

**CITY OF SUTTER CREEK, CALIFORNIA**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2023**

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**CITY OF SUTTER CREEK, CALIFORNIA**

**Basic Financial Statements**

**For the Year Ended June 30, 2023**

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**CITY OF SUTTER CREEK, CALIFORNIA**

**Basic Financial Statements**

**For the Year Ended June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sutter Creek (City), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements in the Table of Contents for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## ***Required Supplementary Information***

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maze & Associates*

Pleasant Hill, California  
April 11, 2024

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## MANAGEMENT DISCUSSION & ANALYSIS

This discussion and analysis of the City of Sutter Creek (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read in conjunction with the accompanying financial statements and related notes, which follow this section.

### **Financial Highlights:**

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources of June 30, 2023 by \$23,692,838, which represents the total net position. Of this amount, \$17,697,937 is the net investment in capital assets, \$375,355 is restricted for other City projects and \$5,619,546 is unrestricted.
- The City's net position increased by \$4,713,098 for year ended June 30, 2023, compared to Fiscal year end 2022.
- General Fund revenue exceeded General Fund expenses by \$585,781. City's General Fund revenue totaled \$2,865,640 and General Fund expense totaled \$2,279,859 for fiscal year 2023.
- The City budgeted 1% of General Fund revenue, \$28,656 that was transferred to the General Operating Reserve Fund which has a fund balance as of June 30, 2023 of \$102,421.
- The City budgeted 2% of General Fund revenue, \$57,313 that was transferred to the General Capital Reserve Fund, 2022 year-end fund balance of \$49,677.
- The City budgeted 1% of General Fund revenue, \$28,656 that was transferred to the General Savings Fund and has a 2023 year-end fund balance of \$72,113.
- Total net pension liability increased from \$2.4 million to \$4.4 million
- Actual expenditures exceeded budgeted expenditures by \$42,284

### **Overview of the Financial Statements:**

This discussion and analysis are an introduction to the City's basic financial statements that are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements for further information and analysis. The government-wide and the fund financial statements present two different views of the City:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City's financial information, reporting these operations in more detail than the government-wide financial statements.
- The governmental funds statements and the custodial funds statements tell how basic services such as operations, administration, and restricted funds were financed in the short-term as well as what remains for future spending.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data analysis. To assist the reader in understanding the differences between them, a brief discussion of each follow, including the relationship of these statements to each other and the significant differences in the information they provide.

## **Government-Wide Financial Statements:**

The government-wide financial statements report information about the City as a whole, providing readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are therefore taken into account, regardless of when cash is received or paid.

The first of the government-wide statements is the Statement of Net Position. The Statement of Net Position reports the difference between the City's total assets and total liabilities and includes all the City's capital assets and all its long-term debt. Over time, increases or decreases in net position may serve as one indicator of whether the City's financial position is improving or deteriorating.

Although the Statement of Net Position reports a total net position of \$23,692,838, the City has restrictions over the use of these funds. The investment in land, buildings, and equipment (capital assets, net of related debt) is necessary for the successful operation of the City. Governmental laws segregate funds and place restrictions on spending. This should be considered when reviewing the report.

The second of the government-wide financial statements is the Statement of Activities. This statement shows the result of operations that caused net position to change from the prior year to the amount reported on the Statement of Net Position as of June 30, 2023. All changes of net position are reported as soon as the underlying event giving rise to the change occurs. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years' reporting periods.

The Statement of Activities classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that help support the expenses. The resulting Net (Expenses) Revenue and Changes in Net Position shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in a total change in net position.

## **Fund Financial Statements:**

The fund financial statements provide detailed information about the City's most significant funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state or federal law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants and other funding resources. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial resources that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

Because the focus of the governmental funds is narrower than that of the government wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. The differences of results in the governmental funds financial statements to those in the government-wide financial statements are shown in reconciliations following the governmental funds financial statements.

**Proprietary Funds**—The City maintains one type of proprietary funds – enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the wastewater collection and treatment. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary funds**—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

**Notes to Basic Financial Statements:**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information:**

In addition to the basic financial statements, this report also presents certain Required Supplementary Information including the City’s Schedule of the Plan’s Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date.

**Supplementary Information:**

Supplementary schedules concerning balance sheets and fund balances for all other funds are presented immediately following the Required Supplementary Information. Financial activity related to the City’s custodial funds is also presented separately in this section.

## Fund Level Revenues & Expenditures Analysis:

### Statement of Revenues, Expenditures and Changes in Fund Balances for the Year Ended June 30, 2023

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Taxes & Assessments	\$ 1,966,165	\$ 2,069,520	\$ -	\$ -	\$ 1,966,165	\$ 2,069,520
Licenses, Permits, & Fees	106,424	58,465	-	-	106,424	58,465
Fines & Forfeitures	7,239	8,641	-	-	7,239	8,641
Interest & Investment income	28,157	4,883	-	-	28,157	4,883
Intergovernmental revenues	933,898	624,144	-	22,958	933,898	647,102
Charges for services	346,509	310,103	2,137,285	2,108,072	2,483,794	2,418,175
Other	25,059	32,536	-	-	25,059	32,536
<b>Total</b>	<b>\$ 3,413,451</b>	<b>\$ 3,108,292</b>	<b>\$ 2,137,285</b>	<b>\$ 2,131,030</b>	<b>\$ 5,550,736</b>	<b>\$ 5,239,322</b>
<b>Expenditures</b>						
General Gov & Admin	\$ 592,093	\$ 600,386			\$ 592,093	\$ 600,386
Public Safety	1,095,006	1,035,761			1,095,006	1,035,761
Public Works & Facilities	381,692	530,278			381,692	530,278
Community Development	96,085	108,714			96,085	108,714
Cultural and Recreation	391,409	333,272			391,409	333,272
Capital Outlay	554,040	-			554,040	-
Salaries & Benefits	-	-	24,081	1,030,652	24,081	1,030,652
Operation & Maintenance	-	-	748,720	653,385	748,720	653,385
Depreciation	-	-	98,335	76,831	98,335	76,831
<b>Total</b>	<b>\$ 3,110,325</b>	<b>\$ 2,608,411</b>	<b>\$ 871,136</b>	<b>\$ 1,760,868</b>	<b>\$ 3,981,461</b>	<b>\$ 4,369,279</b>
<b>Net Revenue (Loss)</b>	<b>\$ 303,126</b>	<b>\$ 499,881</b>	<b>\$ 1,266,149</b>	<b>\$ 370,162</b>	<b>\$ 1,569,275</b>	<b>\$ 870,043</b>

Revenue generation grew nearly 10% for General Fund and related Funds compared to last fiscal year, while the sewer enterprise fund's revenue generation essentially remained the same. Governmental expenditures increased by 19%, while enterprise expenditures declined significantly due to changes in pension actuarial valuation adjustments. Primarily due to reserving funds for upcoming capital projects, such as the Sutter Oaks wastewater main replacement project, the City ended 2023 with net revenue of \$1,569,275.

#### Revenue

The City's total revenue was \$5.5 million for the fiscal year ended June 30, 2023. Revenue from governmental activities totaled \$3.41 million and revenue from business-type activities totaled \$2.09 million.

#### Expenses

Expenses of the City for the year totaled \$3,981,461. Governmental activity expenses totaled \$3,110,325 and Business-type activity expenses totaled \$871,136. Total expenses decreased by \$387,818 from the previous year.

#### Fund Financial Statement Analysis:

The City uses fund accounting to ensure and demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activity. The fund financial statements focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements. The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources.

As the City completed the year, the General Fund reported combined fund balances of \$1,522,789, an increase of \$401,004 from last year’s ending fund balances of \$1,121,785.

**Fund Budgetary Highlights:**

The General Fund final adopted budget had an increase from the prior year in total revenue by \$105,985 and the actual total revenue increased from the prior year by \$116,971. Budgeted revenues for the General Fund for 2023 totaled \$2.19 million while actual revenues equaled \$2.86 million, an increase of \$678,095.

General Fund expenditures budgeted for 2023 totaled \$2.1 million while actual expenditures equaled \$2.3 million, a difference of \$190,516.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS:**

Statement of Net Position	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 2,371,954	\$ 1,833,414	\$ 3,677,664	\$ 3,455,704	\$ 6,049,618	\$ 5,289,118
Capital assets, net	18,724,414	16,401,313	2,250,477	2,317,259	\$ 20,974,891	\$ 18,718,572
<b>Total Assets</b>	<b>21,096,368</b>	<b>18,234,727</b>	<b>5,928,141</b>	<b>5,772,963</b>	<b>\$ 27,024,509</b>	<b>\$ 24,007,690</b>
<b>Deferred Outflows of Resources</b>						
Pension related	3,983,850	593,767	1,327,951	197,923	\$ 5,311,801	\$ 791,690
<b>Total Deferred Outflows of Resources</b>	<b>3,983,850</b>	<b>593,767</b>	<b>1,327,951</b>	<b>197,923</b>	<b>\$ 5,311,801</b>	<b>\$ 791,690</b>
<b>Liabilities</b>						
Current	379,596	145,994	669,827	686,406	\$ 1,049,423	\$ 832,400
Long-term liabilities	3,382,811	1,886,138	1,551,888	1,085,628	\$ 4,934,699	\$ 2,971,766
<b>Total Liabilities</b>	<b>3,762,407</b>	<b>2,032,132</b>	<b>2,221,715</b>	<b>1,772,034</b>	<b>\$ 5,984,122</b>	<b>\$ 3,804,166</b>
<b>Deferred Inflows of Resources</b>						
Pension related	215,547	1,514,458	71,849	504,819	\$ 287,396	\$ 2,019,277
<b>Total Deferred Inflows of Resources</b>	<b>215,547</b>	<b>1,514,458</b>	<b>71,849</b>	<b>504,819</b>	<b>\$ 287,396</b>	<b>\$ 2,019,277</b>
<b>Net Position</b>						
Net investment in capital assets	16,352,460	16,401,313	1,345,477	1,389,259	\$ 17,697,937	\$ 17,790,572
Restricted	375,355	576,195	-	-	\$ 375,355	\$ 576,195
Unrestricted	2,002,495	(1,695,604)	3,617,051	2,304,774	\$ 5,619,546	\$ 609,170
<b>Total Net Position</b>	<b>\$ 18,730,310</b>	<b>\$ 15,281,904</b>	<b>\$ 4,962,528</b>	<b>\$ 3,694,033</b>	<b>\$ 23,692,838</b>	<b>\$ 18,975,937</b>

Net position represents the difference between the City's resources and its obligations. As of June 30, 2023, the largest portion of the City's total, 89 percent, reflects the investment in capital assets, less related debt outstanding used to acquire the capital assets. The City's net position is broken out into three categories: net investment in capital assets totaling \$17,697,937 (e.g., land, buildings, and improvements, machinery and equipment) less any related debt used to acquire those assets that is still outstanding, restricted for specific purposes totaling \$375,355 and unrestricted totaling \$5,619,546. These capital assets are used by the City to provide services to the citizens; consequently, these assets are not available for future spending. Additional capital asset information can be found in the Capital Asset and Debt Administration section of the MD&A. Restricted net position represents amounts that may be used in accordance with external restrictions. The unrestricted balance of net position may be used at the City's discretion.

The increase in unrestricted net position is due to a decrease in the share of the City's liability in the CalPERS Unfunded Accrued Liability pool. Even small changes in our proportion of the pooled liabilities can create major shifts in our long term outlook on this significant burden. This number can vary wildly from year to year, the reader is cautioned not to put too much weight into this number. Keep in mind that while it can swing in our favor one year, it may also swing the other direction just as easily. The adjustments in our proportion of the liability pool are based on our participation in the pension system, including retirees already receiving benefits and active members paying into the pension currently. This liability is a multi-decade obligation that is significant, but has little immediate effect on our ability to operate as a city as long as we continue to identify it as a growing expenditure as time goes on, and we budget accordingly. For the purposes of this audit, it effected the reporting of long term expenses. Explanations on why that is can be found on Page 48. The impacts of this change due to GASB 68 can be found on Page 15. For more details on the specifics of the swing in our pension liability, please refer to Page 47.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets:**

As of the end of fiscal year 2023, the City had invested \$28.3 million in a broad range of capital assets including buildings, land, wastewater facilities, the sewer treatment plant, vehicles and machinery. The City increased its gross capital assets by \$568,000 during 2023. Total depreciation expense for the year was \$664,877. Depreciation expense is allocated to the fund and category in which the capital asset has been recorded.

Additional information on the City's capital assets can be found in Note 4.

### **Long-Term Debt:**

The City's long-term debt is composed of \$455k due to the U.S Department of Agriculture which was to finance capital improvements to the City's sewer collection system and \$450k due to Amador Regional Sanitation Authority for the acquisition of an easement. However, as of March 2024, City of Sutter Creek and Amador Regional Sanitation Authority agreed to forgive the \$450k debt and the ARSA JPA is in the process of dissolution.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET:**

The factors that most significantly impact the City and its budget are driven by property values, building activity, and tourism. These factors directly impact property taxes, sales taxes, and transient occupancy taxes, which combined are the City’s largest revenue sources of governmental activities.

The City understands that preparing for future downturns and capital improvements are necessary for a secure future, therefore the City transferred \$28,656 from the General Fund into the General Operations Reserve fund during 2023 for a fund balance of \$102,421 and transferred from the General Fund \$57,313 into the General Capital Reserve fund for a fund balance of \$49,677 and transferred from the General Fund \$28,656 into the General Savings fund for a fund balance of \$72,113.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in Note 8. The City’s required contribution for the unfunded liability was \$330,152 in fiscal year 2023.

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT:**

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or would like additional financial information, please contact the City of Sutter Creek, 18 Main Street, Sutter Creek, California 95685.

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF SUTTER CREEK  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents (Note 2)	\$2,152,139	\$3,640,061	\$5,792,200
Accounts receivable, net of allowance for doubtful accounts	1,131	37,603	38,734
Prepaid expense			
Due from other government agencies	218,684		218,684
Total current assets	<u>2,371,954</u>	<u>3,677,664</u>	<u>6,049,618</u>
Noncurrent assets:			
Capital assets (Notes 1E and 4):			
Non-depreciable	1,965,587	781,473	2,747,060
Depreciable, net	14,386,873	1,469,004	15,855,877
Total noncurrent assets	<u>16,352,460</u>	<u>2,250,477</u>	<u>18,602,937</u>
Total Assets	<u>18,724,414</u>	<u>5,928,141</u>	<u>24,652,555</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related (Note 8)	3,983,850	1,327,951	5,311,801
Total Deferred Outflows of Resources	<u>3,983,850</u>	<u>1,327,951</u>	<u>5,311,801</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	276,124	76,485	352,609
Accrued liabilities	21,344	24,899	46,243
Due to other governments	8,585		8,585
Interest payable		85,318	85,318
Deposits payable	61,689	4,463	66,152
Compensated absences, due in less than one year (Note 1G)	11,854	4,662	16,516
Long-term debt, due in less than one year (Note 5)		474,000	474,000
Total current liabilities	<u>379,596</u>	<u>669,827</u>	<u>1,049,423</u>
Long-term liabilities:			
Compensated absences, due in more than one year (Note 1G)	25,977	16,132	42,109
Long-term debt, due in more than one year (Note 5)		431,000	431,000
Total OPEB liability (Note 6)	42,566		42,566
Net pension liability (Note 8)	3,314,268	1,104,756	4,419,024
Total long-term liabilities	<u>3,382,811</u>	<u>1,551,888</u>	<u>4,934,699</u>
Total Liabilities	<u>3,762,407</u>	<u>2,221,715</u>	<u>5,984,122</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related (Note 8)	215,547	71,849	287,396
Total Deferred Inflows of Resources	<u>215,547</u>	<u>71,849</u>	<u>287,396</u>
<b>NET POSITION (Note 7)</b>			
Net investment in capital assets	16,352,460	1,345,477	17,697,937
Restricted for City projects	375,355		375,355
Unrestricted	2,002,495	3,617,051	5,619,546
Total Net Position	<u>\$18,730,310</u>	<u>\$4,962,528</u>	<u>\$23,692,838</u>

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

CITY OF SUTTER CREEK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
General government and administrative services	(\$68,422)	\$353,765	\$313,619		\$735,806		\$735,806
Public safety	(219,359)	9,337	318,752		547,448		547,448
Culture and recreation		82,946			82,946		82,946
Public works	156,741	2,544	91,479	\$57,847	(4,871)		(4,871)
Community development	96,085	11,300	187,100		102,315		102,315
<b>Total Governmental Activities</b>	<b>(34,955)</b>	<b>459,892</b>	<b>910,950</b>	<b>57,847</b>	<b>1,463,644</b>		<b>1,463,644</b>
<b>Business-type Activities:</b>							
Wastewater	896,387	2,137,285				\$1,240,898	1,240,898
<b>Total Business-type Activities</b>	<b>896,387</b>	<b>2,137,285</b>				<b>1,240,898</b>	<b>1,240,898</b>
<b>Total Government-Wide</b>	<b>\$861,432</b>	<b>\$2,597,177</b>	<b>\$910,950</b>	<b>\$57,847</b>	<b>1,463,644</b>	<b>1,240,898</b>	<b>2,704,542</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					931,923		931,923
Sales taxes					489,884		489,884
Transient occupancy tax					267,442		267,442
Franchise taxes					126,293		126,293
Gas taxes					115,724		115,724
Investment income					28,157	23,794	51,951
Miscellaneous					25,339		25,339
Transfers							
					<b>1,984,762</b>	<b>23,794</b>	<b>2,008,556</b>
<b>Changes in Net Position</b>					<b>3,448,406</b>	<b>1,264,692</b>	<b>4,713,098</b>
<b>Net Position - Beginning</b>					<b>15,281,904</b>	<b>3,697,836</b>	<b>18,979,740</b>
<b>Net Position - Ending</b>					<b>\$18,730,310</b>	<b>\$4,962,528</b>	<b>\$23,692,838</b>

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

CITY OF SUTTER CREEK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	FEMA Fund	Capital Improvements Fund	Non-Major Governmental Funds	
<b>ASSETS</b>					
Cash and investments (Note 2)	\$1,140,937	\$149,973		\$861,229	\$2,152,139
Accounts receivable, net of allowance for doubtful accounts				1,131	1,131
Due from other funds (Note 3)	316,103				316,103
Due from other governmental agencies	173,084			45,600	218,684
<b>TOTAL ASSETS</b>	<b>\$1,630,124</b>	<b>\$149,973</b>		<b>\$907,960</b>	<b>\$2,688,057</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$75,460	\$184,838		\$15,826	\$276,124
Accrued liabilities	21,344				21,344
Due to other funds (Note 3)			\$253,806	62,297	316,103
Due to other governments	8,585				8,585
Deposits payable	1,946		6,089	53,654	61,689
<b>TOTAL LIABILITIES</b>	<b>107,335</b>	<b>184,838</b>	<b>259,895</b>	<b>131,777</b>	<b>683,845</b>
<b>FUND BALANCES (Note 7)</b>					
Restricted				813,044	813,044
Unassigned	1,522,789	(34,865)	(259,895)	(36,861)	1,191,168
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,522,789</b>	<b>(34,865)</b>	<b>(259,895)</b>	<b>776,183</b>	<b>2,004,212</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$1,630,124</b>	<b>\$149,973</b>		<b>\$907,960</b>	<b>\$2,688,057</b>

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

CITY OF SUTTER CREEK  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION

JUNE 30, 2023

Total Governmental Fund Balances	\$2,004,212
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	16,352,460
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	
Compensated absences	(37,831)
Other post-employment benefits	(42,566)
Pension related deferred outflows, deferred inflows and liabilities	454,035
Net Position of Governmental Activities	<u><u>\$18,730,310</u></u>

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

CITY OF SUTTER CREEK  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds				
	General Fund	FEMA Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes and assessments	\$1,853,150			\$113,015	\$1,966,165
Licenses, permits and fees	106,424				106,424
Fines and forfeitures	7,239				7,239
Interest and investment income	19,135	\$33		8,989	28,157
Intergovernmental revenues	590,288		\$47,322	296,288	933,898
Charges for services	264,345			82,164	346,509
Other revenue	25,059				25,059
<b>TOTAL REVENUES</b>	<b>2,865,640</b>	<b>33</b>	<b>47,322</b>	<b>500,456</b>	<b>3,413,451</b>
<b>EXPENDITURES</b>					
Current:					
General government and administration	563,689			28,404	592,093
Public safety	1,095,006				1,095,006
Public works and facilities	227,521			154,171	381,692
Community development	96,085				96,085
Cultural and recreation	295,318			96,091	391,409
Capital outlay	2,240	213,340	307,217	31,243	554,040
<b>TOTAL EXPENDITURES</b>	<b>2,279,859</b>	<b>213,340</b>	<b>307,217</b>	<b>309,909</b>	<b>3,110,325</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>585,781</b>	<b>(213,307)</b>	<b>(259,895)</b>	<b>190,547</b>	<b>303,126</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (Note 3)		169,308		15,469	184,777
Transfers out (Note 3)	(184,777)				(184,777)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(184,777)</b>	<b>169,308</b>		<b>15,469</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>401,004</b>	<b>(43,999)</b>	<b>(259,895)</b>	<b>206,016</b>	<b>303,126</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>1,121,785</b>	<b>9,134</b>		<b>570,167</b>	<b>1,701,086</b>
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>	<b>\$1,522,789</b>	<b>(\$34,865)</b>	<b>(\$259,895)</b>	<b>\$776,183</b>	<b>\$2,004,212</b>

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

CITY OF SUTTER CREEK  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$303,126

Amounts reported for governmental activities in the Statement of Activities  
are different because of the following:

Governmental funds report outlays for capital assets as expenditures because such  
outlays use current financial resources. In contrast, the Statement of Activities reports  
only a portion of the outlay as expense. The outlay is allocated over the assets'  
estimated useful lives as depreciation expense for the period.

Depreciation	(566,542)
Capitalizable expenditures are added back to fund balance	517,689

The amounts below included in the Statement of Activities do not provide or (require) the use of  
current financial resources and therefore are not reported as revenues or expenditures in  
governmental funds (net change):

Compensated absences	5,357
Other post-employment benefits	5,998
Change in net pension liability and related deferred inflows/outflows	<u>3,182,778</u>

Change in Net Assets of Governmental Activities	<u><u>\$3,448,406</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SUTTER CREEK  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$1,827,045	\$1,858,045	\$1,853,150	(\$4,895)
Licenses and permits	66,500	57,900	106,424	48,524
Fines and penalties		8,000	7,239	(761)
Interest and investment income	2,500	2,500	19,135	16,635
Intergovernmental	180,000	202,000	590,288	388,288
Charges for services	111,500	160,100	264,345	104,245
Other revenue			25,059	25,059
TOTAL REVENUES	<u>2,187,545</u>	<u>2,288,545</u>	<u>2,865,640</u>	<u>577,095</u>
EXPENDITURES:				
Current:				
General government and administration	529,452	528,996	563,689	(34,693)
Public safety	1,066,054	1,072,815	1,095,006	(22,191)
Public works and facilities	94,000	266,097	227,521	38,576
Community development	138,678	98,963	96,085	2,878
Culture and recreation	265,229	258,704	295,318	(36,614)
Capital outlay	20,794	12,000	2,240	9,760
TOTAL EXPENDITURES	<u>2,114,207</u>	<u>2,237,575</u>	<u>2,279,859</u>	<u>(42,284)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>73,338</u>	<u>50,970</u>	<u>585,781</u>	<u>534,811</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			(184,777)	(184,777)
TOTAL OTHER FINANCING USES			<u>(184,777)</u>	<u>(184,777)</u>
NET CHANGE IN FUND BALANCE	<u>\$73,338</u>	<u>\$50,970</u>	401,004	<u>\$350,034</u>
FUND BALANCES, BEGINNING OF YEAR			<u>1,121,785</u>	
FUND BALANCES, END OF YEAR			<u>\$1,522,789</u>	

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

CITY OF SUTTER CREEK  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2023

	Major Enterprise Fund
	Wastewater Fund
ASSETS	
CURRENT ASSETS	
Cash and investments (Note 2)	\$3,640,061
Accounts receivable, net	37,603
Prepaid expenses	
TOTAL CURRENT ASSETS	3,677,664
NONCURRENT ASSETS	
Capital assets (Note 4):	
Non-depreciable	781,473
Depreciable - net	1,469,004
TOTAL NONCURRENT ASSETS	2,250,477
TOTAL ASSETS	5,928,141
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 8)	1,327,951
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,327,951
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	76,485
Accrued liabilities	24,899
Interest payable	85,318
Deposits payable	4,463
Compensated absences, due in less than one year (Note 1G)	4,662
Long-term debt, due in less than one year (Note 5)	474,000
TOTAL CURRENT LIABILITIES	669,827
NONCURRENT LIABILITIES	
Compensated absences, due in more than one year (Note 1G)	16,132
Long-term debt, due in more than one year (Note 5)	431,000
Net pension liability (Note 8)	1,104,756
TOTAL NONCURRENT LIABILITIES	1,551,888
TOTAL LIABILITIES	2,221,715
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 8)	71,849
TOTAL DEFERRED INFLOWS OF RESOURCES	71,849
NET POSITION	
Net investment in capital assets	1,345,477
Unrestricted	3,617,051
TOTAL NET POSITION	\$4,962,528

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

CITY OF SUTTER CREEK  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Major Enterprise Fund
	Wastewater Fund
OPERATING REVENUES	
Service charges	\$2,137,285
TOTAL OPERATING REVENUES	2,137,285
OPERATING EXPENSES	
Salaries and benefits	24,081
Operation and maintenance	748,720
Depreciation (Note 4)	98,335
TOTAL OPERATING EXPENSES	871,136
OPERATING INCOME (LOSS)	1,266,149
NONOPERATING REVENUES (EXPENSES)	
Interest income	23,794
Interest expense	(25,251)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,457)
Change in net position	1,264,692
BEGINNING NET POSITION	3,697,836
ENDING NET POSITION	\$4,962,528

See accompanying notes to financial statements

CITY OF SUTTER CREEK  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2023

	Wastewater Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$2,150,355
Cash paid to suppliers	(756,865)
Cash paid to employees and related benefits	(1,098,753)
Cash Flows from Operating Activities	294,737
Cash Flows from Capital and Related Financing Activities	
Capital asset acquisition	(19,168)
Capital asset deletion	(8,582)
Debt principal paid	(23,000)
Interest paid	(25,251)
Cash Flows from Capital and Related Financing Activities	(76,001)
Cash Flows from Investing Activities	
Interest received	23,794
Cash Flows from Investing Activities	23,794
Increase in cash and cash equivalents	242,530
Cash and cash equivalents, beginning of year	3,397,531
Cash and cash equivalents, end of year	\$3,640,061
Reconciliation of Net Operating Income to cash provided by operating activities:	
Operating income	\$1,266,149
Adjustments to reconcile net operating loss to cash provided by operating activities:	
Depreciation	98,335
(Decrease) increase in due to retirement system	(1,074,260)
(Increase) decrease in assets:	
Accounts receivable	13,070
Prepaid expenses	7,500
(Decrease) increase in liabilities:	
Accounts payable	(15,645)
Accrued compensated absences	(412)
Cash Flows from Operating Activities	\$294,737

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

CITY OF SUTTER CREEK  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2023

	Custodial Funds
<b>ASSETS</b>	
Cash and investments (Note 2)	\$12,028
Prepaid expenses	1,500
Total Assets	13,528
<b>LIABILITIES</b>	
Accounts payable	10,167
Due to other governments	10,531
Total Liabilities	20,698
<b>NET POSITION (DEFICIT)</b>	
Restricted for organizations and other governments	(7,170)
Total Net Position (Deficit)	(\$7,170)

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

CITY OF SUTTER CREEK  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Funds
ADDITIONS:	
Interest and investment income	\$3,122
Charges for services	754,594
Other revenue	6,098
TOTAL ADDITIONS	763,814
DEDUCTIONS:	
Operations	761,168
Utilities	2,444
Repairs and maintenance	3,261
Supplies	2,173
Professional services	4,237
TOTAL DEDUCTIONS	773,283
CHANGE IN NET POSITION	(9,469)
NET POSITION, BEGINNING OF YEAR	2,299
NET POSITION (DEFICIT), END OF YEAR	(\$7,170)

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

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**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Sutter Creek (City) was incorporated in 1913, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, sewer, culture-recreation, public improvements, planning and zoning, and general administrative services. The voters of the City give authority and responsibility for operations to the City Council. The City Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the City's management is the financial budget, which is adopted annually by the City Council.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB issues a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements.

Reporting Entity: The City operates as a self-governing local government unit within the State of California. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. Voters elect a City Council that passes laws and determines broad policies. The Council also oversees the operations of the City and approves all budgets, fund transfers and fund balance reserves. The City's main funding sources include property taxes, sales taxes, other intergovernmental revenue from State and federal sources, user fees, and federal and state financial assistance.

Government-wide and Fund Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds. A fund is a separate self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the last is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- A. Measurement Focus, Basis of Accounting and Basis of Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period with the exception of grant-related government voluntary nonexchange revenue. The City considers grant related government voluntary nonexchange revenues to be available if they are collected within 365 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Major revenues that are determined to be susceptible to accrual include property taxes and assessments, sales taxes, franchise taxes, charges for services, intergovernmental revenues, and earnings on investments. Sales taxes collected and held by the State at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues (government mandated nonexchange transactions) are recognized when the City has satisfied all applicable eligibility requirements and if the amounts are measurable. If the grant funds are received before the revenue recognition criteria are satisfied, the unearned amounts are reported as unearned revenue.

The City reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

FEMA Special Revenue Fund – The FEMA Special Revenue Fund is used to account for FEMA-funded repairs and project costs.

Capital Improvements Capital Projects Fund – The Capital Improvements Capital Projects Fund is used to account for the planning and construction of various Sutter Creek capital projects.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Additionally, the City reports the following fund types:

*GOVERNMENTAL FUNDS*

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (not including private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

*PROPRIETARY FUNDS*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the City's enterprise fund is charges to customers or other funds for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Enterprise Fund – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports the following major enterprise fund:

Wastewater Fund – The Wastewater Operations Fund is used to account for sewer collection system and pollution control plant operations including major repair and replacement of the City's pollution control plant facilities.

*FIDUCIARY FUNDS*

The City reports the following type of Fiduciary Funds:

Custodial Funds – Custodial Funds account for assets held by the City in a purely custodial capacity. Custodial Funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- B. Cash and Cash Equivalents: The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including the City’s investment in the California Local Agency Investment Fund (LAIF). Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost.
- C. Interfund Balances: Transactions between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Eliminations have not been made between or within the fund types.
- D. Property Taxes: The County of Amador (the County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due provided, they are collected within 90 days after year end. Secured property taxes are levied on or before January 1 of each year. They become a lien on real property on January 1. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs and interest when paid. These taxes are secured by liens on the property being taxed.

The term “unsecured” refers to taxes on personal property other than land and buildings. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan,” as prescribed by Section 4717 of the California Revenue and Taxation Code. Therefore, the City receives 100% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

These taxes are accrued as intergovernmental receivables only if they are received from the County within 90 days after year end for the governmental funds and are accrued when earned for government-wide presentation regardless of the timing of the related cash flows.

The City has provided an allowance for doubtful accounts of \$0 at June 30, 2023.

- E. Capital Assets: Capital assets for governmental fund types of the City are capitalized in the funds used to acquire or construct them. Capital acquisitions are to be reflected as expenditures in the governmental fund, and the related assets are to be reported in the government-wide financial statements at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the additions to capital assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 40 years
Infrastructure	30 years
Wastewater facilities and treatment plant	20 to 40 years
Machinery and equipment	5 to 20 years

It is the policy of the City to capitalize all land, buildings, improvements, equipment, and infrastructure assets, except assets costing less than \$5,000. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the amounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related proprietary fund. In governmental funds, the sale of general capital assets is included in the Statement of Revenues, Expenditures and Changes in Fund Balances as proceeds from sale. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

- F. Unearned and Unavailable Revenues: Unearned revenues arise when resources are received by the City before it has legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures). Unavailable revenues in governmental funds arise when a potential revenue source does not meet both the “measurable” and “available” criteria for recognition in the current period. Revenues considered unavailable because they were not received in the availability period are recognized for the government-wide presentation.
- G. Compensated Absences: It is the City’s policy to permit employees to accumulate earned but unused vacation, compensatory time off and administrative leave. Vacation is accrued when incurred in the government-wide presentation and in the proprietary funds and reported as a fund liability. Amounts that are expected to be liquidated with expendable available financial resources, (i.e., as a result of employee resignations or retirements that are currently payable) are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide presentation. No expenditure is reported in the governmental fund financial statements for these amounts. The General Fund and Wastewater Fund are used to liquidate compensated absences.

The changes of the compensated absences during the fiscal year ended June 30, 2023 were as follows:

	Balance June 30, 2022	Additions	Payments	Balance June 30, 2023	Due Within One Year
Governmental Activities	\$43,188	\$30,956	(\$36,313)	\$37,831	\$11,854
Business-Type Activities	21,206	23,705	(24,117)	20,794	4,662
Total	\$64,394	\$54,661	(\$60,430)	\$58,625	\$16,516

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- H. Long-term Obligations: Long-term debt of governmental funds are reported at face value in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, proceeds from borrowing are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

- I. Deferred Inflows and Deferred Outflows of Resources: In addition to assets, the Statement of Net Position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

- J. Leases: A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes leases with an initial, individual value of \$50,000 or more.
- K. Subscription-Based Information Technology Arrangements (SBITA): A Subscription-Based Information Technology Arrangements (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.
- L. Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- M. Budgetary Information: The City Council annually adopts the budget resolution for all operating funds of the City. Budgetary control is legally maintained at the fund level. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental appropriations. The supplemental appropriations were immaterial. The budgetary data is prepared on the modified accrual basis consistent with the related “actual” amounts. The City does not use encumbrance accounting.

Except for the General Fund and the Gas Tax, Streets & Sidewalks Special Revenue Fund, all other special revenue and capital project funds are not budgeted. As of June 30, 2023, expenditures in the General Fund and Gas Tax, Streets & Sidewalks Special Revenue Fund, exceeded appropriations in the amounts of \$42,284 and \$30,017, respectively.

Deficit Fund Equity: The following funds have fund deficits at June 30, 2023:

	Amount
FEMA Special Revenue Fund	\$34,865
Capital Improvements Capital Projects Fund	259,895
Cemetery Special Revenue Fund	12,353
Community Center Grant Special Revenue Fund	26,508

- N. New and Closed Funds: During fiscal year ended June 30, 2023, the City closed the Sutter Creek Bridge Replacement Capital Projects Fund, and opened the Capital Improvements Capital Projects Fund, FEMA Special Revenue Fund, and Planning Grant Special Revenue Fund.
- O. New Governmental Accounting Standards Board (GASB) Pronouncements: Management adopted the provisions of the following GASB Statements, which became effective during the year ended June 30, 2023:

In May 2019, GASB issued **Statement No. 91, *Conduit Debt Obligations***. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In March 2020, GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

In May 2020, GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The provisions of this Statement were implemented during fiscal year 2023. The City did not have any significant SBITAs to record as of June 30, 2023.

- P. Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 2 – CASH AND INVESTMENTS**

The City follows the practice of pooling cash and investments of all funds. Cash represents cash on hand, demand deposits in the bank and investments. Cash and investments at June 30, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments of the City	\$5,792,200
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments	12,028
Total cash and investments	\$5,804,228

Cash and investments as of June 30, 2023 consisted of the following:

Cash on hand	\$800
Deposits with financial institutions	1,146,712
Investments	4,656,716
Total cash and investments	\$5,804,228

Investment Policy: California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	2 Years	None	None
U.S. Agency Securities	2 Years	50%	None
Local Agency Bonds	2 Years	50%	None
Certificates of Deposit	2 Years	50%	None
Investment Pool	N/A	None	None
California Local Agency	N/A	None	None

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City’s investment in the California Local Agency Investment Fund (LAIF) has an average maturity of 260 days.

Investment	Total	Remaining Maturity (in Months) 12 Months or Less
Money Market Fund	\$2,059,212	\$2,059,212
Certificate of Deposit	1,000,000	1,000,000
LAIF	1,597,504	1,597,504
	<u>\$4,656,716</u>	<u>\$4,656,716</u>

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the City’s cash on deposit. All of the City’s deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the City’s name.

Investment in LAIF: The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain State funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Investment	Minimum Legal Rating	Not Rated	Total
Money Market Fund	AAAm		\$2,059,212
Certificate of Deposit	N/A	\$1,000,000	1,000,000
LAIF	N/A	1,597,504	1,597,504
		<u>\$2,597,504</u>	<u>\$4,656,716</u>

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Fair Value Hierarchy: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Local Agency Investment Fund and money market fund are classified as exempt in the fair value hierarchy, as they are valued at amortized cost, which is exempt from being classified under GASB 72.

**NOTE 3 – INTERFUND TRANSACTIONS**

All due to/from other funds represent temporary loans from one fund to another to cover cash flow shortfalls and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2023, the City had the following interfund balances:

Due To	Due From	Amount Owed
<b>General Fund</b>	<b>Capital Improvements Fund</b>	\$253,806
	<b>Non-Major Special Revenue Funds:</b>	
	Gas Tax, Streets & Sidewalks Fund	32,355
	Cemetery Fund	12,286
	Community Center Grants Fund	17,656
		\$316,103

The City had the following transfers in/out for the year ended June 30, 2023:

Fund Making Transfer	Fund Receiving Transfer	Amount Transferred
General Fund	FEMA Special Revenue Fund	\$169,308 (a)
	Fund	15,469 (b)
		\$184,777

- (a) To fund activities and projects, pending reimbursement from FEMA.
- (b) General support.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 4 – CAPITAL ASSETS**

Governmental activities capital assets activities for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Additions & Adjustments	Transfers	Balance at June 30, 2023
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$1,714,761			\$1,714,761
Construction in progress		\$280,826	(\$30,000)	250,826
Total capital assets, not being depreciated	<u>1,714,761</u>	<u>280,826</u>	<u>(30,000)</u>	<u>1,965,587</u>
Capital assets, being depreciated:				
Buildings and improvements	4,397,474	55,306		4,452,780
Infrastructure	15,383,891	181,557	30,000	15,595,448
Machinery and equipment	470,357			470,357
Total capital assets being depreciated	<u>20,251,722</u>	<u>236,863</u>	<u>30,000</u>	<u>20,518,585</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,574,698)	(52,963)		(3,627,661)
Infrastructure	(1,540,147)	(480,662)		(2,020,809)
Machinery and equipment	(450,325)	(32,917)		(483,242)
Total accumulated depreciation	<u>(5,565,170)</u>	<u>(566,542)</u>		<u>(6,131,712)</u>
Capital assets being depreciated, net	<u>14,686,552</u>	<u>(329,679)</u>	<u>30,000</u>	<u>14,386,873</u>
Governmental Activities capital assets, net	<u>\$16,401,313</u>	<u>(\$48,853)</u>		<u>\$16,352,460</u>

The City's depreciation expense is charged to the Public Works function in the amount of \$566,542 for governmental activities.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Business-type capital assets activities for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Additions	Deletions & Adjustments	Balance at June 30, 2023
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$596,362			\$596,362
Construction in progress	165,943	\$19,168		185,111
Total capital assets, not being depreciated	<u>762,305</u>	<u>19,168</u>		<u>781,473</u>
Capital assets, being depreciated:				
Buildings and improvements	328,791			328,791
Wastewater facilities	2,611,681			2,611,681
Sewer treatment plant	1,906,631			1,906,631
Machinery and equipment	163,941		\$31,060	195,001
Total capital assets being depreciated	<u>5,011,044</u>		<u>31,060</u>	<u>5,042,104</u>
Less accumulated depreciation for:				
Buildings and improvements	(328,791)			(328,791)
Wastewater facilities	(1,698,083)	(50,533)		(1,748,616)
Sewer treatment plant	(1,261,472)	(34,057)	(22,478)	(1,318,007)
Machinery and equipment	(163,941)	(13,745)		(177,686)
Total accumulated depreciation	<u>(3,452,287)</u>	<u>(98,335)</u>	<u>(22,478)</u>	<u>(3,573,100)</u>
Capital assets being depreciated, net	<u>1,558,757</u>	<u>(98,335)</u>	<u>8,582</u>	<u>1,469,004</u>
Business-type Activities capital assets, net	<u>\$2,321,062</u>	<u>(\$79,167)</u>	<u>\$8,582</u>	<u>\$2,250,477</u>

The City's depreciation expense is charged to the Wastewater program in the amount of \$98,335 for business-type activities.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 5 – LONG-TERM DEBT**

	Balance June 30, 2022	Retirements	Balance June 30, 2023	Due Within One Year
<b>Business-Type Activities - Direct borrowings:</b>				
<b>Loans Payable</b>				
U.S. Department of Agriculture	\$478,000	(\$23,000)	\$455,000	\$24,000
Amador Regional Sanitation Authority	450,000		450,000	450,000
<b>Total Business-type Activity Debt</b>	<b>\$928,000</b>	<b>(\$23,000)</b>	<b>\$905,000</b>	<b>\$474,000</b>

U.S. Department of Agriculture (USDA) Loans Payable: The City’s Wastewater Enterprise Fund has a loan payable to the USDA Rural Development Program to finance certain capital improvements to the City’s sewer collection system. Principal payments are due annually on May 1. Interest payments, at an interest rate of 4.5%, are due semi-annually on November 1 and May 1. The loan matures May 2037, and the source of repayment is the Wastewater Enterprise Fund. The scheduled annual minimum debt service requirements at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$24,000	\$20,476	\$44,476
2025	25,000	19,396	44,396
2026	26,000	18,270	44,270
2027	27,000	17,100	44,100
2028	29,000	15,886	44,886
2029-2033	164,000	58,816	222,816
2034-2037	160,000	18,452	178,452
	<u>\$455,000</u>	<u>\$168,396</u>	<u>\$623,396</u>

Amador Regional Sanitation Authority (ARSA) Loans Payable: The City participates as one of three members of the Amador Regional Sanitation Authority (ARSA). This joint powers authority, comprised of the City of Sutter Creek, the City of Amador City and the County of Amador, serves its members by facilitating and acquiring items needed for the disposal and discharging of treated effluent generated by its member agencies. A five member board, consisting of two County Supervisors, two Sutter Creek City Councilmembers and one Amador City Councilmember, holds regularly scheduled monthly meetings.

In March 2006, the City of Sutter Creek and ARSA jointly funded the acquisition of an easement costing \$750,000. The easement provides for the eventual delivery of effluent (pipeline easement) to a spray field for the discharging of partially treated effluent. These facilities are to provide additional effluent disposal areas for ARSA. The timing of this development is unknown at this time (see Note 10 disclosure on developer agreement). The agreement with ARSA calls for the construction of a pipeline along the easement and for the proper discharge of effluent once the Gold Rush Golf development occurs. The City’s agreement with Gold Rush Golf calls for the construction of the pipeline by the developer.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 5 – LONG-TERM DEBT (Continued)**

The City provided \$300,000 of the funding of the easement while ARSA provided the remaining \$450,000. The purchase agreement calls for the City to reimburse ARSA the principal of \$450,000, plus interest at the State Treasurer’s LAIF rate. Principal amounts were originally scheduled as follows:

\$50,000 due on June 30, 2008  
\$50,000 due on June 30, 2009  
\$50,000 due on June 30, 2010  
\$100,000 due on June 30, 2011  
\$100,000 due on June 30, 2012  
\$100,000 due on June 30, 2013

Since the existing ARSA system is adequate at this time and economic conditions currently exist preventing the development of the Gold Rush Golf development, the pipeline and spray field easement is not needed. For this reason, the City requested a delay from ARSA in the repayment schedule. The most recent deferral approved by ARSA grants the City a delay until June 2024. On November 30, 2022, ARSA Governing Board approved an extension of the commencement date of repayment of interest and principal to begin on June 30, 2024.

Subsequent to year-end, the ARSA Board voted to begin dissolution of ARSA, and concurrently, forgave the loan made to the City. See Note 10 for more details.

**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

**Plan Description** – The City’s Post Employment Benefit Plan is a single employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75. For employees who retired prior to July 1, 2012, and employees hired before July 1, 2012 who subsequently retire from City service, the City will contribute \$105 per month toward retiree medical premiums for those retirees enrolled in the City-sponsored medical plan. Employees hired on or after July 1, 2012 are not eligible for other post-employment benefits (OPEB). There are currently three retirees, with one participating in the City-sponsored medical plan.

**Benefits Provided** – The only OPEB provided is a \$105 monthly stipend applied toward the cost of retiree health coverage. This benefit level has not been increased in many years and is not intended or expected to ever be increased in the future. The current eligible retirees are eligible to remain covered under the medical plan offered by the City to its active employees until reaching age 65. Subsequently, the retiree is required to find other healthcare coverage. The City will continue the stipend so long as the retiree remains covered for the balance of his or her lifetime. Benefits end upon the retiree’s death. No survivor benefits are payable.

For the year ended June 30, 2023, the City’s contributions to the Plan were \$3,780.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*Employees Covered by Benefit Terms* – Membership in the plan consisted of the following at the measurement date of June 30, 2023:

Active employees	-
Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Total	3

B. Total OPEB Liability

*Actuarial Methods and Assumptions* – The City’s total OPEB liability was measured as of June 30, 2022 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2022 to determine the \$42,566 total OPEB liability as of June 30, 2023, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Asset Valuation	Market Value
Discount Rate	3.65%
General Inflation Rate	2.50%
Assumed Wage Inflation	Not applicable
Payroll Growth	Not applicable
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally fro
Employer Cost Sharing	No increase in the \$105 monthly stipend amount

The discount rate was based on the Bond Buyer GO 20 index. As of the June 30, 2023, Measurement Date, use of this index results in a discount rate of 3.65%.

The basic mortality rates are used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, adjusted for a different basis used to project future mortality improvements. Representative mortality rates were those published by CalPERS rates, then projected on a generational basis by Macleod Watts Scare 2022.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

C. Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	<b>Total OPEB Liability</b>
Balance at June 30, 2022	\$48,564
Changes Recognized for the Measurement Period:	
Service cost	-
Interest on the total OPEB liability	1,008
Changes of benefit terms	-
Differences between expected and actual experience	1,435
Changes of assumptions	(4,661)
Contributions from the employer	-
Benefit payments	(3,780)
Net changes	(5,998)
Balance at June 30, 2023	\$42,566

D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

Total OPEB Liability		
Current		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(2.65%)	(3.65%)	(4.65%)
\$46,153	\$42,566	\$39,434

Benefits payable in this plan are not dependent on healthcare trend.

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

For the year ended June 30, 2023, the City recognized OPEB expense of (\$5,998), and did not report any deferred outflows and inflows of resources related to OPEB.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 7 – NET POSITION AND FUND BALANCE**

Fund Balance: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which comprise prepaid items and long-term receivables. The City does not have any nonspendable funds.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. These amounts cannot be used for any other purpose unless the City Council modifies or removes the fund balance commitment.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Funds – Unassigned fund balance is the residual classification of the City’s funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed. The City’s committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position: The government-wide financial statements utilize a net position presentation. Net Position is categorized as follows:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

**CITY OF SUTTER CREEK  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

**NOTE 7 – NET POSITION AND FUND BALANCE (Continued)**

The following are the components of the Governmental Funds fund balances at June 30, 2023:

Fund Balance Classifications	General Fund	FEMA Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:					
Street and bridge projects				\$292,951	\$292,951
Public safety projects				22,814	22,814
Housing				187,100	187,100
Community projects				310,179	310,179
Total Restricted				813,044	813,044
Unassigned	\$1,522,789	(\$34,865)	(\$259,895)	(36,861)	1,191,168
Total Fund Balances	\$1,522,789	(\$34,865)	(\$259,895)	\$776,183	\$2,004,212

The City has continued its approach when budgeting to set aside for future projects and unforeseen circumstances. To that end, the City set aside 3% of its General Fund revenues this fiscal year to General Operating Reserves. The balance as of June 30, 2023 is \$102,421. The City also put 4% of its General Fund revenues to General Capital Reserves which has a balance of \$49,677 as of June 30, 2023. Finally, the City set aside 1% of its General Fund revenue to General Savings. At June 30, 2023, the balance is \$72,113.

**NOTE 8 – PENSION PLAN**

***General Information about the Pension Plan***

***Plan Description*** – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police) and Miscellaneous (all other) Employee Pension Rate Plans. The City’s Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 8 – PENSION PLAN (Continued)**

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect on June 30, 2023 are summarized as follows:

	<i>City Miscellaneous Plan</i>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	1, 2013	January 1, 2013
Benefit formula	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 3.0%	1.0% to 2.5%
Required employee contribution rates	7.81%	7.75%
Required employer contribution rates	16.44%	7.68%

	<i>City Safety Plan</i>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9.0%	13.8%
Required employer contribution rates	25.65%	13.54%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$330,152 in fiscal year 2023.

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 8 – PENSION PLAN (Continued)**

For the year ended June 30, 2023, the contributions recognized as part of pension expense for the Plan were as follows:

	Contributions - Employer
City Safety Plan	\$221,811
City Miscellaneous Plan	231,367
Total Contributions - Employer	\$453,178

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*** – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
City Safety Plan	\$2,142,141
City Miscellaneous Plan	2,276,883
Total Net Pension Liability	\$4,419,024

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

	City Safety Plan
Proportion - June 30, 2021	0.03348%
Proportion - June 30, 2022	0.03117%
Change - Increase (Decrease)	(0.00231%)
	City Miscellaneous Plan
Proportion - June 30, 2021	0.06579%
Proportion - June 30, 2022	0.04866%
Change - Increase (Decrease)	(0.01713%)

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 8 – PENSION PLAN (Continued)**

For the year ended June 30, 2023, the City recognized negative pension expense of \$4,257,038. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$453,178	
Differences between actual and expected experience	134,379	(\$53,886)
Differences between actual and proportional contributions	136	(186,780)
Changes in assumptions	449,307	
Net difference between projected and actual earnings on pension plan investments	755,339	
Adjustments due to differences in proportion	3,519,462	(46,730)
Total	\$5,311,801	(\$287,396)

\$453,178 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2024	\$1,555,411
2025	1,513,251
2026	1,041,124
2027	461,441
Total	\$4,571,227

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 8 – PENSION PLAN (Continued)**

*Actuarial Assumptions* – For the measurement period ended June 30, 2022, the total pension liabilities were determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

	All Plans
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal in accordance with the GASB 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	(1)
Investment Rate of Return	6.80% (2)
Mortality	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment and administrative expenses; includes inflation
- (3) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.
- (4) All of the City's plans for miscellaneous and safety employed the same assumptions

*Change of Assumptions* – For the measurement date of June 30, 2022, the inflation rate was 2.30%.

*Discount Rate* – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 8 – PENSION PLAN (Continued)**

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

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

The expected real rates of return by asset class are as followed:

Asset Class <sup>1</sup>	Assumed asset allocation	Real Return Years 1 - 10 <sup>2</sup>
Global Equity - Cap weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0..27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100.0%</u>	

<sup>1</sup> An expected inflation rate of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management Study.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 8 – PENSION PLAN (Continued)**

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

	City Safety Plan
1% Decrease	5.90%
Net Pension Liability	\$3,122,313
Current Discount Rate	6.90%
Net Pension Liability	\$2,142,141
1% Increase	7.90%
Net Pension Liability	\$1,341,072
	City Miscellaneous Plan
1% Decrease	5.90%
Net Pension Liability	\$3,314,029
Current Discount Rate	6.90%
Net Pension Liability	\$2,276,883
1% Increase	7.90%
Net Pension Liability	\$1,423,570

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

***Reduction of CalPERS Discount Rate***

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 8 – PENSION PLAN (Continued)**

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense, but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**NOTE 9 – INSURANCE**

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a joint powers authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide liability insurance. CSJVRMA provides claims processing administrative services, risk management services and actuarial studies. The City Council does not have significant oversight responsibility, since they evenly share all factors of responsibility with other agencies. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member agencies. CSJVRMA is empowered to make supplemental assessments as needed to eliminate deficit positions of member agencies. If CSJVRMA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance. CSJVRMA establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The audited financial statements of the CSJVRMA are available at the CSJVRMA's office.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 9 – INSURANCE (Continued)**

The City’s insurance coverage and the respective coverage providers are as follows:

Amount	Coverage Provider	Payment Source
<b>LIABILITY CLAIMS</b>		
\$10,000	Self Insurer	City funds
\$10,001 - \$1,000,000	Central San Joaquin Valley Risk Management Authority	Shared risk pool
<b>WORKERS COMPENSATION:</b>		
\$10,000	Self Insurer	City funds
\$10,001 - \$500,000	Central San Joaquin Valley Risk Management Authority	Shared risk pool
<b>PROPERTY COVERAGE:</b>		
\$5,000	Self Insurer	City funds
\$5,001 - \$100,000	Central San Joaquin Valley Risk Management Authority	Shared risk pool
<b>AUTO PHYSICAL DAMAGE/LOW VALUE VEHICLE:</b>		
\$500	Self Insurer	City funds
\$501 - \$25,000 per loss	Central San Joaquin Valley Risk Management Authority	Shared risk pool

There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, settled claims have not exceeded insurance coverage for the past three fiscal years.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, will not have a material adverse effect on the financial condition of the City.

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government.

Developer Agreement: The City entered into an agreement in January 2010 with the Gold Rush Golf LLC. The agreement provides parameters for the development of a master plan community encompassing approximately 900 acres on the west side of the City. The development as pursued by Gold Rush Golf LLC and its successor entities are also controlled and limited by the various environmental and planning approvals obtained through the various approval processes stipulated by State law.

The agreement calls for the installation of a variety of public improvements that will serve the prospective development. Some of those improvements involve the City’s sewage treatment plant. At this time, the site for the master plan community remains undeveloped and no new planning approvals have been sought by the developers. Given the state of the economy and the housing industry, it is unknown as to the timing of its development. The City has not initiated any plans for the expansion of its sewage treatment plan nor the related licensing, capacity and discharge limitations subject to State approval. The City has not recorded any obligation for any prospective public improvements associated with the development.

**CITY OF SUTTER CREEK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)**

Contractual Arrangements: During the course of normal business the City enters into a variety of contractual arrangements for services and supplies. As of the balance sheet date the amount of these contractual arrangements total \$107,611 for various vendors.

Subsequent Event: On February 15, 2024, the Board of Directors of ARSA voted to initiate the process of dissolving ARSA, with the City of Sutter Creek as the successor organization. As part of the dissolution process, the Board has agreed to forgive the \$450,000 loan that ARSA made to the City, including all accrued interest (see Note 5 for details of the loan). It is the intent that the City will become the successor organization with customer agreements put in place with Amador Water Agency and Amador City, the two other members of the ARSA Joint Powers Agency. The City will plan to accept any liabilities associated with the successor agreement. As of the date of issuance of these financial statements, the dissolution is still in process.

**REQUIRED SUPPLEMENTARY INFORMATION**

<b>CITY OF SUTTER CREEK</b> <b>REQUIRED SUPPLEMENTAL INFORMATION</b> <b>For the Year Ended June 30, 2023</b>
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Cost-Sharing Multiple-Employer Defined Pension Plan  
Last 10 Years\*

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS  
AS OF THE MEASUREMENT DATE**

<b>Measurement date</b>	City - Miscellaneous Plan			
	<b>6/30/2014</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>
Plan's proportion of the Net Pension Liability (Asset)	0.02113%	0.05285%	0.05055%	0.04949%
Plan's proportion share of the Net Pension Liability (Asset)	\$1,314,608	\$1,449,891	\$1,756,085	\$1,950,973
Plan's Covered Payroll	\$324,968	\$299,794	\$467,495	\$482,527
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	370.99%	483.63%	375.64%	404.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.99%	75.77%	71.43%	70.41%
Plan's Proportionate Share of Aggregate Employer Contributions	\$125,929	\$158,803	\$172,817	\$175,493

  

<b>Measurement date</b>	City - Safety Plan			
	<b>6/30/2014</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>
Plan's proportion of the Net Pension Liability (Asset)	0.01528%	0.03117%	0.02608%	0.02608%
Plan's proportion share of the Net Pension Liability (Asset)	\$950,642	\$1,069,197	\$1,069,197	\$1,558,095
Plan's Covered Payroll	\$352,448	\$364,745	\$269,693	\$272,978
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	217.54%	293.14%	396.45%	570.78%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.13%	77.37%	73.34%	73.03%
Plan's Proportionate Share of Aggregate Employer Contributions	\$96,145	\$103,268	\$113,766	\$112,938

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

**CITY OF SUTTER CREEK**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**For the Year Ended June 30, 2023**

City - Miscellaneous Plan

<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
0.04967%	0.04890%	0.04812%	0.06579%	0.04866%
\$1,871,958	\$1,958,241	\$2,029,947	\$1,249,207	\$2,276,883
\$507,853	\$473,834	\$324,503	\$527,385	\$629,749
368.60%	413.28%	625.56%	236.87%	361.55%
71.77%	71.09%	71.20%	82.81%	70.07%
\$197,774	\$224,844	\$181,681	\$209,432	\$231,367

City - Safety Plan

<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
0.02668%	0.02710%	0.02789%	0.03348%	0.03117%
\$1,565,646	\$1,692,003	\$1,857,834	\$1,174,863	\$2,142,141
\$349,806	\$323,592	\$314,220	\$361,808	\$300,933
447.58%	522.88%	591.25%	324.72%	711.83%
74.73%	74.88%	72.50%	82.52%	69.82%
\$130,533	\$167,177	\$193,137	\$201,184	\$221,811

**CITY OF SUTTER CREEK**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**For the Year Ended June 30, 2023**

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

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

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

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

Current methods and assumptions used to determine contribution rates:

Measurement Date:	June 30, 2022
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Discount Rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Investment rate of return	6.80%, net of pension plan investment expense, including inflation
Retirement age	50 & 52 & 55 yrs. Misc., 50 yrs. Safety

The mortality table used was developed based on CalPERS specific data. The table includes generational mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the November 2021 experience study report (based on CalPERS demographic data from 2001 to 2021) that can be found on the CalPERS website.

Mortality

**CITY OF SUTTER CREEK**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**For the Year Ended June 30, 2023**

City Miscellaneous Plan				
2019	2020	2021	2022	2023
\$197,774	\$224,844	\$181,681	\$209,432	\$231,367
(197,774)	(224,844)	(181,681)	(209,432)	(231,367)
\$0	\$0	\$0	\$0	\$0
\$473,834	\$324,503	\$527,385	\$629,749	\$505,851
41.74%	69.29%	34.45%	33.26%	45.74%

City Safety Plan				
2019	2020	2021	2022	2023
\$130,533	\$167,177	\$193,137	\$201,184	\$221,811
(130,533)	(167,177)	(193,137)	(201,184)	(221,811)
\$0	\$0	\$0	\$0	\$0
\$323,592	\$314,220	\$361,808	\$300,933	\$298,606
40.34%	53.20%	53.38%	66.85%	74.28%

<b>CITY OF SUTTER CREEK</b> <b>REQUIRED SUPPLEMENTAL INFORMATION</b> <b>For the Year Ended June 30, 2023</b>
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**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
Last 10 fiscal years\*

Measurement Date	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
<b>Total OPEB Liability (1)</b>						
Service Cost						
Interest	\$1,882	\$1,831	\$1,807	\$1,656	\$1,067	\$1,008
Changes of benefit terms						
Differences between expected and actual experience				1,553		1,435
Changes of assumptions				7,386		(4,661)
Benefit payments	(3,780)	(3,780)	(3,780)	(3,780)	(3,780)	(3,780)
<b>Net change in total OPEB liability</b>	(1,898)	(1,949)	(1,973)	6,815	(2,713)	(5,998)
<b>Total OPEB liability - beginning</b>	50,282	48,384	46,435	44,462	51,277	48,564
<b>Total OPEB liability - ending</b>	<u>\$48,384</u>	<u>\$46,435</u>	<u>\$44,462</u>	<u>\$51,277</u>	<u>\$48,564</u>	<u>\$42,566</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

(1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

\* Fiscal year 2018 was the first year of implementation, therefore only six years are shown.

<b>CITY OF SUTTER CREEK</b> <b>REQUIRED SUPPLEMENTAL INFORMATION</b> <b>For the Year Ended June 30, 2023</b>
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**SCHEDULE OF CONTRIBUTIONS**

Last 10 fiscal years\*

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022	2023
Actuarially required contribution	\$3,780	\$3,780	\$3,780	\$3,780	\$3,780	\$3,780
Contributions in relation to the actuarially required contributions	<u>3,780</u>	<u>3,780</u>	<u>3,780</u>	<u>3,780</u>	<u>3,780</u>	<u>3,780</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Asset Valuation	Market Value
Discount Rate	3.65%
General Inflation Rate	2.50%
Assumed Wage Inflation	Not applicable
Payroll Growth	Not applicable
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2010
Employer Cost Sharing	No increase in the \$105 monthly stipend amount

\* Fiscal year 2018 was the first year of implementation, therefore only six years are shown.

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**SUPPLEMENTARY INFORMATION**

CITY OF SUTTER CREEK  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023

	SPECIAL REVENUE FUNDS				
	Gas Tax, Streets & Sidewalks Fund	Crestview Lighting District Fund	Cemetery Fund	HOME Grant Fund	AB 1600 Fund
<b>ASSETS</b>					
Cash and investments		\$5,240		\$187,100	\$174,375
Accounts receivable		1,131			
Due from other governments	\$45,600				
<b>TOTAL ASSETS</b>	<b>\$45,600</b>	<b>\$6,371</b>		<b>\$187,100</b>	<b>\$174,375</b>
<b>LIABILITIES</b>					
Accounts payable	\$9,043	\$189	\$67		
Due to other funds	32,355		12,286		
Deposits payable					
<b>TOTAL LIABILITIES</b>	<b>41,398</b>	<b>189</b>	<b>12,353</b>		
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	4,202	6,182		\$187,100	\$174,375
Unassigned			(12,353)		
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>4,202</b>	<b>6,182</b>	<b>(12,353)</b>	<b>187,100</b>	<b>174,375</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$45,600</b>	<b>\$6,371</b>		<b>\$187,100</b>	<b>\$174,375</b>

SPECIAL REVENUE FUNDS

Police Grants Funds	Community Center Grants Fund	ACRA Regional Rec. Fees Fund	Broad Street Drain Fund	Traffic Mitigation Fund	Planning Grants Fund	Total Nonmajor Governmental Funds
\$22,814		\$74,564	\$1,217	\$340,861	\$55,058	\$861,229
						1,131
						45,600
<u>\$22,814</u>		<u>\$74,564</u>	<u>\$1,217</u>	<u>\$340,861</u>	<u>\$55,058</u>	<u>\$907,960</u>
	\$6,527					\$15,826
	17,656					62,297
	325			\$53,329		53,654
	<u>24,508</u>			<u>53,329</u>		<u>131,777</u>
\$22,814		\$74,564	\$1,217	287,532	\$55,058	813,044
	(24,508)					(36,861)
<u>22,814</u>	<u>(24,508)</u>	<u>74,564</u>	<u>1,217</u>	<u>287,532</u>	<u>55,058</u>	<u>776,183</u>
<u>\$22,814</u>		<u>\$74,564</u>	<u>\$1,217</u>	<u>\$340,861</u>	<u>\$55,058</u>	<u>\$907,960</u>

CITY OF SUTTER CREEK  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS				
	Gas Tax, Streets & Sidewalks Fund	Crestview Lighting District Fund	Cemetery Fund	HOME Grant Fund	AB 1600 Fund
GOVERNMENTAL REVENUES					
Taxes and special assessments	\$113,015				
Interest and investment income	3,528	\$24	\$119		\$944
Intergovernmental revenues	2,709			\$187,100	
Charges for services		2,544			
Total Revenues	<u>119,252</u>	<u>2,568</u>	<u>119</u>	<u>187,100</u>	<u>944</u>
EXPENDITURES					
Current:					
General government					86
Public works and facilities	139,932	1,538	12,701		
Cultural and recreation			68		
Capital outlay			14		
Total Expenditures	<u>139,932</u>	<u>1,538</u>	<u>12,783</u>		<u>86</u>
OTHER FINANCING SOURCES					
Transfers in					
Total Other Financing Sources					
NET CHANGE IN FUND BALANCE	(20,680)	1,030	(12,664)	187,100	858
FUND BALANCES (DEFICITS) BEGINNING OF YEAR	<u>24,882</u>	<u>5,152</u>	<u>311</u>		<u>173,517</u>
FUND BALANCES (DEFICITS) END OF YEAR	<u>\$4,202</u>	<u>\$6,182</u>	<u>(\$12,353)</u>	<u>\$187,100</u>	<u>\$174,375</u>

SPECIAL REVENUE FUNDS

Police Grants Funds	Community Center Grant Fund	ACRA Regional Rec. Fees Fund	Broad Street Drain Fund	Traffic Mitigation Fund	Planning Grant Fund	Total Nonmajor Governmental Funds
						\$113,015
\$60	\$1,598	\$245	\$7	\$2,464		8,989
15,000					\$91,479	296,288
	79,620					82,164
15,060	81,218	245	7	2,464	91,479	500,456
	23,126				5,192	28,404
						154,171
	96,023					96,091
					31,229	31,243
	119,149				36,421	309,909
	15,469					15,469
	15,469					15,469
15,060	(22,462)	245	7	2,464	55,058	206,016
7,754	(2,046)	74,319	1,210	285,068		570,167
\$22,814	(\$24,508)	\$74,564	\$1,217	\$287,532	\$55,058	\$776,183

CITY OF SUTTER CREEK  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL -  
GAS TAX, STREETS & SIDEWALKS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
REVENUES:			
Taxes and special assessments	\$62,818	\$113,015	\$50,197
Interest and investment income		3,528	3,528
Intergovernmental revenues	2,000	2,709	709
TOTAL REVENUES	<u>64,818</u>	<u>119,252</u>	<u>54,434</u>
EXPENDITURES:			
Current:			
Public works and facilities	109,915	139,932	(30,017)
TOTAL EXPENDITURES	<u>109,915</u>	<u>139,932</u>	<u>(30,017)</u>
NET CHANGE IN FUND BALANCE	<u>(\$45,097)</u>	<u>(20,680)</u>	<u>\$24,417</u>
FUND BALANCES BEGINNING OF YEAR		<u>24,882</u>	
FUND BALANCES END OF YEAR		<u>\$4,202</u>	

**CUSTODIAL FUNDS**

CITY OF SUTTER CREEK  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AS OF JUNE 30, 2023

	Monteverde Store Fund	Knights Foundry Fund	Community Facilities District Fund	Amador Regional Sanitary District	Total Custodial Funds
<b>ASSETS</b>					
Cash and investments	\$1,341	\$2,964	\$953	\$6,770	\$12,028
Prepaid expenses		1,500			1,500
<b>TOTAL ASSETS</b>	<b>\$1,341</b>	<b>\$4,464</b>	<b>\$953</b>	<b>\$6,770</b>	<b>\$13,528</b>
<b>LIABILITIES</b>					
Accounts payable	\$2,470		\$927	\$6,770	\$10,167
Due to other governments		\$10,531			10,531
<b>TOTAL LIABILITIES</b>	<b>2,470</b>	<b>10,531</b>	<b>927</b>	<b>6,770</b>	<b>20,698</b>
<b>NET POSITION (DEFICIT)</b>					
Restricted	(1,129)	(6,067)	26		(7,170)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>(\$1,129)</b>	<b>(\$6,067)</b>	<b>\$26</b>		<b>(\$7,170)</b>

CITY OF SUTTER CREEK  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023

	Monteverde Store Fund	Knights Foundry Fund	Community Facilities District Fund	Amador Regional Sanitary District	Total Custodial Funds
ADDITIONS:					
Donations	\$3,122				\$3,122
Charges for services				\$754,594	754,594
Interest and other income		\$16	\$6	6,076	6,098
<b>TOTAL ADDITIONS</b>	<b>3,122</b>	<b>16</b>	<b>6</b>	<b>760,670</b>	<b>763,814</b>
DEDUCTIONS:					
Operations	504			760,664	761,168
Utilities	1,248			1,196	2,444
Repairs and maintenance				3,261	3,261
Supplies	18			2,155	2,173
Professional services		50		4,187	4,237
<b>TOTAL DEDUCTIONS</b>	<b>1,770</b>	<b>50</b>		<b>771,463</b>	<b>773,283</b>
CHANGE IN NET POSITION	1,352	(34)	6	(10,793)	(9,469)
NET POSITION (DEFICIT), BEGINNING OF YEAR	(2,481)	(6,033)	20	10,793	2,299
NET POSITION (DEFICIT), END OF YEAR	(\$1,129)	(\$6,067)	\$26		(\$7,170)

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