				
Accounts	2,291,194	-	345,171	2,636,365
Interest	94,256	59,131	38,672	192,059
Leases	380,353	-	-	380,353
Prepaid expenses	82,178	-	-	82,178
Advances to other funds	-	-	800,000	800,000
	<u>17,827,844</u>	<u>10,929,349</u>	<u>9,287,052</u>	<u>38,044,245</u>
<b>Total Assets</b>	<b>\$ <u>17,827,844</u></b>	<b>\$ <u>10,929,349</u></b>	<b>\$ <u>9,287,052</u></b>	<b>\$ <u>38,044,245</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 912,906	\$ 131,380	\$ 403,257	\$ 1,447,543
Accrued wages and benefits	581,582	-	13,645	595,227
Deposits payable	626,448	-	-	626,448
Unearned revenue	3,557,595	-	39,324	3,596,919
	<u>5,678,531</u>	<u>131,380</u>	<u>456,226</u>	<u>6,266,137</u>
<b>Total Liabilities</b>	<b><u>5,678,531</u></b>	<b><u>131,380</u></b>	<b><u>456,226</u></b>	<b><u>6,266,137</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	369,811	-	-	369,811
	<u>369,811</u>	<u>-</u>	<u>-</u>	<u>369,811</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>369,811</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>369,811</u></b>
<b>FUND BALANCES</b>				
Nonspendable	82,178	-	800,000	882,178
Restricted	4,316,293	-	4,629,434	8,945,727
Assigned	-	10,797,969	3,401,392	14,199,361
Unassigned	7,381,031	-	-	7,381,031
	<u>11,779,502</u>	<u>10,797,969</u>	<u>8,830,826</u>	<u>31,408,297</u>
<b>Total Fund Balances</b>	<b><u>11,779,502</u></b>	<b><u>10,797,969</u></b>	<b><u>8,830,826</u></b>	<b><u>31,408,297</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ <u>17,827,844</u></b>	<b>\$ <u>10,929,349</u></b>	<b>\$ <u>9,287,052</u></b>	<b>\$ <u>38,044,245</u></b>

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, 2023**

Total fund balances of governmental funds	\$ 31,408,297
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 \$40,910,498.	34,483,664
Net pension asset related to the police and fire pension plan is not a current financial resource and therefore not reported in the funds.	14,886,464
Deferred outflows related to the 2023 pension contributions were made subsequent to the measurement date.	4,304,898
Deferred outflows related to changes in the net pension liability and net pension asset are not reported in the governmental funds.	13,766,624
Deferred outflows related to changes in the net OPEB liability are not reported in the governmental funds.	709,644
Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.	
Compensated absences	(1,041,080)
Long-term liabilities net of premiums and discounts	(519,550)
Net pension liability	(35,931,032)
Net OPEB liability	(7,459,014)
Deferred inflows related to changes in the net pension liability and asset	(2,897,697)
Deferred inflows related to changes in the net OPEB liability	(2,973,526)
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	2,453,149
Accounts receivable	1,407
Accounts payable	(40,193)
Claims payable	<u>(1,403,777)</u>
Net position of governmental activities	<u>\$ 49,748,278</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, 2023**

	<u>General Fund</u>	<u>Facilities Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>				
Property tax	\$ 17,528,512	\$ -	\$ -	\$ 17,528,512
Sales tax	227,099	-	-	227,099
Franchise tax	591,006	-	-	591,006
Utility users tax	1,534,144	-	-	1,534,144
Real property transfer tax	4,464,897	-	-	4,464,897
Business license and rental tax	745,047	-	-	745,047
Gas tax	-	-	557,012	557,012
Licenses and permits	695,359	-	-	695,359
Intergovernmental	2,251,390	-	1,500,158	3,751,548
Use of money and property	1,103,888	245,472	120,598	1,469,958
Current service charges	4,630,018	-	1,626,157	6,256,175
Parcel tax	2,520,255	-	-	2,520,255
Contributions and donations	33,804	-	1,240,259	1,274,063
Other revenues	411,175	-	73,617	484,792
	<u>36,736,594</u>	<u>245,472</u>	<u>5,117,801</u>	<u>42,099,867</u>
Total Revenues				
<b><u>EXPENDITURES</u></b>				
Current:				
Administration	3,708,119	86,920	93,575	3,888,614
Public works	5,922,989	4,472	103,944	6,031,405
Street improvement	-	-	670,941	670,941
Public safety:				
Police services	7,513,278	-	242,082	7,755,360
Fire services	8,042,616	-	12,819	8,055,435
Recreation	3,726,775	9,313	1,380,296	5,116,384
Nondepartmental	3,487,860	-	-	3,487,860
Capital outlay	-	1,102,603	2,994,993	4,097,596
Debt service - principal	250,322	-	-	250,322
Debt service - interest	3,634	-	-	3,634
	<u>32,655,593</u>	<u>1,203,308</u>	<u>5,498,650</u>	<u>39,357,551</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>4,081,001</u>	<u>(957,836)</u>	<u>(380,849)</u>	<u>2,742,316</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	29,041	11,828,367	2,106,544	13,963,952
Transfers out	<u>(3,807,069)</u>	<u>(72,562)</u>	<u>(11,319,348)</u>	<u>(15,198,979)</u>
Total Other Financing Sources (Uses)	<u>(3,778,028)</u>	<u>11,755,805</u>	<u>(9,212,804)</u>	<u>(1,235,027)</u>
Net Change in Fund Balances	302,973	10,797,969	(9,593,653)	1,507,289
Fund Balances - July 1, 2022	<u>11,476,529</u>	<u>-</u>	<u>18,424,479</u>	<u>29,901,008</u>
Fund Balances - June 30, 2023	<u>\$ 11,779,502</u>	<u>\$ 10,797,969</u>	<u>\$ 8,830,826</u>	<u>\$ 31,408,297</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, 2023**

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	\$ 1,507,289
<p>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.</p>	
Capital asset purchases	4,154,943
Depreciation expense	(2,503,901)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Debt principal payments	250,322
Implementation of SBITA	(57,348)
<p>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.</p>	
	(52,550)
<p>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.</p>	
Pension expense related to deferred outflows and inflows of resources	2,156,103
Other postemployment benefits	<u>1,746,498</u>
Change in net position of governmental activities	<u>\$ 7,201,356</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	<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>
<b><u>ASSETS</u></b>				
Current Assets				
Cash and investments	\$ 4,024,165	\$ 1,224,349	\$ 5,248,514	\$ 2,453,149
Receivables:				
Accounts, net	149,634	13,016	162,650	1,407
Interest	31,479	47,564	79,043	-
Prepaid expenses	<u>7,761</u>	<u>-</u>	<u>7,761</u>	<u>-</u>
<b>Total Current Assets</b>	<u>4,213,039</u>	<u>1,284,929</u>	<u>5,497,968</u>	<u>2,454,556</u>
Non Current Assets				
Restricted cash and investments	-	19,612,365	19,612,365	-
Capital assets, nondepreciable	-	6,469,205	6,469,205	-
Capital assets, net	<u>16,986,863</u>	<u>-</u>	<u>16,986,863</u>	<u>-</u>
<b>Total Non-Current Assets</b>	<u>16,986,863</u>	<u>26,081,570</u>	<u>43,068,433</u>	<u>-</u>
<b>Total Assets</b>	<u>21,199,902</u>	<u>27,366,499</u>	<u>48,566,401</u>	<u>2,454,556</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Changes in the net pension liability	648,834	12,199	661,033	-
Changes in the net OPEB liability	<u>44,438</u>	<u>7,391</u>	<u>51,829</u>	<u>-</u>
<b>Total Deferred Outflows of Resources</b>	<u>693,272</u>	<u>19,590</u>	<u>712,862</u>	<u>-</u>
<b><u>LIABILITIES</u></b>				
Current Liabilities				
Accounts payable	131,591	876,698	1,008,289	40,193
Interest payable	63,108	325,000	388,108	-
Long-term liabilities - current	578,169	497,593	1,075,762	-
Compensated absences - current	51,163	-	51,163	-
Claims payable - current	<u>-</u>	<u>-</u>	<u>-</u>	<u>451,152</u>
<b>Total Current Liabilities</b>	<u>824,031</u>	<u>1,699,291</u>	<u>2,523,322</u>	<u>491,345</u>
Non-Current Liabilities				
Advances from other funds	800,000	-	800,000	-
Long-term liabilities - noncurrent	4,223,149	24,479,990	28,703,139	-
Compensated absences - noncurrent	15,970	-	15,970	-
Claims payable - noncurrent	-	-	-	952,625
Net pension liability	1,538,660	75,934	1,614,594	-
Net OPEB liability	<u>679,815</u>	<u>61,844</u>	<u>741,659</u>	<u>-</u>
<b>Total Non-Current Liabilities</b>	<u>7,257,594</u>	<u>24,617,768</u>	<u>31,875,362</u>	<u>952,625</u>
<b>Total Liabilities</b>	<u>8,081,625</u>	<u>26,317,059</u>	<u>34,398,684</u>	<u>1,443,970</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Changes in the net pension liability	171,230	5,661	176,891	-
Changes in the net OPEB liability	<u>119,278</u>	<u>57,279</u>	<u>176,557</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>290,508</u>	<u>62,940</u>	<u>353,448</u>	<u>-</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	12,185,545	1,103,987	13,289,532	-
Unrestricted	<u>1,335,496</u>	<u>(97,897)</u>	<u>1,237,599</u>	<u>1,010,586</u>
<b>Total Net Position</b>	<u>\$ 13,521,041</u>	<u>\$ 1,006,090</u>	<u>\$ 14,527,131</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, 2023**

	<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>
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 2,957,417	\$ -	\$ 2,957,417	\$ -
<b>Total Operating Revenue</b>	<u>2,957,417</u>	<u>-</u>	<u>2,957,417</u>	<u>-</u>
<b><u>OPERATING EXPENSES</u></b>				
Contract and professional services	222,954	1,730	224,684	-
Services and supplies	36,906	17,407	54,313	-
Salaries and benefits	624,114	3,361	627,475	-
Insurance and claims expense	-	-	-	2,486,028
Depreciation	<u>670,657</u>	<u>-</u>	<u>670,657</u>	<u>-</u>
<b>Total Operating Expenses</b>	<u>1,554,631</u>	<u>22,498</u>	<u>1,577,129</u>	<u>2,486,028</u>
<b>Operating Income (Loss)</b>	<u>1,402,786</u>	<u>(22,498)</u>	<u>1,380,288</u>	<u>(2,486,028)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Property tax	-	1,348,453	1,348,453	-
Interest income	69,022	489,985	559,007	-
Interest expense	(92,459)	(863,656)	(956,115)	-
Other income (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,486,028</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(23,437)</u>	<u>974,782</u>	<u>951,345</u>	<u>2,486,028</u>
<b>Income Before Transfers</b>	<u>1,379,349</u>	<u>952,284</u>	<u>2,331,633</u>	<u>-</u>
<b><u>TRANSFERS</u></b>				
Transfers in	<u>-</u>	<u>1,235,027</u>	<u>1,235,027</u>	<u>-</u>
<b>Total Transfers</b>	<u>-</u>	<u>1,235,027</u>	<u>1,235,027</u>	<u>-</u>
Change in net position	1,379,349	2,187,311	3,566,660	-
Net Position - July 1, 2022	<u>12,141,692</u>	<u>(1,181,221)</u>	<u>10,960,471</u>	<u>1,010,586</u>
Net Position - June 30, 2023	<u>\$ 13,521,041</u>	<u>\$ 1,006,090</u>	<u>\$ 14,527,131</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, 2023**

	<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>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Cash received from customers	\$ 2,950,236	\$ (13,016)	\$ 2,937,220	\$ -
Claims and premium paid	-	-	-	(2,164,310)
Cash paid to suppliers	(290,627)	604,776	314,149	-
Cash paid to employees	<u>(794,095)</u>	<u>(3,459)</u>	<u>(797,554)</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>1,865,514</u>	<u>588,301</u>	<u>2,453,815</u>	<u>(2,164,310)</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>				
Other income	-	-	-	2,484,621
Ad valorem tax	-	1,348,453	1,348,453	-
Transfers from other funds	<u>-</u>	<u>1,235,027</u>	<u>1,235,027</u>	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>2,583,480</u>	<u>2,583,480</u>	<u>2,484,621</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>				
Acquisition of capital assets	(302,115)	(4,877,830)	(5,179,945)	-
Principal paid on long-term debt	(707,885)	-	(707,885)	-
Interest paid on long-term debt	<u>(101,454)</u>	<u>(974,999)</u>	<u>(1,076,453)</u>	<u>-</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,111,454)</u>	<u>(5,852,829)</u>	<u>(6,964,283)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest and dividends	<u>46,517</u>	<u>473,519</u>	<u>520,036</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>46,517</u>	<u>473,519</u>	<u>520,036</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	800,577	(2,207,529)	(1,406,952)	320,311
Cash and Cash Equivalents - July 1, 2022	<u>3,223,588</u>	<u>23,044,243</u>	<u>26,267,831</u>	<u>2,132,838</u>
Cash and Cash Equivalents - June 30, 2023	<u>\$ 4,024,165</u>	<u>\$ 20,836,714</u>	<u>\$ 24,860,879</u>	<u>\$ 2,453,149</u>
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u></b>				
Cash and investments	\$ 4,024,165	\$ 1,224,349	\$ 5,248,514	\$ 2,453,149
Restricted cash and investments	<u>-</u>	<u>19,612,365</u>	<u>19,612,365</u>	<u>-</u>
Cash and Cash Equivalents - June 30, 2023	<u>\$ 4,024,165</u>	<u>\$ 20,836,714</u>	<u>\$ 24,860,879</u>	<u>\$ 2,453,149</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, 2023**

	<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>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u></b>				
Operating Income (Loss)	\$ 1,402,786	\$ (22,498)	\$ 1,380,288	\$ (2,486,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	670,657	-	670,657	-
Pension and OPEB expense	(174,601)	22	(174,579)	-
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(7,181)	(13,016)	(20,197)	-
Prepaid expenses	(7,761)	-	(7,761)	-
Increase (decrease) in:				
Accounts payable	(23,006)	623,913	600,907	19,208
Claims payable	-	-	-	302,510
Accrued wages	-	(120)	(120)	-
Compensated absences	4,620	-	4,620	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,865,514</u>	<u>\$ 588,301</u>	<u>\$ 2,453,815</u>	<u>\$ (2,164,310)</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

	<u>Police and Fire Pension Plan Trust</u>	<u>OPEB Trust</u>	<u>Custodial Fund 2017 Undergrounding Refunding Bond Fund</u>
<b><u>ASSETS</u></b>			
Restricted cash (Note 2)	\$ -	\$ -	\$ 386,543
Restricted investments (Note 2)	16,122,006	12,085,031	-
Accounts receivable	-	-	2,740
Interest receivable	<u>11,205</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>16,133,211</u>	<u>12,085,031</u>	<u>389,283</u>
<b><u>NET POSITION</u></b>			
Restricted for:			
Police and fire pension	16,133,211	-	-
OPEB	-	12,085,031	-
Individuals, organizations, and other governments	<u>-</u>	<u>-</u>	<u>389,283</u>
<b>Total Net Position</b>	<u>\$ 16,133,211</u>	<u>\$ 12,085,031</u>	<u>\$ 389,283</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, 2023**

	<u>Police and Fire Pension Plan Trust</u>	<u>OPEB Trust</u>	<u>Custodial Fund 2017 Undergrounding Refunding Bond Fund</u>
<b><u>ADDITIONS</u></b>			
Assessments	\$ -	\$ -	\$ 352,505
Contributions from employees	-	61,100	-
Investment income:			
Net increase in fair value of investments	1,255,618	1,192,680	-
Interest and dividends	<u>354,623</u>	<u>-</u>	<u>-</u>
Net investment income	<u>1,610,241</u>	<u>1,192,680</u>	<u>-</u>
<b>Total Additions</b>	<u>1,610,241</u>	<u>1,253,780</u>	<u>352,505</u>
<b><u>DEDUCTIONS</u></b>			
Pension benefits paid	146,959	-	-
Administrative expenses	96,212	-	12,607
Debt service:			
Principal	-	-	250,860
Interest	<u>-</u>	<u>-</u>	<u>85,754</u>
<b>Total Deductions</b>	<u>243,171</u>	<u>-</u>	<u>349,221</u>
Change in Fiduciary Net Position	1,367,070	1,253,780	3,284
Fiduciary Net Position - July 1, 2022	<u>14,766,141</u>	<u>10,831,251</u>	<u>385,999</u>
Fiduciary Net Position - June 30, 2023	<u>\$ 16,133,211</u>	<u>\$ 12,085,031</u>	<u>\$ 389,283</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023 was approximately 11,368.

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, 2023, the City's staff was comprised of 83 full-time employees who were responsible for the following City-provided services:

*Public Safety* - The City employs 27 sworn and 7 non-sworn police personnel to provide round-the-clock police services from a central station, and 18 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 38 full-time and 10 part-time employees.

In addition, the City employs approximately 90 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, 2023**

**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.

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.

**CITY OF PIEDMONT**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

Facilities Capital Fund - This fund is used to account for the accumulation of resources used for the replacement 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 Plan 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.
- 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.



**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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:

	Secured	Unsecured
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, 2023**

**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 Receivable**

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. Prepaid Expenses**

Payments for services that will benefit periods beyond June 30, 2023 are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**H. 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.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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.

**I. 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, 2023. 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.

**J. 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, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. 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.

**L. 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.

**M. 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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 - June 30, 2023

**N. 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 assets 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, the police and fire pension plan, and the OPEB plan. See Notes 8, 9, and 10.

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 assets 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, OPEB plan, and leases. See Notes 8 and 10.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. 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.

**P. 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, 2023**

**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 11.

**Q. Leases**

Lessor

The City is a lessor for several leases of property and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease terms, and (3) lease receipts.

- The City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**R. Subscription-Based Information Technology Arrangements (SBITA)**

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in amounts equal to the present value of subscription payments, payable during the remaining SBITA term. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

**S. 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.

**CITY OF PIEDMONT**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. 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.

**U. 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.

**V. Implementation of Governmental Accounting Standards Board Statements**

Effective July 1, 2022, the City implemented the following accounting and financial reporting standards:

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. There was no impact to the financial statements as a result of this statement.

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. There was no impact to the financial statements as a result of this statement.

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. See Note 17 for additional details.

**CITY OF PIEDMONT**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**W. Future Governmental Accounting Standards Board Statements**

These statements are not effective until July 1, 2023 or later. The City has not determined the effects, if any, on the financial statements.

Government Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the City's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the City's fiscal year ending June 30, 2024.

Government Accounting Standards Board Statement No. 100

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

Government Accounting Standards Board Statement No. 101

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

Government Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The requirements of this statement are effective for the City's fiscal year ending June 30, 2025.



**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2023 were classified in the accompanying financial statements as follows:

	Cash and Investments	Restricted Cash and Investments	Total
Governmental activities	\$ 32,090,146	\$ 4,316,293	\$ 36,406,439
Business-type activities	5,248,514	19,612,365	24,860,879
<b>Total government-wide cash and investments</b>	<b>37,338,660</b>	<b>23,928,658</b>	<b>61,267,318</b>
Fiduciary activities	-	28,593,580	28,593,580
<b>Total cash and investments</b>	<b>\$ 37,338,660</b>	<b>\$ 52,522,238</b>	<b>\$ 89,860,898</b>

Cash and investments were carried at fair value as of June 30, 2023 and consisted of the following:

Cash on hand	\$ 900
Cash in banks	270,575
Total cash	271,475
U.S. agency securities	26,595,359
Certificates of deposit	13,091,302
Local Agency Investment Fund (LAIF)	17,379,432
Held in Trust:	
Equity mutual funds	12,085,031
Fixed income securities	8,853,725
Domestic equities	10,538,725
Money market funds	1,045,849
Total investments	89,589,423
Total cash and investments	\$ 89,860,898

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023**

**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, 2023**

**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 Commercial (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 5% maximum exposure at cost
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, 2023**

**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, 2023:

<u>Investments</u>	<u>Fair Value Measurements Using</u>			<u>Total Fair Value</u>
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	
U.S. agency securities	\$ -	\$ 26,595,359	\$ -	\$ 26,595,359
Certificates of deposit	-	13,091,302	-	13,091,302
Held in Trust:				
Equity mutual funds	12,085,031	-	-	12,085,031
Fixed income securities	-	8,853,725	-	8,853,725
Domestic equities	10,538,725	-	-	10,538,725
Money market funds	<u>1,045,849</u>	<u>-</u>	<u>-</u>	<u>1,045,849</u>
Total	<u>\$ 23,669,605</u>	<u>\$ 48,540,386</u>	<u>\$ -</u>	<u>\$ 72,209,991</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 \$17,379,432 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, 2023**

**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, 2023:

<u>Investments</u>	<u>Remaining Maturity</u>			<u>Fair Value</u>
	<u>12 months or less</u>	<u>1-5 years</u>	<u>More than 5 years</u>	
<b>Police and Fire Pension Trust Fund:</b>				
Fixed income securities	\$ 4,537,432	\$ -	\$ -	\$ 4,537,432
Domestic equities	10,538,725	-	-	10,538,725
Money market funds	<u>1,045,849</u>	<u>-</u>	<u>-</u>	<u>1,045,849</u>
<b>Total Police and Fire Pension Trust Fund</b>	<u>16,122,006</u>	<u>-</u>	<u>-</u>	<u>16,122,006</u>
<b>OPEB Trust Fund:</b>				
Equity mutual funds	<u>12,085,031</u>	<u>-</u>	<u>-</u>	<u>12,085,031</u>
<b>Total OPEB Trust Fund</b>	<u>12,085,031</u>	<u>-</u>	<u>-</u>	<u>12,085,031</u>
<b>City and Custodial Funds:</b>				
Fixed income securities	4,316,293	-	-	4,316,293
Certificates of deposit	-	13,091,302	-	13,091,302
U.S. agency securities	-	26,595,359	-	26,595,359
Local Agency Investment Fund	<u>17,379,432</u>	<u>-</u>	<u>-</u>	<u>17,379,432</u>
<b>Total City and Custodial Funds</b>	<u>21,695,725</u>	<u>39,686,661</u>	<u>-</u>	<u>61,382,386</u>
<b>Total Investments</b>	<u>\$ 49,902,762</u>	<u>\$ 39,686,661</u>	<u>\$ -</u>	<u>\$ 89,589,423</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, 2023.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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</u>	
		<u>S&amp;P</u>	<u>Moody's</u>
Police and Fire Pension Trust Fund:			
Fixed income securities	\$ 4,537,432	Not rated	Not rated
Domestic equities	10,538,725	Not rated	Not rated
Money market funds	1,045,849	Not rated	Not rated
OPEB Trust Fund			
Equity mutual funds	12,085,031	Not rated	Not rated
City and Custodial Funds			
Fixed income securities	4,316,293	Not rated	Not rated
Certificates of deposit	13,091,302	Not rated	Not rated
U.S. agency securities	26,595,359	AA+	Aaa
Local Agency Investment Fund	<u>17,379,432</u>	Not rated	Not rated
	<u>\$ 89,589,423</u>		

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2023, that represent 5 percent or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Banks	Government agency securities	\$ 20,914,597

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. As of June 30, 2023, the carrying amount of the City's deposits was \$270,575 and the bank balances were \$469,923, of which \$263,332 was insured by FDIC coverage limits.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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.

**NOTE 3: LEASES RECEIVABLE**

The City is reporting leases receivable of \$380,353 at June 30, 2023. For the year ended June 30, 2023, the City reported lease revenue of \$105,597 and interest revenue of \$10,907 related to lease payments received.

Buildings

- On July 19, 2021, the City entered into an agreement with Piedmont Educational Foundation for the lease of a portion of a building. The lease has a term of 4.5 years and the lease receivable was discounted to a net present value at July 19, 2021 using 2.5% interest rate.
- On May 12, 2022, the City entered into an agreement with Piedmont Center for the Arts, Inc. for the lease of a portion of a building. The terms of this agreement include monthly rental payments increasing annually based on the Consumer Price Index (CPI) for all Urban Consumers for the San Francisco/Oakland/San Jose Metropolitan Area published by the United States Department of Labor. The lease has a term of 5 years and the lease receivable was discounted to a net present value at May 12, 2022 using a 2.5% interest rate and CPI increase of 3%.

Cell Tower Sites

- On August 10, 2016, the City entered into an amendment to the microcell site lease agreement with New Cingular Wireless PCS, LLC. The terms of this agreement include base monthly payments of \$1,200 increasing annually by 4% over the base rent paid during the previous year. The lease has a term of 10 years and the lease receivable was discounted to a net present value at October 1, 2017 using a 2.5% interest rate and 4% annual increase.
- On August 1, 2019, the City entered into an agreement for a cell tower site with AT&T. The terms of the agreement include monthly rental payments increasing annually based on the CPI. The lease has a term of 6.5 years and the lease receivable was discounted to a net present value at August 1, 2019 using a 2.5% interest rate and CPI increase of 3%.
- On March 1, 2022, the City entered into an agreement for a cell tower site with GST Towers. The terms of the agreement include monthly rental payments increasing annually based on the CPI. The lease has a term of 5 years and the lease receivable was discounted to a net present value at March 1, 2022 using a 2.5% interest rate and CPI increase of 3%.

Future payments due to the City under the agreements are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 108,879	\$ 8,274	\$ 117,153
2025	115,327	5,479	120,806
2026	103,106	2,585	105,691
2027	48,518	693	49,211
2028	<u>4,523</u>	<u>21</u>	<u>4,544</u>
Total	<u>\$ 380,353</u>	<u>\$ 17,052</u>	<u>\$ 397,405</u>

The City has recorded a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources was \$369,811.



**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4: 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, 2023 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 fiscal year 2028, when phase VII loan payments begin. Under this schedule, the loan is set to retire in fiscal year 2035.

**Interfund Transfers to/from Other Funds**

Transfers between funds during the fiscal year ended June 30, 2023 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	Facilities Capital	Funding for capital outlay	\$ 1,817,069
	Equipment Replacement	Funding for capital outlay	690,000
	Facilities Maintenance	Funding for capital outlay	1,300,000
Facilities Capital	Aquatic Fund	Capital projects	<u>72,562</u>
<b>Total Major Governmental Interfund Transfers</b>			<b>\$ <u>3,879,631</u></b>
<u>Non-Major Governmental Funds</u>			
Projects and Services	General Fund	City-wide beautification	\$ 5,044
Projects and Services	Aquatic Fund	Capital projects	1,162,465
Projects and Services	Facilities Maintenance	Capital projects	46,469
Schoolmates Program	Facilities Maintenance	Capital projects	70,075
Facilities Maintenance	Facilities Capital	Capital projects	9,975,000
Measure D Fund	General Fund	Administrative cost recovery	23,997
Capital Improvement	Facilities Capital	Capital projects	<u>36,298</u>
<b>Total Non- Major Governmental Interfund Transfers</b>			<b>\$ <u>11,319,348</u></b>

**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, 2023 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, 2023**

**NOTE 5: CAPITAL ASSETS**

**Governmental Activities:**

	<u>Balance at July 1, 2022</u>	<u>(Note 17) Prior Period Adjustment</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2023</u>
Capital assets not being depreciated						
Land	\$ 5,683,095	\$ -	\$ -	\$ -	\$ -	\$ 5,683,095
Construction-in-progress	484,735	-	339,621	-	(660,619)	163,737
SBITA work-in-progress	<u>-</u>	<u>-</u>	<u>288,064</u>	<u>-</u>	<u>64,875</u>	<u>352,939</u>
Total capital assets not being depreciated	<u>6,167,830</u>	<u>-</u>	<u>627,685</u>	<u>-</u>	<u>(595,744)</u>	<u>6,199,771</u>
Capital assets being depreciated						
Buildings and improvements	5,156,541	-	542,363	-	-	5,698,904
Vehicles	3,922,247	-	334,435	-	-	4,256,682
Property and equipment	5,215,542	-	478,119	(28,242)	226,828	5,892,247
Infrastructure	50,317,825	-	2,114,993	(225,048)	368,916	52,576,686
ROU subscription asset	<u>-</u>	<u>712,524</u>	<u>57,348</u>	<u>-</u>	<u>-</u>	<u>769,872</u>
Total capital assets being depreciated	<u>64,612,155</u>	<u>712,524</u>	<u>3,527,258</u>	<u>(253,290)</u>	<u>595,744</u>	<u>69,194,391</u>
Less accumulated depreciation						
Buildings and improvements	(2,423,178)	-	(306,018)	-	-	(2,729,196)
Vehicles	(2,136,491)	-	(293,393)	-	-	(2,429,884)
Property and equipment	(3,907,809)	-	(448,179)	28,242	-	(4,327,746)
Infrastructure	(30,192,409)	-	(1,269,351)	225,048	-	(31,236,712)
ROU subscription asset	<u>-</u>	<u>-</u>	<u>(186,960)</u>	<u>-</u>	<u>-</u>	<u>(186,960)</u>
Total accumulated depreciation	<u>(38,659,887)</u>	<u>-</u>	<u>(2,503,901)</u>	<u>253,290</u>	<u>-</u>	<u>(40,910,498)</u>
Total capital assets being depreciated, net	<u>25,952,268</u>	<u>712,524</u>	<u>1,023,357</u>	<u>-</u>	<u>595,744</u>	<u>28,283,893</u>
<b>Total Capital Assets, net</b>	<u>\$ 32,120,098</u>	<u>\$ 712,524</u>	<u>\$ 1,651,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,483,664</u>

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

Governmental Activities:

Administration	\$ 429,775
Public works	464,277
Street improvement	522,364
Public safety - police	297,115
Public safety - fire	238,326
Recreation	<u>552,044</u>

Total governmental activities depreciation expense \$ 2,503,901

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

**Business-type Activities:**

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2023</u>
Capital assets not being depreciated				
Construction-in-progress	\$ <u>1,591,375</u>	\$ <u>4,877,830</u>	\$ -	\$ <u>6,469,205</u>
Total capital assets not being depreciated	<u>1,591,375</u>	<u>4,877,830</u>	-	<u>6,469,205</u>
Capital assets being depreciated				
Building and improvements	579,916	-	(579,916)	-
Vehicles	1,788,463	-	-	1,788,463
Infrastructure	<u>22,758,708</u>	<u>302,115</u>	-	<u>23,060,823</u>
Total capital assets being depreciated	<u>25,127,087</u>	<u>302,115</u>	<u>(579,916)</u>	<u>24,849,286</u>
Less accumulated depreciation				
Building and improvements	(579,916)	-	579,916	-
Vehicles	(778,624)	(212,487)	-	(991,111)
Infrastructure	<u>(6,413,142)</u>	<u>(458,170)</u>	-	<u>(6,871,312)</u>
Total accumulated depreciation	<u>(7,771,682)</u>	<u>(670,657)</u>	<u>579,916</u>	<u>(7,862,423)</u>
Total capital assets being depreciated, net	<u>17,355,405</u>	<u>(368,542)</u>	-	<u>16,986,863</u>
<b>Total Capital Assets, net</b>	<u>\$ 18,946,780</u>	<u>\$ 4,509,288</u>	\$ -	<u>\$ 23,456,068</u>

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

Business-type Activities:

Sewer	\$ <u>670,657</u>
Total business-type activities depreciation expense	\$ <u>670,657</u>

**NOTE 6: LONG-TERM LIABILITIES**

Governmental activities long-term liabilities issued and outstanding at June 30, 2023 were comprised of the following:

<u>Type of Indebtedness</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2023</u>
Subscription (SBITA) liability	\$ 769,872	\$ 519,550
Compensated absences		<u>1,041,080</u>
Total governmental activities		<u>\$ 1,560,630</u>

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6: LONG-TERM LIABILITES (CONTINUED)**

Business-type activities long-term liabilities issued and outstanding at June 30, 2023 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, 2023</u>
Sewer Rehab Loan - Phase I	2022	2.40%	\$ 2,266,920	\$ -
Sewer Rehab Loan - Phase II	2023	2.50%	2,211,812	138,322
Sewer Rehab Loan - Phase III	2025	2.50%	2,512,708	311,303
Sewer Rehab Loan - Phase IV	2031	1.00%	1,900,188	910,811
Sewer Rehab Loan - Phase V	2037	1.70%	4,397,000	3,440,882
2021 General Obligation Bonds	2051	5.00%	19,500,000	19,500,000
Premium on bonds				5,477,583
Compensated absences				<u>67,133</u>
Total business-type activities				<u>\$ 29,846,034</u>

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2023:

	<u>Balance at July 1, 2022</u>	<u>(Note 17) Prior Period Adjustment</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>						
Subscription (SBITA) liability	\$ -	\$ 712,524	\$ 57,348	\$ (250,322)	\$ 519,550	\$ 151,649
Total SBITAs payable	-	712,524	57,348	(250,322)	519,550	151,649
Other liabilities:						
Compensated absences	988,530	-	900,746	(848,196)	1,041,080	793,428
<b>Total Governmental Activities</b>	<u>\$ 988,530</u>	<u>\$ 712,524</u>	<u>\$ 958,094</u>	<u>\$ (1,098,518)</u>	<u>\$ 1,560,630</u>	<u>\$ 945,077</u>
	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Current Portion</u>	
<b>Business-type Activities</b>						
Sewer Rehab Loan - Phase I	\$ 140,959	\$ -	\$ (140,959)	\$ -	\$ -	
Sewer Rehab Loan - Phase II	273,270	-	(134,948)	138,322	138,322	
Sewer Rehab Loan - Phase III	461,284	-	(149,981)	311,303	153,730	
Sewer Rehab Loan - Phase IV	1,007,069	-	(96,258)	910,811	97,220	
Sewer Rehab Loan - Phase V	3,626,621	-	(185,739)	3,440,882	188,897	
Total loans payable	<u>5,509,203</u>	-	<u>(707,885)</u>	<u>4,801,318</u>	<u>578,169</u>	
2021 General Obligation Bonds	19,500,000	-	-	19,500,000	305,000	
Premium on bonds	5,670,176	-	(192,593)	5,477,583	192,593	
Total bonds payable	<u>25,170,176</u>	-	<u>(192,593)</u>	<u>24,977,583</u>	<u>497,593</u>	
Other liabilities:						
Compensated absences	62,513	51,163	(46,543)	67,133	51,163	
<b>Total Business-type Activities</b>	<u>\$ 30,741,892</u>	<u>\$ 51,163</u>	<u>\$ (947,021)</u>	<u>\$ 29,846,034</u>	<u>\$ 1,126,925</u>	

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6: LONG-TERM LIABILITES (CONTINUED)**

A description of the long-term liabilities at June 30, 2023 follows:

**A. Governmental Activities**

Subscriptions (SBITAs) Payable

The City has entered into SBITAs involving various software as a service subscriptions. The total of the City's SBITA assets are recorded at a cost of \$1,122,811 less accumulated amortization of \$186,960.

Future debt service payments on the SBITAs are as follows:

<u>For the Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 151,649	\$ 5,748	\$ 157,397
2025	153,323	4,074	157,397
2026	46,661	2,382	49,043
2027	48,310	1,852	50,162
2028	38,248	1,304	39,552
2029 - 2030	<u>81,359</u>	<u>1,339</u>	<u>82,698</u>
<b>Total</b>	<b><u>\$ 519,550</u></b>	<b><u>\$ 16,699</u></b>	<b><u>\$ 536,249</u></b>

Compensated Absences

At June 30, 2023, compensated absences totaled \$1,041,080, of which \$793,428 was recorded as a current liability and the non-current portion totaled \$247,652. 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 was paid in 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.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6: LONG-TERM LIABILITES (CONTINUED)**

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.

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.

Future debt service payments on the sewer rehabilitation loans are as follows:

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 578,169	\$ 78,829	\$ 656,998
2025	447,874	67,344	515,218
2026	294,548	59,157	353,705
2027	298,861	54,844	353,705
2028	303,241	50,464	353,705
2029 - 2033	1,477,965	184,232	1,662,197
2034 - 2038	1,156,562	80,323	1,236,885
2039 - 2043	<u>244,098</u>	<u>4,135</u>	<u>248,233</u>
<b>Total</b>	<b><u>\$ 4,801,318</u></b>	<b><u>\$ 579,328</u></b>	<b><u>\$ 5,380,646</u></b>

2021 General Obligation Bonds

In September 2021, the City authorized issuance of the 2021 General Obligation Bonds in the principal amount of \$19,500,000 to provide funds to construct new pool facilities, restrooms, and related areas. The bonds are payable in annual installments of \$305,000 to \$1,245,000, with an interest rate of 5% and maturity on September 1, 2051.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6: LONG-TERM LIABILITES (CONTINUED)**

Future debt service payments on the general obligation bonds are as follows:

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 305,000	\$ 967,375	\$ 1,272,375
2025	320,000	951,750	1,271,750
2026	340,000	935,250	1,275,250
2027	355,000	917,875	1,272,875
2028	375,000	899,625	1,274,625
2029 - 2033	2,185,000	4,188,875	6,373,875
2034 - 2038	2,795,000	3,569,375	6,364,375
2039 - 2043	3,590,000	2,775,250	6,365,250
2044 - 2048	4,615,000	1,754,625	6,369,625
2049 - 2053	<u>4,620,000</u>	<u>476,500</u>	<u>5,096,500</u>
<b>Total</b>	<b>\$ <u>19,500,000</u></b>	<b>\$ <u>17,436,500</u></b>	<b>\$ <u>36,936,500</u></b>

**Total Business-type Activities Long-Term Liabilities Future Debt Service**

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 883,169	\$ 1,046,204	\$ 1,929,373
2025	767,874	1,019,094	1,786,968
2026	634,548	994,407	1,628,955
2027	653,861	972,719	1,626,580
2028	678,241	950,089	1,628,330
2029 - 2033	3,662,965	4,373,107	8,036,072
2034 - 2038	3,951,562	3,649,698	7,601,260
2039 - 2043	3,834,098	2,779,385	6,613,483
2044 - 2048	4,615,000	1,754,625	6,369,625
2049 - 2053	<u>4,620,000</u>	<u>476,500</u>	<u>5,096,500</u>
<b>Total</b>	<b>\$ <u>24,301,318</u></b>	<b>\$ <u>18,015,828</u></b>	<b>\$ <u>42,317,146</u></b>

**NOTE 7: 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, 2023, the outstanding principal of the bond issue was \$2,753,431. 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.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8: 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.

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, 2023 are summarized as follows:

Hire Date	Miscellaneous		
	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% @ 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	15.25%	8.63%	7.47%
Required UAL Contribution	\$835,496	\$4,129	\$5,976



**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Hire Date	Safety		
	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	25.64%	19.87% (police) 19.87% (fire)	13.66% (police) 13.66% (fire)
Required UAL Contribution	\$1,885,332	\$6,396 (police) \$3,598 (fire)	\$7,447 (police) \$310 (fire)

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, 2023 were \$4,457,038.

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

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$37,545,626.

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

Proportion - June 30, 2021	0.33038%
Proportion - June 30, 2022	<u>0.32505%</u>
Change - Increase (Decrease)	<u>(0.00533%)</u>

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2023, the City recognized pension expense of \$3,132,361. At June 30, 2023, 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
Pension Contributions Made Subsequent to Measurement Date	\$ 4,457,038	\$ -
Differences between Employer's Contributions and Proportionate Share of Contributions	-	2,637,185
Differences between Expected and Actual Experience	1,309,751	437,403
Changes of Assumptions	3,804,536	-
Change in Employer's Proportion	2,731,100	-
Differences between Projected and Actual Investment Earnings	6,218,424	-
 Total	 \$ 18,520,849	 \$ 3,074,588

\$4,457,038 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, 2024. 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,	
2024	\$ 3,120,996
2025	2,604,387
2026	1,467,120
2027	3,796,720

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% 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' Membership Data for all Funds. The table includes 15 years of mortality improvements using 90 percent of scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report available on CalPERS website.

Changes in Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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.

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. Using historical returns of all 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 next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The table below reflects long-term expected real rates of return by asset class.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (a,b)</u>
Global Equity - Cap-weighted	30.0%	4.45%
Global Equity - Non Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)

(a) An expected inflation of 2.3% used for this period

(b) Figures are based on the 2021-22 Asset Liability Management Study

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 as of the measurement date, 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 one-percentage point lower or one-percentage point higher than the current rate:

<u></u>	<u>Discount Rate -1%</u> <u>(5.90%)</u>	<u>Current Discount Rate</u> <u>(6.90%)</u>	<u>Discount Rate +1%</u> <u>(7.90%)</u>
Net Pension Liability (Asset)	\$ 56,884,654	\$ 37,545,626	\$ 21,704,555

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, 2023

**NOTE 9: 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, 2023, the Plan covers 7 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, 2022. 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, 2023**

**NOTE 9: PIEDMONT POLICE AND FIRE PENSION PLAN (CLOSED PLAN) (CONTINUED)**

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
Salary Increases	2.00%
Investment Rate of Return	5.50% net of pension plan investment expenses
Mortality	
Service retirements and beneficiaries	California PERS mortality table for healthy recipients (based on CalPERS 2000-2019 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2021.
Disability retirements	California PERS mortality table for work-related disabled retirees (based on CalPERS 2000-2019 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2021.

Changes of Assumptions

There were no changes in assumptions.

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 1294% funded ratio and the average age of the group (85).

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 (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
	_____	_____	_____
Net pension liability (asset)	\$ (14,811,485)	\$ (14,886,464)	\$ (14,953,407)

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9: 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, 2022	\$ 1,324,879	\$ 14,766,141	\$ (13,441,262)
Changes in the year:			
Interest	68,827	-	68,827
Net investment income	-	1,514,029	(1,514,029)
Benefit payments	<u>(146,959)</u>	<u>(146,959)</u>	<u>-</u>
Net changes	<u>(78,132)</u>	<u>1,367,070</u>	<u>(1,445,202)</u>
Balance at June 30, 2023	<u>\$ 1,246,747</u>	<u>\$ 16,133,211</u>	<u>\$ (14,886,464)</u>

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

For the year ended June 30, 2023, the City recognized pension expense/(credit) of \$(865,793). At June 30, 2023, 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	\$ <u>211,706</u>	\$ <u>-</u>
Total	<u>\$ 211,706</u>	<u>\$ -</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,	
2024	\$ (106,606)
2025	(80,278)
2026	539,776
2027	(141,186)

**NOTE 10: 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.

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.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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"> <li>• Eligibility: Hired before May 1, 2018 or January 1, 2018 depending on the MOU group Retire under CalPERS directly from City service</li> <li>• Premium is paid up to active cap of Kaiser Region 1 Premium (based on coverage level) on PEMHCA Unequal Method</li> <li>• Active cap is based on 2023 Kaiser Bay Area premiums plus 50% of subsequent annual premium changes</li> <li>• Maximum yearly increase \$100/month (formerly unequal method).</li> <li>• 2023 Monthly Retiree Caps are \$913.74, \$1,827.48 and \$2,375.72 for Single, Dual and Family coverages respectively</li> <li>• Members contribute \$50 semi-monthly</li> </ul>
Tier 2	<ul style="list-style-type: none"> <li>• 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</li> <li>• PEMHCA minimum benefit is paid monthly (\$151/month in 2023, \$157/month in 2024)</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• No dental, vision, or life benefits</li> </ul>

Employees Covered

As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	99
Inactive employees currently receiving benefits	76
Inactive employees entitled to, but not yet receiving benefits	14
Total	189

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, 2023**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 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"> <li>• 5.75% at June 30, 2023</li> <li>• 5.75% at June 30, 2022</li> </ul>
20-Year Municipal Bond (Bond Buyer 20-Bond GO)	<ul style="list-style-type: none"> <li>• 3.65% at June 30, 2023</li> <li>• 3.54% at June 30, 2022</li> </ul>
Discount Rate	<ul style="list-style-type: none"> <li>• 5.50% at June 30, 2023</li> <li>• 5.47% at June 30, 2022</li> </ul>
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary increases	<ul style="list-style-type: none"> <li>• Aggregate - 2.75% annually</li> <li>• Merit - CalPERS 2000-2019 Experience Study</li> </ul>
Medical Trend	<ul style="list-style-type: none"> <li>• Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076</li> <li>• Medicare: <ul style="list-style-type: none"> <li>Kaiser: 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076</li> <li>Non-Kaiser: 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076</li> </ul> </li> </ul>
PEMHCA Minimum Increases	Increase 4% annually
Participation at Retirement	<ul style="list-style-type: none"> <li>• Currently covered (Tier 1): 95%</li> <li>• Currently covered (Tier 2): 60% (eligible for PEMHCA minimum only)</li> </ul>
Coverage at Retirement	<ul style="list-style-type: none"> <li>• 80% elect 2-party coverage at retirement</li> <li>• Miscellaneous - 20% have family coverage until age 65</li> <li>• Safety - 35% have family coverage until age 65</li> </ul>

Changes of Assumptions

In Fiscal Year 2022/23, the discount rate was increased from 5.47% to 5.50% based on the municipal bond rate as of the measurement date and crossover test.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 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, 2023**

**NOTE 10: 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)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance at July 1, 2022	\$ 19,796,609	\$ 10,831,251	\$ 8,965,358
Service cost	578,686	-	578,686
Interest cost	1,084,274	-	1,084,274
Assumption changes	(67,669)	-	(67,669)
Contributions - employer	-	1,109,478	(1,109,478)
Contributions - employee	-	61,100	(61,100)
Net investment income	-	1,192,680	(1,192,680)
Benefit payments	(1,106,197)	(1,106,197)	-
Administrative expenses	<u>-</u>	<u>(3,282)</u>	<u>3,282</u>
Net change	<u>489,094</u>	<u>1,253,779</u>	<u>(764,685)</u>
Balance at June 30, 2023	<u>\$ 20,285,703</u>	<u>\$ 12,085,030</u>	<u>\$ 8,200,673</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, 2023:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net OPEB Liability	\$ <u>10,677,224</u>	\$ <u>8,200,673</u>	\$ <u>6,144,399</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 6.50% decreasing to 3.75%, Medicare 5.65% decreasing to 3.75%), for measurement period ended June 30, 2023:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net OPEB Liability	\$ <u>6,046,204</u>	\$ <u>8,200,673</u>	\$ <u>10,864,019</u>

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense/(credit) of \$(777,228). As of fiscal year ended June 30, 2023, 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	\$ -	\$ 1,573,017
Changes in assumptions	658,122	1,577,066
Net difference between projected and actual earnings on plan investments	103,351	-
Total	\$ 761,473	\$ 3,150,083

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
2024	\$ (1,067,815)
2025	(791,174)
2026	34,206
2027	(550,731)
2028	(10,914)
Thereafter	(2,182)

**NOTE 11: 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 provisions, 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, 2023**

**NOTE 11: 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, 2023, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Facilities Capital</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>				
Prepaid expenses	\$ 82,178	\$ -	\$ -	\$ 82,178
Advances	-	-	800,000	800,000
<b>Total Nonspendable</b>	<u>82,178</u>	<u>-</u>	<u>800,000</u>	<u>882,178</u>
<b>Restricted</b>				
Projects and services	-	-	1,224,169	1,224,169
Street projects	-	-	350,135	350,135
Schoolmates program	-	-	1,216,362	1,216,362
Measure D	-	-	54,505	54,505
Measure BB sales tax	-	-	739,181	739,181
COPS	-	-	504,527	504,527
Measure F	-	-	56,064	56,064
Athletic facility preservation	-	-	438,137	438,137
Abandoned vehicle	-	-	46,354	46,354
Section 115 Trust	4,316,293	-	-	4,316,293
<b>Total Restricted</b>	<u>4,316,293</u>	<u>-</u>	<u>4,629,434</u>	<u>8,945,727</u>
<b>Assigned</b>				
Capital improvement	-	-	27,162	27,162
Facilities replacement	-	10,797,969	-	10,797,969
Equipment replacement	-	-	2,979,356	2,979,356
Facilities maintenance	-	-	371,406	371,406
Sidewalk repair	-	-	23,468	23,468
<b>Total Assigned</b>	<u>-</u>	<u>10,797,969</u>	<u>3,401,392</u>	<u>14,199,361</u>
<b>Unassigned</b>	<u>7,381,031</u>	<u>-</u>	<u>-</u>	<u>7,381,031</u>
<b>Total Fund Balance</b>	<u>\$ 11,779,502</u>	<u>\$ 10,797,969</u>	<u>\$ 8,830,826</u>	<u>\$ 31,408,297</u>

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 12: 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, 2023, the City contributed \$1,233,200 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, 2023, the City contributed \$608,920 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, 2023:

	General Liability		Workers' Compensation		Total	
	2023	2022	2023	2022	2023	2022
Beginning balance	\$ 87,267	\$ 117,393	\$ 1,014,000	\$ 1,005,000	\$ 1,101,267	\$ 1,122,393
Incurred claims	238,893	40,273	405,015	384,290	643,908	424,563
Claims paid	<u>(109,382)</u>	<u>(70,399)</u>	<u>(232,015)</u>	<u>(375,290)</u>	<u>(341,397)</u>	<u>(445,689)</u>
Ending Balance	<u>\$ 216,778</u>	<u>\$ 87,267</u>	<u>\$ 1,187,000</u>	<u>\$ 1,014,000</u>	<u>\$ 1,403,778</u>	<u>\$ 1,101,267</u>
Current portion	<u>\$ 80,150</u>	<u>\$ 34,863</u>	<u>\$ 371,002</u>	<u>\$ 300,656</u>	<u>\$ 451,152</u>	<u>\$ 335,519</u>

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13: 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, 2023 did not exceed the 25 percent of expenditures limitation.

	Amount
General fund expenditures	\$ 32,644,938
Fund balance limitation, 25% of expenditures	8,161,235
Unencumbered General fund balance at year end	7,424,193
Amount below fund balance limitation	\$ (737,042)

**NOTE 14: 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, 2023:

Fund	Excess Expenditures and Transfers Out
Streets Projects	\$ 65,941
Projects and Services	1,213,978
Measure D	7,601
Measure B Sales Tax	215,788
Measure BB Sales Tax	60,363
Measure F	44,963
Athletic Facility Preservation	15,602
Sidewalk Repair	34,127
Facilities Maintenance	1,202,357

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

**NOTE 15: CONTINGENCIES AND COMMITMENTS**

Grant 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, 2023, the City had construction contracts outstanding of approximately \$23,154,679 related to various construction projects.

**CITY OF PIEDMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 16: SUBSEQUENT EVENT**

Community Pool Electrification

In October 2023, the City borrowed \$750,000 to finance electrification of the new pool facilities. The loan has a 0% interest rate and a term of 15 years.

Management has evaluated subsequent events through February 28, 2024, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

**NOTE 17: CHANGE IN ACCOUNTING PRINCIPLE**

For June 30, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. These changes were incorporated in the financial statements, but had no effect on the beginning net position of the governmental activities, business-type activities, or the fund financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF PIEDMONT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>				
Property taxes	\$ 16,875,000	\$ 16,875,000	\$ 17,528,512	\$ 653,512
Sales tax	225,000	225,000	227,099	2,099
Franchise tax	578,000	578,000	591,006	13,006
Utility users tax	1,150,000	1,150,000	1,534,144	384,144
Real property transfer tax	3,200,000	3,200,000	4,464,897	1,264,897
Business licenses and rental tax	615,000	615,000	745,047	130,047
Licenses and permits	624,000	624,000	695,359	71,359
Intergovernmental	3,161,864	3,161,864	2,251,390	(910,474)
Use of money and property	844,559	844,559	1,103,888	259,329
Charges for services	3,950,000	3,950,000	4,630,018	680,018
Parcel tax	2,522,000	2,522,000	2,520,255	(1,745)
Contribution and donations	30,000	30,000	33,804	3,804
Other revenues	<u>320,615</u>	<u>320,615</u>	<u>411,175</u>	<u>90,560</u>
Total Revenues	<u>34,096,038</u>	<u>34,096,038</u>	<u>36,736,594</u>	<u>2,640,556</u>
<b>EXPENDITURES</b>				
Current:				
Administration	4,249,445	4,249,445	3,708,119	541,326
Public works	7,296,866	7,489,531	5,922,989	1,566,542
Public safety:				
Police services	7,624,043	7,624,043	7,513,278	110,765
Fire services	7,951,633	8,051,633	8,042,616	9,017
Recreation	3,251,295	3,251,295	3,726,775	(475,480)
Nondepartmental	3,505,471	3,756,498	3,487,860	268,638
Capital outlay	2,000	2,000	-	2,000
Debt service - principal	-	-	250,322	(250,322)
Debt service - interest	-	-	3,634	(3,634)
Total Expenditures	<u>33,880,753</u>	<u>34,424,445</u>	<u>32,655,593</u>	<u>1,768,852</u>
Excess (deficiency) of revenues over expenditures	<u>215,285</u>	<u>(328,407)</u>	<u>4,081,001</u>	<u>871,704</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	29,041	29,041
Transfers out	<u>(3,704,056)</u>	<u>(3,704,056)</u>	<u>(3,807,069)</u>	<u>(103,013)</u>
Total Other Financing Sources (Uses)	<u>(3,704,056)</u>	<u>(3,704,056)</u>	<u>(3,778,028)</u>	<u>(73,972)</u>
Net change in fund balance	<u>\$ (3,488,771)</u>	<u>\$ (4,032,463)</u>	302,973	<u>\$ 797,732</u>
Fund balance - July 1, 2022			<u>11,476,529</u>	
Fund balance - June 30, 2023			<u>\$ 11,779,502</u>	



**CITY OF PIEDMONT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY ACCOUNTING AND CONTROL  
FOR THE YEAR ENDED JUNE 30, 2023

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 Projects and Services, Abandoned Vehicle, and Measure B Sales Tax nonmajor special revenue funds or the Capital Improvement and Sidewalk Repair nonmajor capital projects funds.

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, 2023  
Last 10 Years \*

	Measurement Period								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.32505 %	0.33038 %	0.28998 %	0.27862 %	0.27018 %	0.26200 %	0.25701 %	0.24111 %	0.24773 %
Proportionate share of the net pension liability	\$ 37,545,626	\$ 17,867,729	\$ 31,550,977	\$ 28,550,576	\$ 26,035,468	\$ 25,982,764	\$ 22,238,992	\$ 16,549,792	\$ 15,419,642
Covered payroll	\$ 10,824,143	\$ 11,098,592	\$ 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	346.87 %	160.99 %	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	76.68 %	88.29 %	75.10 %	75.30 %	75.30 %	73.29 %	74.06 %	78.40 %	79.82 %

**Notes to Schedule:**

**Changes in assumptions.** In 2022, the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In 2021, 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 nine 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, 2023  
Last 10 Years \*

	Fiscal Year-End								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 4,457,038	\$ 4,176,329	\$ 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>4,457,038</u>	<u>4,176,329</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,213,712	\$ 10,824,143	\$ 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	36.49 %	38.58 %	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 nine 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				
	2023	2022	2021	2020	2019
<b>Total Pension Liability</b>					
Interest	\$ 68,827	\$ 83,881	\$ 93,213	\$ 97,631	\$ 104,393
Differences between expected and actual experience	-	(168,860)	-	25,239	-
Change of assumptions	-	(23,006)	46,239	(15,617)	-
Benefit payments, including refunds of employee contributions	<u>(146,959)</u>	<u>(184,495)</u>	<u>(151,293)</u>	<u>(210,488)</u>	<u>(223,674)</u>
Net change in total pension liability	(78,132)	(292,480)	(11,841)	(103,235)	(119,281)
Total pension liability - beginning	<u>1,324,879</u>	<u>1,617,359</u>	<u>1,629,200</u>	<u>1,732,435</u>	<u>1,851,716</u>
Total pension liability - ending (a)	<u>\$ 1,246,747</u>	<u>\$ 1,324,879</u>	<u>\$ 1,617,359</u>	<u>\$ 1,629,200</u>	<u>\$ 1,732,435</u>
<b>Plan Fiduciary Net Position</b>					
Net investment income	\$ 1,514,029	\$ (2,452,693)	\$ 3,914,153	\$ 902,277	\$ 833,644
Benefit payments	(146,959)	(184,495)	(151,293)	(210,488)	(223,674)
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,350)</u>	<u>(12,000)</u>
Net change in plan fiduciary net position	1,367,070	(2,637,188)	3,762,860	690,439	597,970
Plan fiduciary net position - beginning	<u>14,766,141</u>	<u>17,403,329</u>	<u>13,640,469</u>	<u>12,950,030</u>	<u>12,352,060</u>
Plan fiduciary net position - ending (b)	<u>\$ 16,133,211</u>	<u>\$ 14,766,141</u>	<u>\$ 17,403,329</u>	<u>\$ 13,640,469</u>	<u>\$ 12,950,030</u>
Plan's net pension liability (asset) - ending (a)-(b)	<u>\$ (14,886,464)</u>	<u>\$ (13,441,262)</u>	<u>\$ (15,785,970)</u>	<u>\$ (12,011,269)</u>	<u>\$ (11,217,595)</u>
Fiduciary net position as a percentage of total pension liability	1,294 %	1,115 %	1,076 %	837 %	748 %
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as percentage of covered employee payroll	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 \*

	Fiscal Year-End				
	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Interest	\$ 112,356	\$ 119,038	\$ 141,412	\$ 148,653	\$ 156,380
Differences between expected and actual experience	74,556	-	(270,454)	-	-
Change of assumptions	(93,912)	-	-	-	-
Benefit payments, including refunds of employee contributions	<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	(134,770)	(113,998)	(380,047)	(138,522)	(126,812)
Total pension liability - beginning	<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>\$ 1,851,716</u>	<u>\$ 1,986,486</u>	<u>\$ 2,100,484</u>	<u>\$ 2,480,531</u>	<u>\$ 2,619,053</u>
<b>Plan Fiduciary Net Position</b>					
Net investment income	\$ 649,249	\$ 1,321,041	\$ (539,063)	\$ 213,159	\$ 1,837,733
Benefit payments	(227,770)	(233,036)	(251,005)	(287,175)	(283,192)
Administrative expenses	<u>(3,405)</u>	<u>(7,183)</u>	<u>(2,025)</u>	-	-
Net change in plan fiduciary net position	418,074	1,080,822	(792,093)	(74,016)	1,554,541
Plan fiduciary net position - beginning	<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>\$ 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>\$ (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	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

**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, 2023:

Actuarial Valuation Date	Actuarially Determined Contribution (ADC)	Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	ADC as a % of Covered Payroll
2014	\$ -	\$ -	\$ -	\$ -	NA
2015	-	-	-	-	NA
2016	-	-	-	-	NA
2017	-	-	-	-	NA
2018	-	-	-	-	NA
2019	-	-	-	-	NA
2020	-	-	-	-	NA
2021	-	-	-	-	NA
2022	-	-	-	-	NA
2023	-	-	-	-	NA

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

**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>2023</u>	<u>2022</u>	<u>2021</u>
<b>Total OPEB liability</b>			
Service cost	\$ 579	\$ 754	\$ 675
Interest	1,084	1,132	1,155
Changes of benefit terms	-	247	-
Actual vs. expected experience	-	(1,626)	-
Changes in assumptions	(68)	(1,168)	1,331
Benefit payments	<u>(1,106)</u>	<u>(949)</u>	<u>(832)</u>
Net change in total OPEB liability	489	(1,610)	2,329
Total OPEB liability, beginning	<u>19,797</u>	<u>21,407</u>	<u>19,078</u>
Total OPEB liability, ending (a)	<u>\$ 20,286</u>	<u>\$ 19,797</u>	<u>\$ 21,407</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,109	\$ 952	\$ 834
Contributions - employee	61	73	97
Net investment income	1,193	(1,728)	2,886
Benefit payments	(1,106)	(949)	(832)
Administrative expenses	<u>(3)</u>	<u>(2)</u>	<u>(2)</u>
Net change in plan fiduciary net position	1,254	(1,654)	2,983
Plan fiduciary net position, beginning	<u>10,832</u>	<u>12,486</u>	<u>9,503</u>
Plan fiduciary net position, ending (b)	<u>\$ 12,086</u>	<u>\$ 10,832</u>	<u>\$ 12,486</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 8,200</u>	<u>\$ 8,965</u>	<u>\$ 8,921</u>
Plan fiduciary net position as a percentage of the total OPEB liability	59.58 %	54.72 %	58.33 %
Covered-employee payroll	\$ 14,167	\$ 13,657	\$ 13,111
Net OPEB liability as a percentage of covered-employee payroll	57.88 %	65.64 %	68.04 %

**Notes to Schedule:**

Changes of assumptions: For the measurement period ended June 30, 2023, the discount rate was changed from 5.47% to 5.50%. 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 from 5.22% to 5.47%. 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 six years are shown. Additional years' information will be displayed as it becomes available.

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

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



**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>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution (ADC)	\$ 1,109	\$ 951	\$ 834
Contributions in relation to the ADC	<u>(1,109)</u>	<u>(951)</u>	<u>(834)</u>
Contribution deficiency (excess)**	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 14,167	\$ 13,657	\$ 13,111
Contributions as a percentage of covered-employee payroll	7.83 %	6.96 %	6.36 %

\* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only six 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.

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

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

**COMBINING FINANCIAL STATEMENTS, SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION**

**CITY OF PIEDMONT**  
**FACILITIES CAPITAL - MAJOR CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ -	\$ -	\$ 245,472	\$ 245,472
Total Revenues	-	-	245,472	245,472
<b><u>EXPENDITURES</u></b>				
Current:				
Administrative	-	100,000	86,920	13,080
Public works	-	-	4,472	(4,472)
Recreation	250,000	250,000	9,313	240,687
Capital outlay	<u>3,825,000</u>	<u>3,825,000</u>	<u>1,102,603</u>	<u>2,722,397</u>
Total Expenditures	<u>4,075,000</u>	<u>4,175,000</u>	<u>1,203,308</u>	<u>2,971,692</u>
Excess (deficiency) of revenues over expenditures	<u>(4,075,000)</u>	<u>(4,175,000)</u>	<u>(957,836)</u>	<u>3,217,164</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	9,891,864	9,891,864	11,828,367	1,936,503
Transfers out	-	-	(72,562)	(72,562)
Total Other Financing Sources (Uses)	<u>9,891,864</u>	<u>9,891,864</u>	<u>11,755,805</u>	<u>1,863,941</u>
Net change in fund balance	<u>\$ 5,816,864</u>	<u>\$ 5,716,864</u>	10,797,969	<u>\$ 5,081,105</u>
Fund balance - July 1, 2022			-	
Fund balance - June 30, 2023			<u>\$ 10,797,969</u>	

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## NON-MAJOR GOVERNMENTAL FUNDS

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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.

### **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.

Equipment Replacement Fund - accounts for the accumulation of resources used for the replacement of capital assets used by governmental funds.

Facilities Maintenance Fund - accounts for the accumulation of resources used for the maintenance of capital assets used by governmental funds.

**CITY OF PIEDMONT**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2023**

<b>Special Revenue Funds</b>					
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle
<b>ASSETS</b>					
Cash and investments	\$ 336,036	\$ 1,265,021	\$ 1,224,169	\$ 45,721	\$ 46,076
Receivables:					
Accounts	75,617	-	-	8,360	-
Interest	1,506	8,255	-	424	278
Advances to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 413,159</u></b>	<b><u>\$ 1,273,276</u></b>	<b><u>\$ 1,224,169</u></b>	<b><u>\$ 54,505</u></b>	<b><u>\$ 46,354</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 63,024	\$ 3,945	\$ -	\$ -	\$ -
Accrued wages and benefits	-	13,645	-	-	-
Unearned revenue	<u>-</u>	<u>39,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>63,024</u></b>	<b><u>56,914</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	350,135	1,216,362	1,224,169	54,505	46,354
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<b><u>350,135</u></b>	<b><u>1,216,362</u></b>	<b><u>1,224,169</u></b>	<b><u>54,505</u></b>	<b><u>46,354</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 413,159</u></b>	<b><u>\$ 1,273,276</u></b>	<b><u>\$ 1,224,169</u></b>	<b><u>\$ 54,505</u></b>	<b><u>\$ 46,354</u></b>

**CITY OF PIEDMONT**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (CONTINUED)**  
**JUNE 30, 2023**

<b>Special Revenue Funds</b>					
	Measure B Sales Tax	Measure BB Sales Tax	COPS	Measure F	Athletic Facility Preservation
<b>ASSETS</b>					
Cash and investments	\$ 67,291	\$ 543,870	\$ 503,504	\$ 47,638	\$ 475,788
Receivables:					
Accounts	-	235,960	-	8,178	-
Interest	876	1,893	3,058	248	2,951
Advances to other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 68,167</b>	<b>\$ 781,723</b>	<b>\$ 506,562</b>	<b>\$ 56,064</b>	<b>\$ 478,739</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 68,167	\$ 42,542	\$ 2,035	\$ -	\$ 40,602
Accrued wages and benefits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>68,167</b>	<b>42,542</b>	<b>2,035</b>	<b>-</b>	<b>40,602</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	739,181	504,527	56,064	438,137
Assigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>739,181</b>	<b>504,527</b>	<b>56,064</b>	<b>438,137</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 68,167</b>	<b>\$ 781,723</b>	<b>\$ 506,562</b>	<b>\$ 56,064</b>	<b>\$ 478,739</b>

**CITY OF PIEDMONT**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (CONTINUED)**  
**JUNE 30, 2023**

	<b>Capital Projects</b>				<b>Total Non-major Governmental Funds</b>
	<u>Capital Improvement</u>	<u>Sidewalk Repair</u>	<u>Equipment Replacement</u>	<u>Facilities Maintenance</u>	
<b>ASSETS</b>					
Cash and investments	\$ 15,440	\$ 23,468	\$ 3,114,912	\$ 394,275	\$ 8,103,209
Receivables:					
Accounts	11,491	-	611	4,954	345,171
Interest	231	-	16,498	2,454	38,672
Advances to other funds	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>200,000</u>	<u>800,000</u>
<b>Total Assets</b>	<u>\$ 27,162</u>	<u>\$ 23,468</u>	<u>\$ 3,732,021</u>	<u>\$ 601,683</u>	<u>\$ 9,287,052</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 152,665	\$ 30,277	\$ 403,257
Accrued wages and benefits	-	-	-	-	13,645
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,324</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>152,665</u>	<u>30,277</u>	<u>456,226</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	600,000	200,000	800,000
Restricted	-	-	-	-	4,629,434
Assigned	<u>27,162</u>	<u>23,468</u>	<u>2,979,356</u>	<u>371,406</u>	<u>3,401,392</u>
<b>Total Fund Balances</b>	<u>27,162</u>	<u>23,468</u>	<u>3,579,356</u>	<u>571,406</u>	<u>8,830,826</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 27,162</u>	<u>\$ 23,468</u>	<u>\$ 3,732,021</u>	<u>\$ 601,683</u>	<u>\$ 9,287,052</u>



**CITY OF PIEDMONT**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Special Revenue Funds</b>					
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle
<b>REVENUES</b>					
Gas tax	\$ 557,012	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	3,335
Use of money and property	(391)	20,868	-	1,172	695
Current service charges	-	1,558,830	-	-	-
Contributions and donations	-	-	1,208,934	-	-
Other revenues	-	-	-	38,231	-
Total Revenues	<u>556,621</u>	<u>1,579,698</u>	<u>1,208,934</u>	<u>39,403</u>	<u>4,030</u>
<b>EXPENDITURES</b>					
Current:					
Administration	-	-	-	-	-
Public works	-	-	-	13,604	-
Street improvements	670,941	-	-	-	-
Public safety:					
Police services	-	-	-	-	-
Fire services	-	-	-	-	-
Recreation	-	866,966	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>670,941</u>	<u>866,966</u>	<u>-</u>	<u>13,604</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(114,320)</u>	<u>712,732</u>	<u>1,208,934</u>	<u>25,799</u>	<u>4,030</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(70,075)	(1,213,978)	(23,997)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(70,075)</u>	<u>(1,213,978)</u>	<u>(23,997)</u>	<u>-</u>
Net change in fund balances	(114,320)	642,657	(5,044)	1,802	4,030
Fund balances - July 1, 2022	<u>464,455</u>	<u>573,705</u>	<u>1,229,213</u>	<u>52,703</u>	<u>42,324</u>
Fund balances - June 30, 2023	<u>\$ 350,135</u>	<u>\$ 1,216,362</u>	<u>\$ 1,224,169</u>	<u>\$ 54,505</u>	<u>\$ 46,354</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, 2023**

<b>Special Revenue Funds</b>					
	Measure B Sales Tax	Measure BB Sales Tax	COPS	Measure F	Athletic Facility Preservation
<b>REVENUES</b>					
Gas tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,330,701	121,540	44,582	-
Use of money and property	3,238	3,564	7,367	359	7,093
Current service charges	-	-	-	-	67,327
Contributions and donations	-	-	-	-	31,325
Other revenues	-	-	-	-	-
Total Revenues	<u>3,238</u>	<u>1,334,265</u>	<u>128,907</u>	<u>44,941</u>	<u>105,745</u>
<b>EXPENDITURES</b>					
Current:					
Administration	-	-	-	-	-
Public works	-	-	-	-	-
Street improvements	-	-	-	-	-
Public safety:					
Police services	-	-	24,551	-	-
Fire services	-	-	-	-	-
Recreation	-	-	-	-	40,602
Capital outlay	<u>215,788</u>	<u>1,017,988</u>	<u>31,321</u>	<u>104,963</u>	<u>-</u>
Total Expenditures	<u>215,788</u>	<u>1,017,988</u>	<u>55,872</u>	<u>104,963</u>	<u>40,602</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(212,550)</u>	<u>316,277</u>	<u>73,035</u>	<u>(60,022)</u>	<u>65,143</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
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	(212,550)	316,277	73,035	(60,022)	65,143
Fund balances - July 1, 2022	<u>212,550</u>	<u>422,904</u>	<u>431,492</u>	<u>116,086</u>	<u>372,994</u>
Fund balances - June 30, 2023	<u>\$ -</u>	<u>\$ 739,181</u>	<u>\$ 504,527</u>	<u>\$ 56,064</u>	<u>\$ 438,137</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, 2023**

	<b>Capital Projects</b>				<b>Total Non-major Governmental Funds</b>
	<u>Capital Improvement</u>	<u>Sidewalk Repair</u>	<u>Equipment Replacement</u>	<u>Facilities Maintenance</u>	
<b><u>REVENUES</u></b>					
Gas tax	\$ -	\$ -	\$ -	\$ -	\$ 557,012
Intergovernmental	-	-	-	-	1,500,158
Use of money and property	437	-	58,713	17,483	120,598
Current service charges	-	-	-	-	1,626,157
Contributions and donations	-	-	-	-	1,240,259
Other revenues	-	31,240	-	4,146	73,617
Total Revenues	<u>437</u>	<u>31,240</u>	<u>58,713</u>	<u>21,629</u>	<u>5,117,801</u>
<b><u>EXPENDITURES</u></b>					
Current:					
Administration	-	-	42,451	51,124	93,575
Public works	2,499	34,127	-	53,714	103,944
Street improvements	-	-	-	-	670,941
Public safety:					
Police services	-	-	195,227	22,304	242,082
Fire services	-	-	-	12,819	12,819
Recreation	-	-	-	472,728	1,380,296
Capital outlay	-	-	1,023,271	601,662	2,994,993
Total Expenditures	<u>2,499</u>	<u>34,127</u>	<u>1,260,949</u>	<u>1,214,351</u>	<u>5,498,650</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,062)</u>	<u>(2,887)</u>	<u>(1,202,236)</u>	<u>(1,192,722)</u>	<u>(380,849)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	690,000	1,416,544	2,106,544
Transfers out	<u>(36,298)</u>	<u>-</u>	<u>-</u>	<u>(9,975,000)</u>	<u>(11,319,348)</u>
Total Other Financing Sources (Uses)	<u>(36,298)</u>	<u>-</u>	<u>690,000</u>	<u>(8,558,456)</u>	<u>(9,212,804)</u>
Net change in fund balances	(38,360)	(2,887)	(512,236)	(9,751,178)	(9,593,653)
Fund balances - July 1, 2022	<u>65,522</u>	<u>26,355</u>	<u>4,091,592</u>	<u>10,322,584</u>	<u>18,424,479</u>
Fund balances - June 30, 2023	<u>\$ 27,162</u>	<u>\$ 23,468</u>	<u>\$ 3,579,356</u>	<u>\$ 571,406</u>	<u>\$ 8,830,826</u>

**CITY OF PIEDMONT**  
**STREETS PROJECTS - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Gas tax	\$ 589,341	\$ 589,341	\$ 557,012	\$ (32,329)
Use of money and property	<u>-</u>	<u>-</u>	<u>(391)</u>	<u>(391)</u>
Total Revenues	<u>589,341</u>	<u>589,341</u>	<u>556,621</u>	<u>(32,720)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Street improvements	275,000	275,000	670,941	(395,941)
Capital outlay	<u>330,000</u>	<u>330,000</u>	<u>-</u>	<u>330,000</u>
Total Expenditures	<u>605,000</u>	<u>605,000</u>	<u>670,941</u>	<u>(65,941)</u>
Net change in fund balance	<u>\$ (15,659)</u>	<u>\$ (15,659)</u>	(114,320)	<u>\$ (98,661)</u>
Fund balance - July 1, 2022			<u>464,455</u>	
Fund balance - June 30, 2023			<u>\$ 350,135</u>	

**CITY OF PIEDMONT**  
**SCHOOLMATES PROGRAM - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b><u>REVENUES</u></b>				
Use of money and property	\$ -	\$ -	\$ 20,868	\$ 20,868
Charges for services	<u>1,086,319</u>	<u>1,086,319</u>	<u>1,558,830</u>	<u>472,511</u>
Total Revenues	<u>1,086,319</u>	<u>1,086,319</u>	<u>1,579,698</u>	<u>493,379</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Recreation	<u>1,018,084</u>	<u>1,018,084</u>	<u>866,966</u>	<u>151,118</u>
Total Expenditures	<u>1,018,084</u>	<u>1,018,084</u>	<u>866,966</u>	<u>151,118</u>
Excess (deficiency) of revenues over expenditures	<u>68,235</u>	<u>68,235</u>	<u>712,732</u>	<u>644,497</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(124,450)</u>	<u>(124,450)</u>	<u>(70,075)</u>	<u>54,375</u>
Total Other Financing Sources (Uses)	<u>(124,450)</u>	<u>(124,450)</u>	<u>(70,075)</u>	<u>54,375</u>
Net change in fund balance	<u>\$ (56,215)</u>	<u>\$ (56,215)</u>	642,657	<u>\$ 698,872</u>
Fund balance - July 1, 2022			<u>573,705</u>	
Fund balance - June 30, 2023			<u>\$ 1,216,362</u>	

**CITY OF PIEDMONT**  
**PROJECTS AND SERVICES - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2022 - 2023</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Contributions and donations	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>1,208,934</u>	\$ <u>1,208,934</u>
Total Revenues	<u>          -</u>	<u>          -</u>	<u>1,208,934</u>	<u>1,208,934</u>
Excess (deficiency) of revenues over expenditures	<u>          -</u>	<u>          -</u>	<u>1,208,934</u>	<u>1,208,934</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>          -</u>	<u>          -</u>	<u>(1,213,978)</u>	<u>(1,213,978)</u>
Total Other Financing Sources (Uses)	<u>          -</u>	<u>          -</u>	<u>(1,213,978)</u>	<u>(1,213,978)</u>
Net change in fund balance	<u>\$          -</u>	<u>\$          -</u>	(5,044)	<u>\$ (5,044)</u>
Fund balance - July 1, 2022			<u>1,229,213</u>	
Fund balance - June 30, 2023			<u>\$ 1,224,169</u>	

\*The City did not adopt a budget for the Projects and Services Fund for the year ended June 30, 2023.

**CITY OF PIEDMONT**  
**MEASURE D - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ -	\$ -	\$ 1,172	\$ 1,172
Other revenues	<u>35,000</u>	<u>35,000</u>	<u>38,231</u>	<u>3,231</u>
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>39,403</u>	<u>4,403</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Public works	<u>30,000</u>	<u>30,000</u>	<u>13,604</u>	<u>16,396</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>13,604</u>	<u>16,396</u>
Excess (deficiency) of revenues over expenditures	<u>5,000</u>	<u>5,000</u>	<u>25,799</u>	<u>20,799</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(23,997)</u>	<u>(23,997)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(23,997)</u>	<u>(23,997)</u>
Net change in fund balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	1,802	<u>\$ (3,198)</u>
Fund balance - July 1, 2022			<u>52,703</u>	
Fund balance - June 30, 2023			<u>\$ 54,505</u>	

**CITY OF PIEDMONT**  
**ABANDONED VEHICLE - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original*</b>	<b>Final*</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ -	\$ 3,335	\$ 3,335
Use of money and property	<u>-</u>	<u>-</u>	<u>695</u>	<u>695</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>4,030</u>	<u>4,030</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Public safety	<u>8,500</u>	<u>8,500</u>	<u>-</u>	<u>8,500</u>
Total Expenditures	<u>8,500</u>	<u>8,500</u>	<u>-</u>	<u>8,500</u>
Net change in fund balance	<u>\$ (8,500)</u>	<u>\$ (8,500)</u>	4,030	<u>\$ 12,530</u>
Fund balance - July 1, 2022			<u>42,324</u>	
Fund balance - June 30, 2023			<u>\$ 46,354</u>	

\*The City did not adopt a budget for the Abandoned Vehicle Fund for the year ended June 30, 2023.



**CITY OF PIEDMONT**  
**MEASURE B SALES TAX - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2022 - 2023</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ _____ -	\$ _____ -	\$ <u>3,238</u>	\$ <u>3,238</u>
Total Revenues	_____ -	_____ -	<u>3,238</u>	<u>3,238</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	_____ -	_____ -	<u>215,788</u>	<u>(215,788)</u>
Total Expenditures	_____ -	_____ -	<u>215,788</u>	<u>(215,788)</u>
Net change in fund balance	\$ <u>_____ -</u>	\$ <u>_____ -</u>	(212,550)	\$ <u>(212,550)</u>
Fund balance - July 1, 2022			<u>212,550</u>	
Fund balance - June 30, 2023			\$ <u>_____ -</u>	

\*The City did not adopt a budget for the Measure B Sales Tax Fund for the year ended June 30, 2023.

**CITY OF PIEDMONT**  
**MEASURE BB SALES TAX - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b><u>Budgeted Amounts</u></b>			
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual Amounts</u></b>	
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 942,000	\$ 942,000	\$ 1,330,701	\$ 388,701
Use of money and property	<u>-</u>	<u>-</u>	<u>3,564</u>	<u>3,564</u>
Total Revenues	<u>942,000</u>	<u>942,000</u>	<u>1,334,265</u>	<u>392,265</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	<u>957,625</u>	<u>957,625</u>	<u>1,017,988</u>	<u>(60,363)</u>
Total Expenditures	<u>957,625</u>	<u>957,625</u>	<u>1,017,988</u>	<u>(60,363)</u>
Net change in fund balance	<u>\$ (15,625)</u>	<u>\$ (15,625)</u>	316,277	<u>\$ 331,902</u>
Fund balance - July 1, 2022			<u>422,904</u>	
Fund balance - June 30, 2023			<u>\$ 739,181</u>	

**CITY OF PIEDMONT**  
**COPS - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b><u>Budgeted Amounts</u></b>			
	<b><u>Original</u></b>	<b><u>Final</u></b>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 121,540	\$ 21,540
Use of money and property	<u>-</u>	<u>-</u>	<u>7,367</u>	<u>7,367</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>128,907</u>	<u>28,907</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Public safety: police services	132,250	131,494	24,551	106,943
Capital outlay	<u>-</u>	<u>400,000</u>	<u>31,321</u>	<u>368,679</u>
Total Expenditures	<u>132,250</u>	<u>531,494</u>	<u>55,872</u>	<u>475,622</u>
Net change in fund balance	<u>\$ (32,250)</u>	<u>\$ (431,494)</u>	73,035	<u>\$ 504,529</u>
Fund balance - July 1, 2022			<u>431,492</u>	
Fund balance - June 30, 2023			<u>\$ 504,527</u>	

**CITY OF PIEDMONT**  
**MEASURE F - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 44,582	\$ 4,582
Use of money and property	<u>-</u>	<u>-</u>	<u>359</u>	<u>359</u>
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>44,941</u>	<u>4,941</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	<u>60,000</u>	<u>60,000</u>	<u>104,963</u>	<u>(44,963)</u>
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>104,963</u>	<u>(44,963)</u>
Net change in fund balance	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	(60,022)	<u>\$ (40,022)</u>
Fund balance - July 1, 2022			<u>116,086</u>	
Fund balance - June 30, 2023			<u>\$ 56,064</u>	

**CITY OF PIEDMONT**  
**ATHLETIC FACILITY PRESERVATION - SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b><u>Budgeted Amounts</u></b>			
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual Amounts</u></b>	
<b><u>REVENUES</u></b>				
Use of money and property	\$ -	\$ -	\$ 7,093	\$ 7,093
Charges for services	55,000	55,000	67,327	12,327
Contributions and donations	<u>-</u>	<u>-</u>	<u>31,325</u>	<u>31,325</u>
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>105,745</u>	<u>50,745</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Recreation	<u>25,000</u>	<u>25,000</u>	<u>40,602</u>	<u>(15,602)</u>
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>40,602</u>	<u>(15,602)</u>
Net change in fund balance	<u>\$ 30,000</u>	<u>\$ 30,000</u>	65,143	<u>\$ 35,143</u>
Fund balance - July 1, 2022			<u>372,994</u>	
Fund balance - June 30, 2023			<u>\$ 438,137</u>	

**CITY OF PIEDMONT**  
**CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ _____ -	\$ _____ -	\$ _____ 437	\$ _____ 437
Total Revenues	_____ -	_____ -	_____ 437	_____ 437
 <b><u>EXPENDITURES</u></b>				
Current:				
Public works	_____ -	_____ -	_____ 2,499	_____ (2,499)
Total Expenditures	_____ -	_____ -	_____ 2,499	_____ (2,499)
Excess (deficiency) of revenues over expenditures	_____ -	_____ -	_____ (2,062)	_____ (2,062)
 <b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	_____ -	_____ -	_____ (36,298)	_____ (36,298)
Total Other Financing Sources (Uses)	_____ -	_____ -	_____ (36,298)	_____ (36,298)
Net change in fund balance	\$ _____ -	\$ _____ -	(38,360)	\$ _____ (38,360)
Fund balance - July 1, 2022			_____ 65,522	
Fund balance - June 30, 2023			\$ _____ 27,162	

\*The City did not adopt a budget for the Capital Improvement Fund for the year ended June 30, 2023.

**CITY OF PIEDMONT**  
**SIDEWALK REPAIR - CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Other revenues	\$ _____ -	\$ _____ -	\$ 31,240	\$ 31,240
Total Revenues	_____ -	_____ -	31,240	31,240
<b><u>EXPENDITURES</u></b>				
Current:				
Public works	_____ -	_____ -	34,127	(34,127)
Total Expenditures	_____ -	_____ -	34,127	(34,127)
Net change in fund balance	\$ _____ -	\$ _____ -	(2,887)	\$ (2,887)
Fund balance - July 1, 2022			26,355	
Fund balance - June 30, 2023			\$ 23,468	

\*The City did not adopt a budget for the Sidewalk Repair Fund for the year ended June 30, 2023.

**CITY OF PIEDMONT**  
**EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b><u>Budgeted Amounts</u></b>			
	<b><u>Original</u></b>	<b><u>Final</u></b>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ -	\$ -	\$ 58,713	\$ 58,713
Total Revenues	<u>-</u>	<u>-</u>	<u>58,713</u>	<u>58,713</u>
 <b><u>EXPENDITURES</u></b>				
Current:				
Administrative	65,100	65,100	42,451	22,649
Public safety - police services	205,000	205,000	195,227	9,773
Capital outlay	<u>2,009,000</u>	<u>2,009,000</u>	<u>1,023,271</u>	<u>985,729</u>
Total Expenditures	<u>2,279,100</u>	<u>2,279,100</u>	<u>1,260,949</u>	<u>1,018,151</u>
Excess (deficiency) of revenues over expenditures	<u>(2,279,100)</u>	<u>(2,279,100)</u>	<u>(1,202,236)</u>	<u>1,076,864</u>
 <b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	<u>1,072,192</u>	<u>1,072,192</u>	<u>690,000</u>	<u>(382,192)</u>
Total Other Financing Sources (Uses)	<u>1,072,192</u>	<u>1,072,192</u>	<u>690,000</u>	<u>(382,192)</u>
Net change in fund balance	<u>\$ (1,206,908)</u>	<u>\$ (1,206,908)</u>	(512,236)	<u>\$ 694,672</u>
Fund balance - July 1, 2022			<u>4,091,592</u>	
Fund balance - June 30, 2023			<u>\$ 3,579,356</u>	



**CITY OF PIEDMONT**  
**FACILITIES MAINTENANCE - CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>2022 - 2023</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b><u>Budgeted Amounts</u></b>			
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual Amounts</u></b>	
<b><u>REVENUES</u></b>				
Use of money and property	\$ -	\$ -	\$ 17,483	\$ 17,483
Other revenues	<u>-</u>	<u>-</u>	<u>4,146</u>	<u>4,146</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>21,629</u>	<u>21,629</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Administration	126,500	126,500	51,124	75,376
Public works	3,150	3,150	53,714	(50,564)
Public safety - police services	15,750	15,750	22,304	(6,554)
Public safety - fire services	55,750	55,750	12,819	42,931
Recreation	430,750	430,750	472,728	(41,978)
Capital outlay	<u>803,000</u>	<u>803,000</u>	<u>601,662</u>	<u>201,338</u>
Total Expenditures	<u>1,434,900</u>	<u>1,434,900</u>	<u>1,214,351</u>	<u>220,549</u>
Excess (deficiency) of revenues over expenditures	<u>(1,434,900)</u>	<u>(1,434,900)</u>	<u>(1,192,722)</u>	<u>242,178</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,364,450	1,364,450	1,416,544	52,094
Transfers out	<u>(8,500,000)</u>	<u>(8,500,000)</u>	<u>(9,975,000)</u>	<u>(1,475,000)</u>
Total Other Financing Sources (Uses)	<u>(7,135,550)</u>	<u>(7,135,550)</u>	<u>(8,558,456)</u>	<u>(1,422,906)</u>
Net change in fund balance	<u>\$ (8,570,450)</u>	<u>\$ (8,570,450)</u>	(9,751,178)	<u>\$ (1,180,728)</u>
Fund balance - July 1, 2022			<u>10,322,584</u>	
Fund balance - June 30, 2023			<u>\$ 571,406</u>	

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## INTERNAL SERVICE FUNDS

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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, 2023**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Workers' Compensation</b>	<b>Insurance Liabilities</b>	<b>Total Internal Service Funds</b>
<b><u>ASSETS</u></b>			
Current Assets			
Cash and investments	\$ 1,935,841	\$ 517,308	\$ 2,453,149
Accounts receivable, net	1,407	-	1,407
Total Current Assets	1,937,248	517,308	2,454,556
<b>Total Assets</b>	<b>1,937,248</b>	<b>517,308</b>	<b>2,454,556</b>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	1,580	38,613	40,193
Claims payable - current	371,002	80,150	451,152
Total Current Liabilities	372,582	118,763	491,345
Non-Current Liabilities			
Claims payable	815,997	136,628	952,625
Total Non-Current Liabilities	815,997	136,628	952,625
<b>Total Liabilities</b>	<b>1,188,579</b>	<b>255,391</b>	<b>1,443,970</b>
<b><u>NET POSITION</u></b>			
Unrestricted	748,669	261,917	1,010,586
<b>Total Net Position</b>	<b>\$ 748,669</b>	<b>\$ 261,917</b>	<b>\$ 1,010,586</b>

**CITY OF PIEDMONT**  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Workers' Compensation</b>	<b>Insurance Liabilities</b>	<b>Total Internal Service Funds</b>
<b><u>OPERATING EXPENSES</u></b>			
Insurance and claims expenses	\$ <u>1,013,935</u>	\$ <u>1,472,093</u>	\$ <u>2,486,028</u>
<b>Total Operating Expenses</b>	<u>1,013,935</u>	<u>1,472,093</u>	<u>2,486,028</u>
<b>Operating Loss</b>	<u>(1,013,935)</u>	<u>(1,472,093)</u>	<u>(2,486,028)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Other income	<u>1,013,935</u>	<u>1,472,093</u>	<u>2,486,028</u>
<b>Total Non-Operating Revenues</b>	<u>1,013,935</u>	<u>1,472,093</u>	<u>2,486,028</u>
Change in net position	-	-	-
Net Position - July 1, 2022	<u>748,669</u>	<u>261,917</u>	<u>1,010,586</u>
Net Position - June 30, 2023	<u><u>\$ 748,669</u></u>	<u><u>\$ 261,917</u></u>	<u><u>\$ 1,010,586</u></u>

**CITY OF PIEDMONT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b><u>Governmental Activities - Internal Service Funds</u></b>		
	<b><u>Workers' Compensation</u></b>	<b><u>Insurance Liabilities</u></b>	<b><u>Total Internal Service Funds</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Claims and premiums paid	\$ <u>(843,262)</u>	\$ <u>(1,321,048)</u>	\$ <u>(2,164,310)</u>
Net Cash Used for Operating Activities	<u>(843,262)</u>	<u>(1,321,048)</u>	<u>(2,164,310)</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>			
Other income	<u>1,012,528</u>	<u>1,472,093</u>	<u>2,484,621</u>
Net Cash Provided by Non-Capital Financing Activities	<u>1,012,528</u>	<u>1,472,093</u>	<u>2,484,621</u>
Net Increase in Cash and Cash Equivalents	169,266	151,045	320,311
Cash and Cash Equivalents - July 1, 2022	<u>1,766,575</u>	<u>366,263</u>	<u>2,132,838</u>
Cash and Cash Equivalents - June 30, 2023	<u>\$ 1,935,841</u>	<u>\$ 517,308</u>	<u>\$ 2,453,149</u>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:</u></b>			
Operating Loss	\$ (1,013,935)	\$ (1,472,093)	\$ (2,486,028)
Changes in assets and liabilities:			
Increase (decrease) in:			
Accounts payable	(2,326)	21,534	19,208
Claims payable	<u>172,999</u>	<u>129,511</u>	<u>302,510</u>
Net Cash Used for Operating Activities	<u>\$ (843,262)</u>	<u>\$ (1,321,048)</u>	<u>\$ (2,164,310)</u>

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## GENERAL FUND

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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, 2023**

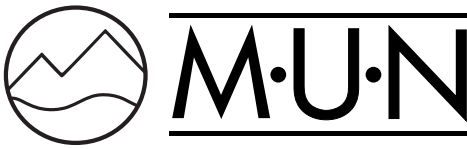
	<b>General</b>	<b>Deposits and Bonds</b>	<b>Traffic Safety</b>	<b>Pension Rate Stabilization</b>	<b>Total General Fund</b>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 9,987,981	\$ 635,633	\$ 39,956	\$ -	\$ 10,663,570
Restricted cash and investments	-	-	-	4,316,293	4,316,293
Receivables:					
Accounts	2,291,025	-	169	-	2,291,194
Interest	94,256	-	-	-	94,256
Leases	380,353	-	-	-	380,353
Prepaid expenses	<u>82,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,178</u>
 Total Assets	 <u>\$ 12,835,793</u>	 <u>\$ 635,633</u>	 <u>\$ 40,125</u>	 <u>\$ 4,316,293</u>	 <u>\$ 17,827,844</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 900,072	\$ 11,725	\$ 1,109	\$ -	\$ 912,906
Accrued wages and benefits	581,582	-	-	-	581,582
Deposits payable	2,540	623,908	-	-	626,448
Unearned revenue	<u>3,557,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,557,595</u>
 Total Liabilities	 <u>5,041,789</u>	 <u>635,633</u>	 <u>1,109</u>	 <u>-</u>	 <u>5,678,531</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Leases	<u>369,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,811</u>
 Total Deferred Inflows of Resources	 <u>369,811</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>369,811</u>
<b>FUND BALANCES</b>					
Nonspendable	82,178	-	-	-	82,178
Restricted	-	-	-	4,316,293	4,316,293
Unassigned	<u>7,342,015</u>	<u>-</u>	<u>39,016</u>	<u>-</u>	<u>7,381,031</u>
 Total Fund Balances	 <u>7,424,193</u>	 <u>-</u>	 <u>39,016</u>	 <u>4,316,293</u>	 <u>11,779,502</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 12,835,793</u>	 <u>\$ 635,633</u>	 <u>\$ 40,125</u>	 <u>\$ 4,316,293</u>	 <u>\$ 17,827,844</u>

**CITY OF PIEDMONT**  
**GENERAL FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Deposits and Bonds</u>	<u>Traffic Safety</u>	<u>Pension Rate Stabilization</u>	<u>Total General Fund</u>
<b><u>REVENUES</u></b>					
Property tax	\$ 17,528,512	\$ -	\$ -	\$ -	\$ 17,528,512
Sales tax	227,099	-	-	-	227,099
Franchise tax	591,006	-	-	-	591,006
Utility users tax	1,534,144	-	-	-	1,534,144
Real property transfer tax	4,464,897	-	-	-	4,464,897
Business license and rental tax	745,047	-	-	-	745,047
Licenses and permits	695,359	-	-	-	695,359
Intergovernmental	2,251,390	-	-	-	2,251,390
Use of money and property	825,526	-	35	278,327	1,103,888
Current service charges	4,630,018	-	-	-	4,630,018
Parcel tax	2,520,255	-	-	-	2,520,255
Contributions and donations	-	-	33,804	-	33,804
Other revenues	411,175	-	-	-	411,175
Total Revenues	<u>36,424,428</u>	<u>-</u>	<u>33,839</u>	<u>278,327</u>	<u>36,736,594</u>
<b><u>EXPENDITURES</u></b>					
Current:					
Administration	3,708,119	-	-	-	3,708,119
Public works	5,922,989	-	-	-	5,922,989
Public safety:					
Police services	7,502,623	-	10,655	-	7,513,278
Fire services	8,042,616	-	-	-	8,042,616
Recreation	3,726,775	-	-	-	3,726,775
Nondepartmental	3,487,860	-	-	-	3,487,860
Debt service - principal	250,322	-	-	-	250,322
Debt service - interest	3,634	-	-	-	3,634
Total Expenditures	<u>32,644,938</u>	<u>-</u>	<u>10,655</u>	<u>-</u>	<u>32,655,593</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,779,490</u>	<u>-</u>	<u>23,184</u>	<u>278,327</u>	<u>4,081,001</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	49,041	-	-	-	49,041
Transfers out	<u>(3,807,069)</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(3,827,069)</u>
Total Other Financing Sources (Uses)	<u>(3,758,028)</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(3,778,028)</u>
Net Change in Fund Balances	21,462	-	3,184	278,327	302,973
Fund Balances - July 1, 2022	<u>7,402,731</u>	<u>-</u>	<u>35,832</u>	<u>4,037,966</u>	<u>11,476,529</u>
Fund Balances - June 30, 2023	<u>\$ 7,424,193</u>	<u>\$ -</u>	<u>\$ 39,016</u>	<u>\$ 4,316,293</u>	<u>\$ 11,779,502</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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2024.

**Report on 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 or significant deficiencies may exist that were not identified.

**Report on 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.

*MUN CPAs, LLP*

Sacramento, California  
February 28, 2024