

CITY OF ANGELS
FINANCIAL STATEMENTS
JUNE 30, 2019

CITY OF ANGELS

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Angels, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Angels, California, as of and for the year ended June 30, 2019, and the notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the basic 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 funds of the City of Angels as of June 30, 2019, and the changes in financial position, of those activities and funds and the results of its cash flows for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

The City of Angels has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Matters (Continued)

The required supplementary information (RSI) other than MD&A, as listed in the table of contents on page 36 as the budgetary comparison schedule-General Fund, page 38 as Schedule of the Plan's Proportionate Share of the Net Pension Liability, page 39 as Schedule of City Pension Contributions and page 40 as the City's Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the City's Net OPEB Liability and Related Ratios, is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and 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 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2020 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, compliance and other matters and the results of that testing and not to provide an opinion of the internal control over financial reporting, compliance or on other matters.

Larry Bain, CPA,
An Accounting Corporation
January 10, 2020

CITY OF ANGELS

**STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 1,727,552	\$ 10,004,095	\$ 11,731,647
Accounts receivables	293,973	344,083	638,056
Due from other governments	404,057		404,057
Due from others	6,200		6,200
Taxes receivable	180,152		180,152
Interest receivable	270,285		270,285
Prepaid expenses	5,633	14,512	20,145
Total Current Assets	2,887,852	10,362,690	13,250,542
Non Current Assets			
Internal balances	(67,476)	67,476	-
Restricted cash and investments	1,411,653		1,411,653
Loans receivable	960,127		960,127
Capital assets:			
Land	804,747	116,515	921,262
Construction in Progress	641,978	305,587	947,565
Buildings and improvements	899,779	22,675,045	23,574,824
Site improvements		4,428,038	4,428,038
Equipment and vehicles	2,090,600	1,424,634	3,515,234
Infrastructure	3,932,472		3,932,472
Less: accumulated depreciation	(3,711,172)	(12,560,231)	(16,271,403)
Total Capital Assets	4,658,404	16,389,588	21,047,992
Total Non Current Assets	6,962,708	16,457,064	23,419,772
Total Assets	9,850,560	26,819,754	36,670,314
Deferred Outflows of Resources			
Deferred outflows-pensions	852,137	420,108	1,272,245
Deferred outflows-OPEB	39,492	16,068	55,560
Total Deferred Outflows of Resources	891,629	436,176	1,327,805
Liabilities			
Current liabilities:			
Accounts payable	266,456	213,358	479,814
Accrued expense	2,475		2,475
Deposit liability	63,033	54,770	117,803
Accrued wages	48,707	20,943	69,650
Accrued interest payable	1,082	33,396	34,478
Unearned revenue	90,237		90,237
Due within one year	62,919	345,334	408,253
Total Current Liabilities	534,909	667,801	1,202,710
Noncurrent liabilities			
Due in more than one year	87,632	3,842,487	3,930,119
OPEB liability	2,147,605	1,683,516	3,831,121
Net pension liability	3,308,803	1,875,039	5,183,842
Total Liabilities Due In More Than One Year	5,544,040	7,401,042	12,945,082
Total Liabilities	6,078,949	8,068,843	14,147,792
Deferred Inflows of Resources			
Deferred inflows-pensions	69,367	46,694	116,061
Total Deferred Inflows	69,367	46,694	116,061
Net Position			
Net investment in capital assets	4,604,273	12,298,033	16,902,306
Unrestricted	(10,400)	6,842,360	6,831,960
Total Net Position	\$ 4,593,873	\$ 19,140,393	\$ 23,734,266

The notes to the financial statements are an integral part of this statement

CITY OF ANGELS

**STATEMENT OF ACTIVITIES
JUNE 30, 2019**

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 699,681	\$ 106,586	\$ -	\$ 2,216	\$ (590,879)	\$ -	\$ (590,879)
Public safety	2,446,079	19,519	62,967	489,015	(1,874,579)		(1,874,579)
Public works	848,465	106,661	566,378	190,546	15,120		15,120
Community services/recreation	554,434	46,426	26,804	176,355	(304,850)		(304,850)
Interest on long-term debt	2,179				(2,179)		(2,179)
Total Governmental Activities	4,550,838	279,192	656,149	858,132	(2,757,367)		(2,757,367)
Business-type Activities:							
Water	1,419,484	1,729,653				310,169	310,169
Sewer	2,377,319	2,172,032	329,852			124,565	124,565
Interest on long-term debt	115,547					(115,547)	(115,547)
Total Business-type Activities	3,912,350	3,901,685	329,852			319,187	319,187
Total Government	\$ 8,463,188	\$ 4,180,877	\$ 986,001	\$ 858,132	(2,757,367)	319,187	(2,438,180)

General Revenues:

Taxes:

Property taxes		588,457	588,457
Sales and use tax		1,004,177	1,004,177
Transient occupancy tax		1,053,078	1,053,078
Franchise tax		154,619	154,619
Motor vehicle in lieu tax		278,556	278,556
Other taxes		26,691	26,691
Business license and permits		181,961	181,961
Rents		52,389	52,389
Other income		7,133	7,133
Sale of capital assets		12,060	12,060
Investment income		57,664	201,418
Transfers		64,200	(64,200)
Total general revenues		3,480,985	3,618,203
Change in net position		723,618	456,405
Net position - beginning		3,895,505	18,683,988
Prior period adjustment		(25,250)	(25,250)
Net position - ending		\$ 4,593,873	\$ 19,140,393

The notes to the financial statements are an integral part of this statement

CITY OF ANGELS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	<u>General</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and investments	\$ 1,727,552	\$ -	\$ 1,727,552
Restricted cash and investments		1,411,653	1,411,653
Receivables			
Accounts	157,248	136,725	293,973
Due from other governments	296,251	107,806	404,057
Due from others	6,200		6,200
Taxes	180,152		180,152
Interest	59,458	210,827	270,285
Due from other funds		124,583	124,583
Prepaid expense	5,574	59	5,633
Loans/notes receivable	49,644	910,483	960,127
Total Assets	<u>\$ 2,482,079</u>	<u>\$ 2,902,136</u>	<u>\$ 5,384,215</u>
<u>Liabilities</u>			
Accounts payable	\$ 191,953	\$ 74,509	\$ 266,461
Due to other funds		124,583	124,583
Accrued expenses	2,475		2,475
Deposit liability	63,033		63,033
Accrued wages	47,451	1,256	48,707
Advance from other funds		67,476	67,476
Total Liabilities	<u>304,912</u>	<u>267,824</u>	<u>572,736</u>
<u>Deferred Inflows of Resources</u>			
Deferred Revenue-unavailable	49,644	244,300	293,944
Unearned advances	1,139	89,098	90,237
Total Deferred Inflows of Resources	<u>50,783</u>	<u>333,398</u>	<u>384,181</u>
<u>Fund Balances</u>			
Restricted	925	184,676	185,601
Nonspendable	5,574	910,483	916,057
Assigned for special revenue funds		209,513	209,513
Assigned for capital projects funds		1,075,234	1,075,234
Assigned for general fund	486,943		486,943
Unassigned	1,632,942	(78,992)	1,553,950
Total Fund Balances	<u>2,126,384</u>	<u>2,300,914</u>	<u>4,427,298</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,482,079</u>	<u>\$ 2,902,136</u>	<u>\$ 5,384,215</u>

The notes to the financial statements are an integral part of this statement

CITY OF ANGELS

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund Balances of Governmental Funds	\$ 4,427,298
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	4,658,404
Certain revenues received after ninety days from the end of the fiscal year are recorded as deferred revenue in the funds and as revenues in the government wide statement.	293,944
Certain amounts have been recorded as OPEB and pension liability, deferred outflows and deferred inflows of resources that are not due and payable and not reported in the funds.	(4,634,146)
Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(151,627)</u>
Net position of governmental activities	\$ <u><u>4,593,873</u></u>

The notes to the financial statements are an integral part of this statement

CITY OF ANGELS

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 2,251,583	\$ 601,128	\$ 2,852,711
Licenses and permits	336,580		336,580
Intergovernmental	624,075	645,491	1,269,566
Fines, forfeitures and penalties	19,519		19,519
Charges for current services	199,239	21,442	220,681
Use of money and property	67,950	23,893	91,843
Other	7,133	339,390	346,523
Total Revenues	<u>3,506,079</u>	<u>1,631,344</u>	<u>5,137,423</u>
Expenditures			
Current:			
General government	420,927		420,927
Public ways and facilities/ transportation	326,660	342,556	669,216
Public safety	2,266,373	2,026	2,268,399
Community development	264,184	282,187	546,371
Capital Outlay	217,769	285,408	503,177
Debt service			
Principal	14,869		14,869
Interest	2,179		2,179
Total Expenditures	<u>3,512,961</u>	<u>912,177</u>	<u>4,425,138</u>
Excess (Deficit) of Revenues over Expenditures	<u>(6,882)</u>	<u>719,167</u>	<u>712,285</u>
Other Financing Sources (Uses)			
Insurance recoveries	141,889		141,889
Proceeds of capital lease	31,512		31,512
Sale of assets	12,060		12,060
Operating transfers in	360,215	104,362	464,577
Operating transfers out	-	(400,377)	(400,377)
Total Other Financing Sources (Uses)	<u>545,676</u>	<u>(296,015)</u>	<u>249,661</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	538,794	423,152	961,946
Fund Balances, July 1, 2018	<u>1,567,686</u>	<u>1,796,962</u>	<u>3,364,648</u>
Prior Period Adjustment	<u>19,904</u>	<u>80,800</u>	<u>100,704</u>
Fund Balances, June 30, 2019	<u>\$ 2,126,384</u>	<u>\$ 2,300,914</u>	<u>\$ 4,427,298</u>

The notes to the financial statements are an integral part of this statement

CITY OF ANGELS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES-GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ 961,946
<p>Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>	
Cost of assets capitalized	503,177
Depreciation expense	(246,006)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	14,869
<p>Proceeds of debt is recorded as other financing sources in the fund financial statements and is reclassified to long-term debt in the government-wide statement</p>	(31,512)
<p>Certain revenues received after ninety days from the end of the fiscal year are recorded as deferred revenue in the funds and as revenues in the government wide statement.</p>	21,780
<p>Changes in pension expense and OPEB benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.</p>	(384,066)
<p>Accumulated depreciation on impaired assets were netted with the insurance recovery</p>	(102,897)
<p>Changes in compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.</p>	<u>(13,673)</u>
Change in net position of governmental activities	<u>\$ 723,618</u>

The notes to the financial statements are an integral part of this statement

CITY OF ANGELS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Water	Sewer	Totals
Current assets:			
Cash and investments	\$ 7,074,333	\$ 2,929,762	\$ 10,004,095
Receivables			
Accounts (net of \$112,584 allowance)		187,330	187,330
Accounts (net of \$59,412 allowance)	156,753		156,753
Prepaid expense	793	13,719	14,512
Total current assets	7,231,879	3,130,811	10,362,690
Noncurrent assets:			
Advances to other funds	679,436		679,436
Capital assets:			
Nondepreciable capital assets:			
Land	68,965	47,550	116,515
Construction in progress	78,509	227,078	305,587
Depreciable capital assets			
Building	2,220,336	20,454,709	22,675,045
Site improvements	1,454,446	2,973,592	4,428,038
Equipment	727,155	697,479	1,424,634
Less accumulated depreciation	(3,027,616)	(9,532,615)	(12,560,231)
Total capital assets (net of accumulated depreciation)	1,521,795	14,867,793	16,389,588
Total noncurrent assets	2,201,231	14,867,793	17,069,024
Total Assets	9,433,110	17,998,604	27,431,714
Deferred Outflows of Resources			
Deferred Outflows-Pensions	211,712	208,396	420,108
Deferred Outflows-OPEB	9,084	6,984	16,068
Total Deferred Outflows of Resources	\$ 220,796	\$ 215,380	\$ 436,176
Liabilities			
Current liabilities:			
Accounts payable	\$ 18,499	\$ 194,859	\$ 213,358
Accrued payroll	9,890	11,053	20,943
Customer deposits	27,385	27,385	54,770
Current portion - notes payable	74,468	244,076	318,544
Current portion compensated absence	16,970	9,820	26,790
Interest payable		33,396	33,396
Total current liabilities	147,212	520,589	667,801
Noncurrent liabilities:			
Advances from other funds		611,960	611,960
Compensated absences	33,140	36,335	69,475
Net pension liability	947,418	927,621	1,875,039
Net OPEB liability	847,072	836,444	1,683,516
Long-term debt	260,638	3,512,374	3,773,012
Total noncurrent liabilities	2,088,268	5,924,734	8,013,002
Total Liabilities	2,235,480	6,445,323	8,680,803
Deferred Inflows of Resources			
Deferred Inflows-Pensions	23,592	23,102	46,694
Total Deferred Inflows of Resources	23,592	23,102	46,694
Net position:			
Net investment in capital assets	1,186,689	11,111,344	12,298,033
Unreserved	6,208,145	634,215	6,842,360
Total Net Position	\$ 7,394,834	\$ 11,745,559	\$ 19,140,393

The notes to the financial statements are an integral part of this statement

CITY OF ANGELS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Operating Revenues			
Charges for services	\$ 1,521,617	\$ 1,983,736	\$ 3,505,353
Connection fees	208,036	188,246	396,282
Other income		50	50
	<u>1,729,653</u>	<u>2,172,032</u>	<u>3,901,685</u>
Total Operating Revenues			
Operating Expenses			
Salaries and benefits	937,516	959,366	1,896,883
Services and supplies	354,567	809,442	1,164,009
Depreciation expense	127,401	608,511	735,912
	<u>1,419,484</u>	<u>2,377,319</u>	<u>3,796,803</u>
Total Operating Expenses			
Operating Income (Loss)	<u>310,169</u>	<u>(205,287)</u>	<u>104,882</u>
Non-Operating Revenues (Expenses)			
Interest income	127,059	74,359	201,418
Debt service fee		329,852	329,852
Interest expense	-	(115,547)	(115,547)
	<u>127,059</u>	<u>288,664</u>	<u>415,723</u>
Total Non-Operating Revenues (Expenses)			
Net Income (Loss) Before Transfers	<u>437,228</u>	<u>83,377</u>	<u>520,605</u>
Other Financing Sources (Uses)			
Operating transfers in	-	-	-
Operating transfers out	(64,200)	-	(64,200)
	<u>(64,200)</u>	<u>-</u>	<u>(64,200)</u>
Total Other Financing Sources (Uses)			
Net Income (Loss)	<u>373,028</u>	<u>83,377</u>	<u>456,405</u>
Net Position, July 1, 2018	<u>7,021,806</u>	<u>11,662,182</u>	<u>18,683,988</u>
Net Position, June 30, 2019	<u>\$ 7,394,834</u>	<u>\$ 11,745,559</u>	<u>\$ 19,140,393</u>

The notes to the financial statements are an integral part of this statement

CITY OF ANGELS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2019**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,771,213	\$ 2,199,964	\$ 3,971,176
Cash payments to suppliers	(473,935)	(777,007)	(1,250,943)
Cash payments to employees	(848,338)	(889,131)	(1,737,469)
Net Cash Provided By (Used For) Operating Activities	<u>448,939</u>	<u>533,826</u>	<u>982,765</u>
Cash Flows from Non-Capital Financing Activities			
Payments (to)/from other funds	9,090	6,960	16,050
Transfers (to)/from other funds	(64,200)	-	(64,200)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(55,110)</u>	<u>6,960</u>	<u>(48,150)</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of fixed assets	(155,237)	(221,300)	(376,537)
Debt service fee		329,852	329,852
Reductions of debt	(37,234)	(241,533)	(278,767)
Interest expense	-	(117,687)	(117,687)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(192,471)</u>	<u>(250,668)</u>	<u>(443,139)</u>
Cash Flows from Investing Activities:			
Interest income	127,059	74,359	201,418
Net Cash Provided By Investing Activities	<u>127,059</u>	<u>74,359</u>	<u>201,418</u>
Net Increase (Decrease) in Cash and Cash Equivalents	328,417	364,477	692,894
Cash and Cash Equivalents, July 1, 2018	6,745,916	2,565,285	9,311,201
Cash and Cash Equivalents, June 30, 2019	<u>\$ 7,074,333</u>	<u>\$ 2,929,762</u>	<u>\$ 10,004,095</u>
Reconciliation of Cash and Cash Equivalents:			
Cash and investments	\$ 7,074,333	\$ 2,929,762	\$ 10,004,095
Total Cash and Cash Equivalents	<u>\$ 7,074,333</u>	<u>\$ 2,929,762</u>	<u>\$ 10,004,095</u>
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities	\$ 310,169	\$ (205,287)	\$ 104,882
Adjustments to operating income:			
Depreciation	127,401	608,511	735,912
(Increase) decrease in accounts receivable	14,175	547	14,722
(Increase) decrease in prepaid expense	1,930	(8,988)	(7,058)
Increase (decrease) in accounts payable	(121,299)	41,424	(79,875)
Increase (decrease) in accrued payroll	(2,121)	(4,576)	(6,697)
Increase (decrease) from net pension liability	25,291	24,435	49,726
Increase (decrease) from OPEB activity	59,214	45,524	104,738
Increase (decrease) in customer deposits	27,385	27,385	54,770
Increase (decrease) in compensated absences	6,794	4,851	11,645
Net Cash Provided By (Used For) Operating Activities	<u>\$ 448,939</u>	<u>\$ 533,826</u>	<u>\$ 982,765</u>

The notes to the financial statements are an integral part of this statement

CITY OF ANGEL

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2019**

	Agency Funds		Totals
	Greenhorn Creek Assessment District	LAFCO Trust Fund	
<u>Assets</u>			
Cash and investments	\$ 1,356,370	\$ 172,823	\$ 1,529,193
Due from other governments	38,569	-	38,569
Total Assets	\$ 1,394,939	\$ 172,823	\$ 1,567,762
<u>Liabilities</u>			
Due to others	1,394,939	\$ 3,181	\$ 1,398,120
Total Liabilities	1,394,939	3,181	1,398,120
<u>Net Position</u>			
Held in trust for LAFCO	-	169,642	169,642
Total Net Position	-	\$ 169,642	\$ 169,642

Changes in Fiduciary Net Position-LAFCO Trust Fund

Additions:

Contributions	\$ 79,536
Total contributions	79,536

Deductions

Administrative costs	(65,406)
Total Deductions	(65,406)

Change in net position	14,130
------------------------	--------

Net Position:

Held in trust for LAFCO:	
Beginning of year	155,512
End of year	\$ 169,642

The notes to the financial statements are an integral part of this statement

City of Angels
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

The basic financial statements of City of Angels, California, (the “City”) have been prepared in conformity with accounting principles generally in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the acceptable standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Reporting Entity

The City was incorporated in 1912, as a municipal corporation operating under the general laws of the State of California. The City operates under a Council-Manager form of government and provides services including general government, public works, public safety, water, sewer, building inspections, public improvements, planning and zoning, and parks and recreation. Control or dependence is determined on the basis of budget adoption, selection of governing authority and designation of management, outstanding debt secured by revenues or general obligations of the City and ability to significantly influence operations.

The financial reporting entity, as defined by the GASB, consists of the primary government, the City, organizations for which the primary government is financially accountable, and any other organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

B. Basis of Accounting

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from sales tax is recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The City considers property taxes available if they are collected within ninety days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

When applicable, the City reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the occurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

City of Angels
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in separate columns. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

CDBG Fire Truck Fund - This fund accounts for the accumulation of CDBG grant funds used to purchase the new ladder truck for the City Fire Department.

The City reports the following major enterprise funds.

Water and Sewer Funds - account for the operation of the City's water and sewer utilities. Activities of these funds include administration, operation and maintenance of the water and sewer systems and billing and collection activities. The Funds also accumulate resources for, and payment of long-term debt principal and interest. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Funds.

The City reports the following additional fund types:

Fiduciary Funds – The Fiduciary Funds accounts for assets held by the City as an agent for Greenhorn Creek assessment District and in trust for the Local Agency Formation Commission (LAFCO)

City of Angels
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. Cash Equivalents

For the purpose 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.

Restricted cash and unrestricted pooled cash and investments held by the City are considered cash equivalents for purposes of the combined statement of cash flow's because the City's cash management pool and funds invested by the City possess the characteristics of demand deposit accounts.

F. Accounts Receivable

Accounts receivable are recorded for services, provided to individuals or non-governmental entities that are billed but unpaid. Proprietary Fund receivables are shown net of allowance for uncollectible accounts.

G. Fixed Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Building and improvements	20-40 years
Plant System	20-60 years
Equipment and machinery	5-10 years
Infrastructure	40 years

City of Angels
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

H. Property Tax

Calaveras County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is levied each July 1 on the assessed values as of the prior January 1 for all real and personal property located in the City. Property sold after the assessment date (January 1) is reassessed and the amount of property tax levied is prorated.

Secured property taxes are due in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is levied on July 1 and due on July 31 and becomes delinquent on August 31.

Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the City, eliminating the need for an allowance for uncollectable. The County, in return, receives all penalties and interest on the related delinquent taxes.

I. Balance Sheet Classifications

Certain resources are classified as restricted assets as their use is restricted for specific purposes by bond agreements, lease agreements, trust agreements, grant agreements, City Charter provisions, or other requirements. Governmental fund types' restricted assets are for future payments of other post-retirement employment benefits. Proprietary fund types' restricted assets are for grant/bond reserve requirements and future payments of other post-employment benefits.

J. Pensions

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

K. Compensated Absences

City employees are granted vacation in varying amounts based on classification and length of service. Upon termination or retirement, the City is to pay 100% of the vacation time accrued.

Governmental Funds – Governmental Funds record expenditures for compensated absences as they are taken by employees. A year-end accrual for compensated absences has not been made in the Governmental Funds as of June 30, 2019, because the City does not believe any of the available year-end resources will be required to fund the year-end compensated absences liability.

Proprietary Funds – Proprietary funds accrue a liability for unused compensated absences earned through year-end. An expense is recognized for the increase in liability from the prior year.

City of Angels
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

L. Intergovernmental Revenues

Federal and state governments reimburse the City for costs incurred on certain fixed asset construction projects under capital grant agreements. Amounts claimed under such grants are credited to intergovernmental revenues if the project is being administered by a Capital Projects Fund. Additionally, the City receives reimbursement from federal and state governments for other programs, such as housing and rehabilitation. These reimbursements are recorded in the fund administering the program as intergovernmental revenues with the related program costs included in expenditures.

The respective grant agreements generally require the City to maintain accounting records and substantiating evidence to determine if all costs incurred and claimed are proper and that the City is in compliance with other terms of the grant agreements. These records are subject to audit by the appropriate government agency. Any amounts disallowed will reduce future claims or be directly recovered from the City.

M. Net Position

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

- Invested in capital assets, net of related debt – 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.
- Restricted net position – Consists of net position with constraints placed on their 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. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

N. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balances for governmental funds are made up of the following:

- Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted fund balance - includes amounts that can be spent for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

City of Angels
Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

N. Fund Balances (Continued)

- Assigned fund balance - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, that fund would report a negative unassigned fund balance.

Note 2: Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Unless otherwise dictated by legal or contractual requirements, income earned or losses arising from the investment of pooled cash are allocated on a quarterly basis to the participating funds and component units based on their proportionate shares of the average quarterly cash balance.

The City maintains “restricted cash and investments”.

Cash and investments at June 30, 2019, consisted of the following:

Cash and investments	\$ 11,731,647
Restricted cash and investments	1,411,653
	13,143,300
Cash and investments, statement of net position	13,143,300
Cash and investments, agency funds	1,529,193
	\$ 14,672,493
Deposits with financial institutions	\$ 3,978,218
Imprest cash	925
Investments with fiscal agent	1,388,609
Local agency investment fund	9,304,741
	\$ 14,672,493

A. Investments Authorized by the California Government Code and the Entity’s Investment Policy

The table below identifies the **investment types** that are authorized for the City of Angels by the California Government Code (or the City’s investment policy, where more restrictive). The 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 investment policy.

City of Angels
Notes to Financial Statements
June 30, 2019

Note 2: Cash and Investments (Continued)

A. Investments Authorized by the California Government Code and the Entity's Investment Policy (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of all investments. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment maturity:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity</u>
Held By Trustee:					
Money Market/Mutual Funds*	\$ 1,458,638	\$ 1,458,638	.05% to 1.99%	On Demand	On Demand
State Investment Pool*	9,304,741	9,304,741	2.57%	On Demand	On Demand
Totals	<u>\$ 10,763,379</u>	<u>\$ 10,763,379</u>			

*Not subject to categorization

C. Concentrations of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. 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 deposit or will not be able to recover 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 of collateral securities that are in the possession of another party. The California Government Code and the City's 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 secured deposits made by state or local governmental units by pledging

City of Angels
Notes to Financial Statements
June 30, 2019

Note 2: Cash and Investments (Continued)

securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair 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 the City's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2019, the City's deposits balance was \$3,982,530 and the carrying amount was \$3,886,100. The difference between the bank balance and the carrying amount was due to outstanding checks and deposits in transit. Of the bank balance \$292,492 was covered by the Federal Depository Insurance or by collateral held in the pledging bank's trust department in the City's name and \$489,762 was collateralized with pledged securities.

E. Investment in State Investment Pool

LAIF is included in the State's Pooled Money Investment Account. The total amount invested by all public agencies in the State's Pooled Money Investment Account approximates \$106.05 billion. Of the \$106.05 billion managed by the State Treasurer, 100% is invested in non-derivative financial products and 3.54% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute.

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The City reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

City of Angels
Notes to Financial Statements
June 30, 2019

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Retirements/ Adjustments	Balance June 30, 2019
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 804,747	\$ -	\$ -	\$ 804,747
Construction in progress	485,253	271,233	(114,508)	641,978
Capital assets, being depreciated:				
Buildings and improvements	752,890	146,889		899,779
Equipment and vehicles	2,182,307	85,054	(176,761)	2,090,600
Infrastructure	3,932,472			3,932,472
Total capital assets, being depreciated	6,867,669	231,943	(176,761)	6,922,851
Less accumulated depreciation for:				
Buildings and improvements	(462,209)	(118,019)		(580,228)
Equipment and vehicles	(1,413,791)	(60,291)	176,758	(1,297,324)
Infrastructure	(1,663,030)	(170,590)		(1,833,620)
Total accumulated depreciation	(3,539,030)	(348,900)	176,758	(3,711,172)
Total capital assets, being depreciated, net	3,328,639	(116,957)		3,211,679
Governmental activities capital assets, net	<u>\$ 4,618,639</u>	<u>\$ 154,276</u>	<u>\$ (114,508)</u>	<u>\$ 4,658,404</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 116,515	\$ -	\$ -	\$ 116,515
Construction in progress	56,632	248,955		305,587
Capital assets, being depreciated:				
Buildings and improvements	22,675,044			22,675,044
Equipment	1,374,195	110,352	(59,913)	1,424,634
Site improvements	4,304,236	123,802		4,428,038
Total capital assets, being depreciated	28,353,476	234,154	(59,913)	28,527,716
Less accumulated depreciation	(11,777,661)	(735,912)	(46,660)	(12,560,233)
Total capital assets, being depreciated, net	16,575,815	(501,758)	(106,573)	15,967,483
Business-type activities capital assets, net	<u>\$ 16,748,962</u>	<u>\$ (252,803)</u>	<u>\$ (106,573)</u>	<u>\$ 16,389,585</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities	
General government	\$ 108,084
Public safety	53,505
Streets and roads	179,248
Community Development/Parks	8,063
Total Governmental Type Activities	<u>\$ 348,900</u>
Business-Type Functions	
Water	\$ 127,401
Sewer	608,511
Total Business Type Activities	<u>\$ 735,912</u>

City of Angels
Notes to Financial Statements
June 30, 2019

Note 4: Note/Loans Receivable

Loans receivable in the amount of \$910,483 consisted of mortgage loans for housing and property rehabilitation and construction.

The promissory note receivable in the amount of \$49,644 is effective September 1, 2017 payable in 36 monthly installments of \$500. After the initial 36 months interest of 3.25% will start accruing on the remaining balance of \$41,644 which will be payable in 60 payments of \$752.92 due on the first of each month. The following is the schedule of payments due for the period of the promissory note:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 6,000	\$ -	\$ 6,000
2021	7,170	-	7,170
2022	7,968	1,067	9,035
2023	8,230	805	9,035
2024	8,502	533	9,035
2025-2026	11,774	273	12,047
Total	<u>\$ 49,644</u>	<u>\$ 2,680</u>	<u>\$ 52,324</u>

Note 5: Long-term Liabilities

A summary of the changes in the City's long-term liabilities reported in the governmental activities column of the government-wide financial statements for the year ended June 30, 2019:

Governmental Activities:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ 82,746	\$ 80,160	\$ (66,487)	\$ 96,419	\$ 33,244
CalPERS pension liability	3,415,727		(106,924)	3,308,803	-
OPEB liability	1,850,685	296,920		2,147,605	-
Vehicle capital leases	37,488	31,512	(14,869)	54,131	29,675
Total	<u>\$ 5,386,646</u>	<u>\$ 408,592</u>	<u>\$ (188,280)</u>	<u>\$ 5,606,958</u>	<u>\$ 62,919</u>

Long-term debt payable at June 30, 2019 was comprised of the following individual issues:

City of Angels
Notes to Financial Statements
June 30, 2019

Note 5: Long-term Liabilities (Continued)

Lease Payable

Vehicle Capital Leases- In November 2018, the City entered into an agreement with Municipal Management, Inc. to lease purchase one police vehicle in the amount of \$31,512. The City will make 60 monthly payments of \$604.69 each with interest at 5.70% In March 2016, the City entered into an agreement with Municipal Asset Management, Inc. to finance to purchase of a Fire Truck in the amount of \$64,522. The City will make 60 monthly payments of \$1,219.10 each with interest at 5.059%. The following table represents all vehicle leases:

Fiscal Year Ended	
June 30,	
2020	\$ 32,075
2021	7,256
2022	7,256
2022	7,256
2024	4,838
Total minimum lease payments	58,681
Less: Amount representing interest	(4,550)
Present value of minimum lease payments	\$ 54,131

Business-Type Activities:

A summary of the changes in the City's long-term business-type liabilities reported in the proprietary funds statement of net position and the business-type activities column of the government-wide financial statements for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ 84,620	\$ 65,223	\$ (53,579)	\$ 96,264	\$ 26,790
CalPERS pension liability	2,038,939		(163,900)	1,875,039	-
OPEB liability	1,562,711	120,805		1,683,516	-
Dept. of Water Resources note payable	372,341		(37,235)	335,106	74,468
Dept. of Water Resources revolving loan	193,279		(13,996)	179,283	14,136
Loan payable	3,804,704		(227,537)	3,577,167	229,940
Total	\$ 8,056,594	\$ 186,028	\$ (496,247)	\$ 7,746,375	\$ 345,334

City of Angels
Notes to Financial Statements
June 30, 2019

Note 5: Long-term Liabilities (Continued)

State of California Department of Water Resources

State of California Department of Water Resources-The State of California Department of Water Resources granted a loan to the Water Fund of the City for construction of water facilities in the amount of \$1,685,595. Of this amount, \$1,489,361 was drawn down from the State. The note calls for semiannual payments of \$37,234 including interest at 0% until July 2023 as follows:

Fiscal Year Ended			
June 30,	Principal	Interest	Total
2020	\$ 74,468		\$ 74,468
2021	74,468		74,468
2022	74,468		74,468
2023	74,468		74,468
2024	37,234		37,234
Totals	<u>\$ 335,106</u>	<u>\$ -</u>	<u>\$ 335,106</u>

2017 Refinancing Loan Agreement

On May 4, 2017 the City borrowed \$4,043,725 to refund the United States Department of Agriculture Rural Development Loan. The semi-annual payments are due on September 1 and March 1 each year and the loan matures on March 1, 2032. The loan calls for annual payments between \$326,027 and \$331,102 and carries a 2.73% interest rate as follows:

Fiscal Year Ended			
June 30,	Principal	Interest	Total
2020	\$ 229,940	\$ 96,088	\$ 326,028
2021	237,444	89,759	327,203
2022	244,939	83,226	328,165
2023	252,427	76,487	328,914
2024	259,907	69,545	329,452
2025-2029	1,411,431	236,454	1,647,885
2030-2032	941,079	45,502	986,581
Totals	<u>\$3,577,167</u>	<u>\$ 697,062</u>	<u>\$ 4,274,229</u>

City of Angels
Notes to Financial Statements
June 30, 2019

Note 5: Long-term Liabilities (Continued)

State of California Department of Water Resources Revolving Loan

State of California Department of Water Resource-The City entered into a revolving loan agreement with the State of California Department of Water Resources in March 2011. The agreement provides for a loan of up to \$3,372,800 for sewer system upgrades. Upon project completion \$3,086,400 of this loan was forgiven through the receipt of a federal grant in the same amount. The final loan of \$286,400 bears interest at 1% per annum with repayment beginning September 1, 2011 over a twenty year period. The note calls for annual payments of \$15,959 including interest at 1% until September 2030 as follows:

Fiscal Year Ended	Principal	Interest	Total
June 30,			
2020	\$ 14,136	\$ 1,793	\$ 15,929
2021	14,278	1,651	15,929
2022	14,420	1,509	15,929
2023	14,565	1,364	15,929
2024	14,710	1,219	15,929
2025-2029	75,788	3,858	79,646
2030-2031	31,386	471	31,857
Totals	<u>\$ 179,283</u>	<u>\$ 11,865</u>	<u>\$ 191,148</u>

Note 6: Special Assessment Districts (AD) Bonds

The City acts as an agent on behalf of the Greenhorn Creek Assessment District. The City is not liable for the debt repayment but is merely acting as the property owner’s agent in handling the debt service transactions by collecting assessments and forwarding them to the bondholders. The debt was refinanced in 2006 through the issuance of \$9,200,000 in new debt. Interest is payable semi-annually at rates ranging from 4.19% to 5% with principal payments through 2021. The bond transactions are accounted for in an Agency Fund. The outstanding principal at June 30, 2019 was \$2,000,000.

Note 7: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans 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 between ages 45 and 57, dependent upon the individual plan criteria, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 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.

City of Angels
Notes to Financial Statements
June 30, 2019

Note 7: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous Plan Tier 1	Safety Police Plan Tier 1	Safety Fire Plan Tier 1
	Prior to	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	3% @ 50	2% @ 55
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	50-55	45-50	50-55
Monthly benefits , as a % of eligible compensation	2.2% to 2.7%	2.5% to 3%	1.5% to 2%
Required employee contribution rates	8.00%	9.00%	8.00%
Required employer contribution rates	12.21%	19.42%	12.85%
	PEPRA Miscellaneous Plan	PEPRA Safety Police Plan	PEPRA Safety Fire Plan
	On or after	On or after	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2% @ 62	2.7% @ 57	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	57-62	52-57	52-57
Monthly benefits , as a % of eligible compensation	1% to 2%	2.2% to 2.7%	2.2% to 2.7%
Required employee contribution rates	6.25%	11.52%	9.50%
Required employer contribution rates	6.84%	12.14%	10.02%

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 Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions-employer	\$ 644,318
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B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate share of Net pension liability</u>
Miscellaneous Plan	\$ 3,014,197
Safety Police Plan	\$ 2,169,645

City of Angels
Notes to Financial Statements
June 30, 2019

Note 7: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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 plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2017 and 2018 was as follows:

	<u>Miscellaneous Plans</u>	<u>Safety Plans</u>
Proportion - June 30, 2017	0.08197%	0.03721%
Proportion - June 30, 2018	0.07998%	0.03698%
Change - Increase (Decrease)	-0.00199%	-0.00023%

For the year ended June 30, 2019, the City recognized pension expense of \$820,683. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 122,737	\$ -
Changes of assumptions	443,570	
Net difference between projected and actual earnings on pension plan investments	29,591	
Changes in proportion		(91,137)
Changes in proportionate share of contributions	7,099	
City contributions subsequent to the measurement date	644,318	-
Total	<u>\$ 1,247,315</u>	<u>\$ (91,137)</u>

\$644,318 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, 2020.

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

Measurement Period	
<u>Ended June 30:</u>	
2020	\$ (451,012)
2021	(271,937)
2022	168,952
2023	42,137

City of Angels
Notes to Financial Statements
June 30, 2019

Note 7: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.15%

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

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%

(1) An expected inflation of 2.00% used for this period

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

City of Angels
Notes to Financial Statements
June 30, 2019

Note 7: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plans	\$ 4,841,637	\$ 3,014,197	\$ 1,505,675
Safety Plans	\$ 3,293,836	\$ 2,169,645	\$ 1,248,572

Note 8: Post-Retirement Health Care Benefits

Plan Description. City of Angel’s Camp (City) Post-Retirement Healthcare Plan is a single-employer defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits only to eligible retirees and their eligible dependents. The City approved post-retirement health insurance benefits for all of its employees based on employees under the Public Employees’ Medical and Hospital Care Act (PEMHCA).

The City Council passed a resolution to establish health benefit vesting requirements for future retirees under public employees’ medical and hospital care act. For full time employees, if additional conditions are satisfied, the City contributes greater amounts, instead of the minimum employer contributions (MEC) whereas a) if an employee retired prior to July 1, 2009 and met eligibility requirements in effect at that time, the City contributes 50% of PERS select premium for the retiree and spouse for their lifetime, or b) an employee who is hired full time by the City of Angels Camp for 5 years or longer prior to July 1, 2009 or 10 years or longer after July 1, 2009 and who has met other vesting requirements, shall receive up to a maximum 50% of the health benefit for the retiree lifetime only. The total City expense on the pay as you go basis for postretirement health benefits in the 2018-19 fiscal year was \$54,878. As of June 30, 2018, the most recent actuarial, 15 retired employees were receiving postretirement health benefits.

Funding Policy. The contribution requirement of plan members is established by the City Council. As of June 30, 2019 the City Council did not establish a funding policy. The 2018-19 fiscal year actuarial determined contribution was calculated on amortized funding over a 30 year period using entry age normal cost. For the fiscal year ending June 30, 2019 the City contributed \$0 towards the unfunded actuarial accrued liability (UAAL). The City did not choose a trustee for the plan as of June 30, 2019. The City made the net contribution for fiscal year end June 30, 2019 directly to health insurance providers totalling \$54,878. All retiree plan members receiving this benefit contributed 50% of their total premiums.

Annual OPEB Cost and Net OPEB Obligation. The City’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

City of Angels
Notes to Financial Statements
June 30, 2019

Note 8: Post-Retirement Health Care Benefits (Continued)

Employees Covered By Benefit Terms

At the OPEB liability measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	15
Active employees	49
Total	64

Contributions

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the actuarially determined contribution of the employer (ADC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City chose a 30 year period to amortize the unfunded actuarial liability.

The contribution requirement of plan members is established by the City Council. The 2018-19 fiscal year contribution was based on the actuarially determined contribution using entry age actuarial cost with normal costs calculated as a level percentage of payroll, as required by GASB 75. For the fiscal year ending June 30, 2018 valuation, the City contributed \$0 towards the unfunded actuarial liability (UAL). The City paid the retiree premiums for fiscal year end June 30, 2019 valuation directly to health insurance providers totalling \$54,879. Plan members receiving benefits contributed 50% or more of the total premiums.

Net OPEB Liability: At June 30, 2019 the City reported a net OPEB liability of \$3,831,121. The net OPEB liability was measured from July 1, 2018 to June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2018.

Actuarial Assumptions

The net OPEB liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2017 to June 30, 2018
Actuarial Assumptions:	
Discount Rate	3.68%
Healthcare trend rates	5.00% to 6.00%
Salary increase	3.00%
Age adjustment factor	3.00%
Percent of retirees with spouses	
Investment Rate of Return	3.68%

City of Angels
Notes to Financial Statements
June 30, 2019

Note 8: Post-Retirement Health Care Benefits (Continued)

OPEB Assets

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	100.00%	4.00%
Total	<u>100.00%</u>	

(1): The city has established an irrevocable trust for paying benefits with MidAmerica. It is a fixed income account with guaranteed interest credited when contributions are made.

The discount rate used to measure the total OPEB liability was 3.68 percent. The projection of cash flows used to determine the discount rate assumed the City's contributions will continue based upon the current OPEB funding policy. Based on those assumptions, the OPEB plans fiduciary net position was projected to be available to make future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. fair value of Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2019.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary	Net OPEB Liability
		Net Position	
	(a)	(b)	(c)
Balances at 6/30/2018	\$ 3,459,024	\$ 45,628	\$ 3,413,396
Changes for the year:			
Service cost	289,525		289,525
Interest	127,292		127,292
Contribution-employer		27,798	(27,798)
Net investment income		490	(490)
Benefit payments		(29,196)	29,196
Administrative expense			-
Net changes	<u>416,817</u>	<u>(908)</u>	<u>417,725</u>
Balances at 6/30/19	<u>\$ 3,875,841</u>	<u>\$ 44,720</u>	<u>\$ 3,831,121</u>

City of Angels
Notes to Financial Statements
June 30, 2019

Note 8: Post-Retirement Health Care Benefits (Continued)

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

The following presents the City’s share of the net OPEB liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 2.68%	Discount Rate 3.68%	1% Increase 4.68%
Net OPEB liability (asset)	\$ 4,504,141	\$ 3,830,703	\$ 3,289,425

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$417,045. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or methods. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on retirement plan investments	682	-
District contributions subsequent to measurement date	54,878	-
Totals	\$ 55,560	\$ -

\$54,878 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

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,	
2020	\$ 228
2021	228
2022	226
2022	
Total	\$ 682

Note 9: Deferred Inflows of Resources

Deferred inflows of resources in governmental funds arise when potential revenue does not meet the “available” criteria for recognition in the current period. Deferred inflows of resources (deferred revenue in accrual based statements) also arises when resources are received by the City before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

City of Angels
Notes to Financial Statements
June 30, 2019

Note 10: Interfund Transactions

Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Receivables and Payables

Balances representing lending/borrowing transactions between funds outstanding at the fiscal year end are reported as either “due from/due to other funds” (amounts due within one year), “advances to/from other funds” (non-current portions of interfund lending/borrowing transactions), or “loans to/from other funds” (long-term lending/borrowing transactions evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Interfund transactions for the fiscal year ended June 30, 2019 are summarized as follows:

<u>Fund Type</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General	\$ -	\$ -	\$ 360,215	\$ 0
Special Revenue			64,200	351,537
Capital Project		67,476	40,162	48,840
Water	679,436			64,200
Sewer		611,960		
Total	<u>\$ 679,436</u>	<u>\$ 679,436</u>	<u>\$ 464,577</u>	<u>\$ 464,577</u>

Note 11: Joint Venture-Utica Power Authority

The City of Angels entered into a joint exercise of powers agreement with Union Public Utility District (UPUD) for the purpose of purchasing and operating the Utica/Angels Hydro Electric Projects. Each of the member entities shall be responsible for paying one-half (1/2) of all UPA Project costs and liabilities, including annual operation, maintenance and replacement costs of the Project, and all costs of maintaining the Projects in compliance with requirements of the FERC or other regulatory authorities. The agreement establishes a separate and distinct entity, the Utica Power Authority (UPA). The UPA is not a component unit of the City.

Note 12: Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each worker’s compensation claim through the CSJVRMA. The City has the right to receive dividends and the obligation to pay assessments based on a formula which among other expenses, charges the City’s account for liability losses under \$50,000 and workers’ compensation losses under \$50,000. The CSJVRMA purchases excess reinsurance from \$1,000,000 to \$15,000,000. The CSJVRMA participates in an excess pool which provides workers’ compensation coverage from \$500,000 to \$1,500,000 and purchases excess reinsurance above \$1,500,000 to the statutory limit.

The CSJVRMA is a consortium of 55 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The

City of Angels
Notes to Financial Statements
June 30, 2019

Note 12: Risk Management (Continued)

day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2019 is available at “csjvrma.org”.

Note 13: Stewardship, Compliance and Accountability

A. Deficit Fund Balances/Net Position

At June 30, 2019, the Capital Projects fund had a deficit fund balance of \$5,590, the Lighting and Landscape District in the Special Revenue Fund had a deficit fund balance of \$23,829, the TOT Roads Special Revenue Fund had a deficit fund balance of \$48,691 and the Tobacco Grant Special Revenue Fund had a deficit fund balance of \$882. These deficits are expected to be cured with future revenues over expenditures and/or by transfers from the general fund.

Unrestricted governmental activities net position in the government-wide financial statements had a negative balance of \$10,400 as of June 30, 2019. The negative net position was the result of GASB 68 and GASB 75 for post-retirement pension benefits and other post-employment benefits.

B. Prior Period Adjustments

At June 30, 2019 beginning fund balance and beginning net position were reduced \$4,000 to recognize reverse 2018/19 cattle ranch lease revenue recognized as revenue in the 2017/18 fiscal year. Beginning fund balance and beginning net position were increased \$23,904 to recognize 2nd half of 2018 franchise fees because of a change in how the franchise fees are remitted to the City. Beginning fund balance and beginning net position were increased \$80,800 to recognized revenue that was recorded as a deferred advance at June 30, 2018, but should have been recognized to offset incurred project expenditures. Beginning net position in the government wide statement of activities was decreased \$11,446 to reclassify the June 30, 2018 homeless outreach advance funding from deferred unavailable revenue to deferred unearned revenue. Beginning net position in the government wide statement of activities was decreased \$114,508 to remove a CIP project that had been capitalized in the prior year

Note 14: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City’s ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 15: Gann Limit

Total Subject Revenue 2018-19	\$ 3,021,222
Amount of limit for 2018-19	<u>3,378,270</u>
Amount (under)/over limit (all sources)	<u><u>\$ (357,048)</u></u>

City of Angels
Notes to Financial Statements
June 30, 2019

Note 16: Commitments and Contingencies

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

On September 6, 2011 the City received a Notice of Violation (“NOV”) from the Central Regional Water Quality Control Board (the Board) regarding violations associated with spills of wastewater at the spray field. The NOV indicated that the violations were subject to a penalty of \$125,000, but the Board staff could recommend removing the penalty if the violations are cured and the City successfully contests the complaint. The City has implemented new procedures to avoid future similar violations. A liability has been recognized in the wastewater fund for \$125,000 at June 30, 2019.

In the normal course of business, the City is subject to various lawsuits. Defense of lawsuits is typically handled by the City’s insurance carrier and losses, if any, are expected to be covered by insurance.

Commitments

At June 30, 2019, the City had an open construction contract in the amount of \$639,885 for the completion of the Angels Creek Trail Project.

The City also had other professional service commitments as of June 30, 2019.

Note 17: Subsequent Event

Subsequent events were evaluated through January 10, 2020, the date the financial statements were available for distribution.

CITY OF ANGELS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
June 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes				
Property - secured/unsecured	\$ 565,000	\$ 565,000	\$ 588,457	\$ 23,457
Sales	845,393	845,393	882,538	37,145
Transaction and usage tax			121,639	121,639
Transient occupancy	670,000	670,000	632,259	(37,741)
Real property transfer	12,000	12,000	26,691	14,691
Total Taxes	<u>2,092,393</u>	<u>2,092,393</u>	<u>2,251,583</u>	<u>159,190</u>
Licenses and Permits				
Business licenses	22,500	22,500	26,708	4,208
Building permits	123,200	123,200	155,253	32,053
Franchise fees	160,000	160,000	154,619	(5,381)
Total Licenses and Permits	<u>305,700</u>	<u>305,700</u>	<u>336,580</u>	<u>30,880</u>
Intergovernmental				
Motor vehicle in lieu	246,000	246,000	278,556	32,556
Reimbursement - highway sweeping	4,622	4,622	7,334	2,712
Reimbursement - public safety	482,398	482,398	336,559	(145,839)
Peace officers training	1,000	1,000	1,626	626
Total Intergovernmental	<u>734,020</u>	<u>734,020</u>	<u>624,075</u>	<u>(109,945)</u>
Fines, Forfeitures and Penalties				
Parking citations public safety reimbursements	19,560	19,560	19,519	(41)
Total Fines, Forfeitures and Penalties	<u>19,560</u>	<u>19,560</u>	<u>19,519</u>	<u>(41)</u>
Charges for Current Services				
Plan checking	115,400	115,400	106,661	(8,739)
Water sales				
Developer fees			20,794	20,794
Administrative fees	23,600	23,600	25,358	1,758
Museum	55,400	55,400	46,426	(8,974)
Total Charges for Current Services	<u>194,400</u>	<u>194,400</u>	<u>199,239</u>	<u>4,839</u>
Use of Money and Property				
Interest and investment income	5,000	5,000	15,561	10,561
Rent	47,573	47,573	52,389	4,816
Total Use of Money and Property	<u>52,573</u>	<u>52,573</u>	<u>67,950</u>	<u>15,376</u>
Other				
Insurance refund and legal recovery			6,000	6,000
Miscellaneous - all others	65,000	65,000	1,133	(63,867)
Total Other	<u>65,000</u>	<u>65,000</u>	<u>7,133</u>	<u>(57,866)</u>
Total Revenues	<u>\$ 3,463,646</u>	<u>\$ 3,463,646</u>	<u>\$ 3,506,079</u>	<u>\$ 42,433</u>

CITY OF ANGELS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)**

June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues (Continued)	\$ 3,463,646	\$ 3,463,646	\$ 3,506,079	\$ 42,433
Expenditures				
General Government				
City council	34,538	34,538	17,623	16,915
City attorney	33,333	33,333	33,933	(600)
Finance and administration	518,148	518,148	369,371	148,777
Total General Government	586,019	586,019	420,927	165,092
Public Ways and Facilities/Transportation				
Engineering	15,903	15,903	24,340	(8,437)
Building and planning	174,344	174,344	228,425	(54,081)
Street sweeping/maintenance	4,658	4,658	2,315	2,343
Public works	71,344	71,344	71,580	(236)
Total Public Ways and Facilities/Transportation	266,249	266,249	326,660	(60,411)
Public Safety				
Fire	996,311	996,311	840,942	155,369
Police	1,685,391	1,685,391	1,425,431	259,960
Total Public Safety	2,681,702	2,681,702	2,266,373	415,329
Community Development				
Museum	141,686	141,686	121,286	20,400
Visitors bureau	20,783	20,783	18,750	2,033
Community support	65,450	65,450	71,210	(5,760)
Parks	56,314	56,314	52,939	3,375
Total Community Development	284,233	284,233	264,184	20,049
Debt Service				
Principal	13,035	13,035	14,869	(1,834)
Interest	1,594	1,594	2,179	(585)
Total Debt Service	14,629	14,629	17,048	(2,419)
Capital Outlay				
Structures and improvements	56,475	56,475	146,889	(90,414)
Equipment	75,124	75,124	70,880	4,244
Total Capital Outlay	131,599	131,599	217,769	(86,170)
Total Expenditures	3,964,431	3,964,431	3,512,960	451,471
Excess (Deficit) of Revenues Over Expenditures				
Before Other Financing Sources (Uses)	(500,785)	(500,785)	(6,881)	493,904
Other Financing Sources (Uses)				
Insurance recoveries			141,889	141,889
Proceeds of capital lease			31,512	31,512
Gain from sale of assets			12,060	12,060
Operating transfers in	368,759	368,759	360,215	(8,544)
Operating transfers out				
Total Other Financing Sources (Uses)	368,759	368,759	545,676	176,917
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (132,026)	\$ (132,026)	538,795	\$ 670,821
Fund Balance, July 1, 2018			1,567,686	
Fund Balance, June 30, 2019			\$ 2,106,481	

CITY OF ANGELS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY
June 30, 2019**

<u>Actuarial Valuation Date</u>	<u>City's proportion of the net pension liability (asset)</u>	<u>City's proportionate share of the net pension liability (asset)</u>	<u>City's covered employee payroll</u>	<u>City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
<u>CalPERS-Miscellaneous Plans</u>					
6/30/2014	0.07682%	\$1,898,683	\$1,384,358	137.15%	79.41%
6/30/2015	0.08448%	\$2,317,646	\$1,706,505	135.81%	76.07%
6/30/2016	0.08029%	\$2,789,317	\$1,708,084	163.30%	75.94%
6/30/2017	0.08197%	\$3,231,285	\$1,517,642	212.91%	72.11%
6/30/2018	0.07998%	\$3,014,197	\$1,365,455	220.75%	75.04%
<u>CalPERS-Safety Plans</u>					
6/30/2014	0.04088%	\$1,533,540	\$654,449	234.33%	71.70%
6/30/2015	0.03951%	\$1,628,110	\$705,201	230.87%	75.06%
6/30/2016	0.03806%	\$1,971,194	\$804,721	244.95%	74.60%
6/30/2017	0.03721%	\$2,223,383	\$873,005	254.68%	70.01%
6/30/2018	0.03698%	\$2,169,645	\$810,991	267.53%	70.37%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

CITY OF ANGELS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
June 30, 2019**

<u>Actuarial Valuation Date</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>City's covered employee payroll</u>	<u>Contribution as a percentage of covered employee payroll</u>
<u>CalPERS-Miscellaneous Plans</u>					
6/30/2014	\$301,836	(\$301,836)	\$0	\$1,384,358	21.80%
6/30/2015	\$339,319	(\$339,319)	\$0	\$1,706,505	19.88%
6/30/2016	\$364,769	(\$364,769)	\$0	\$1,708,084	21.36%
6/30/2017	\$368,568	(\$368,568)	\$0	\$1,517,642	24.29%
6/30/2018	\$371,970	(\$371,970)	\$0	\$1,365,455	27.24%
<u>CalPERS-Safety Plans</u>					
6/30/2014	\$227,418	(\$227,418)	\$0	\$654,449	34.75%
6/30/2015	\$223,426	(\$223,426)	\$0	\$705,201	31.68%
6/30/2016	\$245,124	(\$245,124)	\$0	\$804,721	30.46%
6/30/2017	\$251,548	(\$251,548)	\$0	\$873,005	28.81%
6/30/2018	\$272,348	(\$272,348)	\$0	\$810,991	33.58%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

CITY OF ANGELS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF
CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2019**

	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability		
Service cost	\$ 289,525	\$ 289,525
Interest	127,292	113,643
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Change in fiduciary net position	-	-
Benefit payments**	-	(63,938)
Net change in total OPEB liability	<u>416,817</u>	<u>339,230</u>
Total OPEB liability-beginning (a).	<u>3,459,024</u>	<u>3,119,794</u>
Total OPEB liability-ending (b)	<u><u>\$ 3,875,841</u></u>	<u><u>\$ 3,459,024</u></u>
Plan fiduciary net position		
Contributions-employer **	\$ 27,798	\$ 68,694
Net investment income	490	563
Benefit payments	(29,196)	(63,938)
Administrative expenses		
Net change in plan fiduciary net position	<u>(908)</u>	<u>5,319</u>
Plan fiduciary net position-beginning (c)	<u>45,628</u>	<u>40,309</u>
Plan fiduciary net position-ending (d)	<u><u>\$ 44,720</u></u>	<u><u>\$ 45,628</u></u>
Net OPEB liability-beginning (a)-(c)	\$ 3,786,401	\$ 3,079,485
Net OPEB liability-ending (b)-(d)	\$ 3,831,121	\$ 3,413,396
Plan fiduciary net position as a percentage of the total OPEB liability	1%	1%
Covered-employee payroll	\$ 2,390,647	\$ 2,390,647
District's net OPEB liability as a percentage of covered-employee payroll	160%	143%
Measurement date	6/30/2018	6/30/2018

* Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

**Amount includes implicit subsidy associated with benefits paid.

CITY OF ANGELS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

Budgets and Budgetary Accounting

As required by the laws of the State of California, the City prepares and legally adopts a final balanced operating budget. Public hearings were conducted on the proposed final budget to review all appropriations and the sources of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in financing requirements.

Budgets for the general, special revenue, debt service and capital project funds are adopted on the modified accrual basis of accounting. The budgets for the general and special revenue funds are the only legally adopted budgets. Budgets for the debt service, capital project funds and proprietary funds are used for management and control purposes only.

At the fund level, actual expenditures cannot exceed budgeted appropriations. In order to accommodate operational changes that may result during the course of a budget year, management can modify in line items of a budget, not to exceed 20% of said line item, with the limitation that the overall departmental budget shall not be exceeded without Council approval.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the City Council.

CITY OF ANGELS

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue Funds	Capital Project Funds	Total
<u>Assets</u>			
Restricted cash and investments	\$ 299,126	\$1,112,527	\$ 1,411,653
Receivables	136,725		136,725
Interest receivable	210,827		210,827
Due from other funds	124,583		124,583
Prepaid expense	59		59
Due from other governments	11,734	96,072	107,806
Loans receivable	910,483		910,483
	<u>\$ 1,693,537</u>	<u>\$1,208,599</u>	<u>\$ 2,902,136</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 47,188	\$ 27,321	\$ 74,509
Accrued wages	1,256		1,256
Due to other funds	124,583		124,583
Advance from other funds	67,476		67,476
	<u>240,503</u>	<u>27,321</u>	<u>267,824</u>
 Deferred Inflows of Resources			
Unavailable	211,709	32,591	244,300
Unearned advances	10,055	79,043	89,098
	<u>221,764</u>	<u>111,634</u>	<u>333,398</u>
 Fund Balances			
Restricted	184,676		184,676
Nonspendable	910,483		910,483
Assigned	209,513	1,075,234	1,284,747
Unassigned	(73,402)	(5,590)	(78,992)
	<u>1,231,270</u>	<u>1,069,644</u>	<u>2,300,914</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,693,537</u>	<u>\$1,208,599</u>	<u>\$ 2,902,136</u>

CITY OF ANGELS

**Combining Statement of Revenues, Expenditure and
Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue Funds	Capital Project Funds	Total
Revenues			
Taxes and assessments	\$ 601,128	\$ -	\$ 601,128
Intergovernmental	353,820	291,671	645,491
Use of money and property	5,949	17,944	23,893
Developer contributions		339,390	339,390
Charges for services	21,442		21,442
	<u>982,339</u>	<u>649,005</u>	<u>1,631,344</u>
Expenditures			
Current:			
Public ways and facilities/ transportation	301,888	40,668	342,556
Public safety		2,026	2,026
Community development	282,187		282,187
Capital outlay	14,174	271,234	285,408
	<u>598,249</u>	<u>313,928</u>	<u>912,177</u>
Excess (Deficit) of Revenues Over Expenditures	<u>384,090</u>	<u>335,077</u>	<u>719,167</u>
Other Financing Sources (Uses)			
Operating transfers in	64,200	40,162	104,362
Operating transfers out	(351,537)	(48,840)	(400,377)
	<u>(287,337)</u>	<u>(8,678)</u>	<u>(296,015)</u>
Net Change in Fund Balances	<u>96,753</u>	<u>326,399</u>	<u>423,152</u>
Fund Balances, July 1, 2018	<u>1,134,517</u>	<u>662,445</u>	<u>1,796,962</u>
Prior Period Adjustment		80,800	80,800
Fund Balances, June 30, 2019	<u>\$ 1,231,270</u>	<u>\$ 1,069,644</u>	<u>\$ 2,300,914</u>

CITY OF ANGELS

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	Gas Tax	Local Transportation	Utica Power Authority	L&L District	Public Safety	TOT Emergency Service	TOT Roads	TOT Tourism	CDBG Housing	Tobacco Grant	Totals
<u>Assets</u>											
Restricted cash and investments	\$ 146,396	\$ -	\$ 20,180	\$ 43,499	\$ 28,958	\$ -	\$ -	\$ -	\$ 60,093	\$ -	\$ 299,126
Receivables	13,487		2,254			40,034	40,034	40,034		882	136,725
Interest receivable									210,827		210,827
Due from other funds									124,583		124,583
Prepaid expense	59										59
Due from other governments				9,107	2,627						11,734
Loans receivable									910,483		910,483
Total Assets	\$ 159,942	\$ -	\$ 22,434	\$ 52,606	\$ 31,585	\$ 40,034	\$ 40,034	\$ 40,034	\$ 1,305,986	\$ 882	\$ 1,693,537
<u>Liabilities Deferred Inflows and Fund Balances</u>											
<u>Liabilities</u>											
Accounts payable	\$ 646	\$ -	\$ -	\$ 8,959	\$ -	\$ -	\$ 5,550	\$ 32,033	\$ -	\$ -	\$ 47,188
Accrued wages	196						1,060				1,256
Due to other funds						39,941	82,115	1,645		882	124,583
Advance from other fund				67,476							67,476
Total Liabilities	842			76,435		39,941	88,725	33,678		882	240,503
<u>Deferred inflows of resources</u>											
Unavailable									210,827	882	211,709
Unearned advances					10,055						10,055
Total deferred inflows of resources					10,055				210,827	882	221,764
<u>Fund Balances</u>											
Restricted									184,676		184,676
Nonspendable for loans									910,483		910,483
Assigned	159,100		22,434		21,530	93		6,356			209,513
Unassigned				(23,829)			(48,691)			(882)	(73,402)
Total Fund Balance	159,100		22,434	(23,829)	21,530	93	(48,691)	6,356	1,095,159	(882)	1,231,270
Total Liabilities Deferred Inflows and Fund Balances	\$ 159,942	\$ -	\$ 22,434	\$ 52,606	\$ 31,585	\$ 40,034	\$ 40,034	\$ 40,034	\$ 1,305,986	\$ 882	\$ 1,693,537

CITY OF ANGELS

**Combining Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2019**

	Gas Tax	Local Transportation	Utica Power Authority	L&L District	Public Safety	TOT Emergency Service	TOT Roads	TOT Tourism	CDBG Housing	Tobacco Grant	Totals
Revenues											
Taxes and assessments	\$ -	\$ -	\$ -	\$ 180,309	\$ -	\$ 140,273	\$ 140,273	\$ 140,273	\$ -	\$ -	\$ 601,128
Intergovernmental	172,331	24,593			128,285				10,000	18,611	353,820
Use of money and property	1,804	280	78	371	564				2,852		5,949
Charges for services			21,442								21,442
Total Revenues	174,135	24,873	21,520	180,680	128,849	140,273	140,273	140,273	12,852	18,611	982,339
Expenditures											
Current:											
Public ways and facilities/ transportation	59,481		85,300				157,107				301,888
Public safety											
Community development				169,294				108,273		4,620	282,187
Capital outlay									-	14,174	14,174
Total Expenditures	59,481		85,300	169,294			157,107	108,273		18,794	598,249
Excess (Deficit) of Revenues											
Over Expenditures	114,654	24,873	(63,780)	11,386	128,849	140,273	(16,834)	32,000	12,852	(183)	384,090
Other Financing Sources (Uses)											
Operating transfers in			64,200					-			64,200
Operating transfers out	(26,967)	(24,961)			(126,637)	(140,273)	-	(32,000)	-	(699)	(351,537)
Total Other Financing Sources (Uses)	(26,967)	(24,961)	64,200		(126,637)	(140,273)		(32,000)		(699)	(287,337)
Net Change in Fund Balances	87,687	(88)	420	11,386	2,212	-	(16,834)	-	12,852	(882)	96,753
Fund Balances, July 1, 2018	71,413	88	22,014	(35,215)	19,318	93	(31,857)	6,356	1,082,307		1,134,517
Fund Balances, June 30, 2019	\$ 159,100	\$ -	\$ 22,434	\$ (23,829)	\$ 21,530	\$ 93	\$ (48,691)	\$ 6,356	\$ 1,095,159	\$ (882)	\$ 1,231,270

CITY OF ANGELS

**Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2019**

	<u>Park Impact Fees</u>	<u>Police Impact Fees</u>	<u>Transportation Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Parking Impact Fees</u>	<u>CDBG Grant- Fire Truck</u>	<u>Capital Projects</u>	<u>Totals</u>
<u>Assets</u>								
Restricted cash and investments	\$ 64,466	\$ 39,600	\$ 923,154	\$ 33,926	\$ 14,088	\$ -	\$ 37,293	\$ 1,112,527
Due from other governments							96,072	96,072
Total Assets	\$ 64,466	\$ 39,600	\$ 923,154	\$ 33,926	\$ 14,088	\$ -	\$ 133,365	\$ 1,208,599
<u>Liabilities</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,321	\$ 27,321
Total Liabilities							27,321	27,321
<u>Deferred inflows of resources</u>								
Deferred inflows of resources								
Unavailable							32,591	32,591
Unearned revenue-advances							79,043	79,043
Total deferred inflows of resources							111,634	111,634
<u>Fund Balances</u>								
Assigned	64,466	39,600	923,154	33,926	14,088			1,075,234
Unassigned							(5,590)	(5,590)
Total Fund Balance	64,466	39,600	923,154	33,926	14,088		(5,590)	1,069,644
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 64,466	\$ 39,600	\$ 923,154	\$ 33,926	\$ 14,088	\$ -	\$ 133,365	\$ 1,208,599

CITY OF ANGELS
Combining Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Capital Project Funds
June 30, 2019

	Park Impact Fees	Police Impact Fees	Transportation Impact Fees	Fire Impact Fees	Parking Impact Fees	CDBG Fire Truck	Capital Projects	Totals
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,092	\$ 283,579	\$ 291,671
Developer contributions	26,804	31,500	243,711	23,375	14,000		-	339,390
Use of money and property	932	984	14,581	509	88		850	17,944
Total Revenues	27,736	32,484	258,292	23,884	14,088	8,092	284,429	649,005
Expenditures								
Current:								
Public ways and facilities/ Transportation							40,668	40,668
Public safety						2,026		2,026
Capital outlay	3,938						267,296	271,234
Total Expenditures	3,938					2,026	307,964	313,928
Excess (Deficit) of Revenues Over Expenditures	23,798	32,484	258,292	23,884	14,088	6,066	(23,535)	335,077
Other Financing Sources (Uses)								
Operating transfers in							40,162	40,162
Operating transfers out		(21,873)					(26,967)	(48,840)
Total Other Financing Sources (Uses)		(21,873)					13,195	(8,678)
Net Change in Fund Balances	23,798	10,611	258,292	23,884	14,088	6,066	(10,340)	326,399
Fund Balances, July 1, 2018	40,668	28,989	664,862	10,042		(6,066)	(76,050)	662,445
Prior Period Adjustment							80,800	80,800
Fund Balances, June 30, 2019	\$ 64,466	\$ 39,600	\$ 923,154	\$ 33,926	\$ 14,088	\$ -	\$ (5,590)	\$ 1,069,644

LARRY BAIN, CPA

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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
City of Angels, 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 City of Angels as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Angels basic financial statements and have issued our report thereon dated January 10, 2020.

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Angels Camp 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 determination of financial statement amounts. 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.

This report is intended solely for the information and use of management, the audit committee, City Council, the Calaveras County Auditor Controller's Office, the California State Controller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Larry Bain, CPA,
An Accounting Corporation
January 10, 2020

**CITY OF ANGELS
Schedule of Findings
JUNE 30, 2019**

FINANCIAL STATEMENT FINDINGS

None

CITY OF ANGELS
Summary Schedule of Prior Year
Findings and Questioned Costs
JUNE 30, 2019

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Prior Year FS 2018-001 Recommendation: We recommended the City review the billing for the 2016/17 fiscal year Cedar Fire and contact CalFire-OES and make arrangements to reimburse the overbilled amount.

Current Year Follow Up: During the current fiscal year the District entered into discussion with CalFire/OES to remedy the overpayment noted in the previous finding.

Prior Year FS 18-2 Recommendation: We recommended the City consider all legally enforceable options to collect on the \$99,911.32 and \$14,848.44 delinquent utility accounts.

Current Year Follow Up: We noted the City attorney is involved in reviewing the legal options to collect on the accounts noted in the prior finding.

Prior Year FS 2018-003 Recommendation: We recommended correcting the payroll system so that accruals are properly allocated to each fund and, as part of year-end procedures, agree that year-end accrued payroll balances reconcile to the underlying support.

Current Year Follow Up: Accrued payroll agreed to expectations during the current fiscal year audit.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Finding FS 2018-001 Recommendation:

We recommended that the City provide training to staff responsible for federal grant management to ensure future compliance with the suspension and debarment requirements.

Current Year Follow Up: No instances of non-compliance noted in the current fiscal year audit

Prior Year Finding FS 2018-002 Recommendation:

We recommended that the City complete the amendment of its policies and procedures and provide training to those in charge of procurement.

Current Year Follow Up: No instances of non-compliance noted in the current fiscal year audit.