

City of Placerville

Placerville, California

*Basic Financial Statements
And Independent Auditors' Report*

For the year ended June 30, 2011

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

CITY OF PLACERVILLE
Basic Financial Statements
For the year ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Placerville
Placerville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Placerville, California ("City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and governmental Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and Members of the City Council
of the City of Placerville
Placerville, California
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Accounting principles generally accepted in the United States require that the Management's Discussion and Analysis, the Budgetary Control and Accounting, the Schedule of Funding Progress for the Defined Benefits Plans and Other Post Employment Benefits, and the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required 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 response 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
September 19, 2012

As management of the City of Placerville we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, and to identify any material changes in the approved operating and capital budgets.

Financial Highlights – Primary Government

- The City's net assets at the end of the year were \$48.47M, an increase of \$1.30M. The portion of the City's net assets that were unrestricted and available to meet ongoing obligations to citizens and creditors totaled \$3.12M or 6.44%.
- The governmental net assets decreased by \$0.08M or 2.58% and the business-type net assets increased by \$1.38M or 9.45%.
- Program revenues from governmental activities decreased \$0.47M or 10.25%. Program revenues from business-type activities increased by \$0.82M or 13.370%. General revenues, net of transfers, increased \$0.23M or 4.30%.

City Highlights

- Completed the design phase and began construction of the Point View Drive Extension, \$0.42M
- Continued the design phase of the Western Placerville Interchange project, \$0.19M.
- Completed the Street Lighting and Signage projects and Markham and Schnell School, \$0.18M
- Began preparing the Hangtown Creek Comprehensive Watershed Plan, \$0.07M.
- Continued the design phase of the Placerville Station II parking lot improvements and realignment of Mosquito Road near Highway 50, \$0.06M.
- Began the design phase of the Big Cut Road/Pardi Lane/Sacramento Street Water line replacement, \$0.06M.
- Continued design phase of the Blairs Lane Bridge over Hangtown Creek widening project, \$0.05M
- Continued the design phase of the bridge widening at Clay Street and roundabout at the intersection of Main Street, Clay Street and Cedar Ravine Road, \$0.03M.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They are comprised of the *statement of net assets* and *statement of activities and changes in net assets*. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or weakening. This statement, unlike previous financial statements prior to implementing GASB 34, combines and

consolidates the governmental funds' current financial resources with capital assets and long-term obligations. The *statement of activities and changes in net assets* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., interest expense due but unpaid). Both of the above government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, community development and recreation and parks. The business-type activities of the City include the two municipal utilities: water acquisition and delivery and wastewater collection and treatment.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide detail information about each of the City's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each *major fund* is presented individually, with all *nonmajor funds* summarized and presented in a single column.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City has ten governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's major funds – the General Fund, the Transportation Development Fund, and the Measure J Fund. Data from the other four non-major governmental funds are combined into a single, aggregated presentation.

Proprietary Funds. The City maintains two different types of proprietary funds – *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the two municipal utilities; water acquisition and distribution and wastewater collection and treatment. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The fund financial statements for the proprietary funds provide separate information for the municipal utilities. Conversely, the internal service funds are combined into a single aggregated column in the proprietary fund statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to the 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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* providing budgetary comparison schedules for the General Fund, Transportation Development Fund, and the Measure J Fund. Additional budgetary schedules for the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Statements

Statement of Net Assets:

The City’s net assets at the end of the year were \$48.47M, an increase of \$1.30M. The governmental net assets decreased by \$0.08M or 2.58% and the business-type net assets increased by \$1.38M or 9.45%. The decrease in governmental net assets is primarily due to a \$0.54M increase in expenses. The City and its contractors completed \$1.22M in capital projects as of June 30, 2011. Please see the “Capital Assets” section below for more details.

	Governmental Activities		Business Type Activities		Total Primary Government	
	FY 09/10	FY 10/11	FY 09/10	FY 10/11	FY 09/10	FY 10/11
Current assets	\$ 3,279	\$ 2,463	\$ 1,596	\$ 3,198	\$ 4,875	\$ 5,660
Restricted Assets	4,820	4,730	3,508	3,465	8,328	8,196
Capital assets	29,422	30,017	72,181	71,574	101,603	101,591
Total assets	37,521	37,210	77,285	78,237	114,806	115,447
Current liabilities	2,716	2,414	1,962	959	4,678	3,373
Noncurrent liabilities	2,261	2,336	60,698	61,271	62,959	63,607
Total liabilities	4,977	4,750	62,660	62,230	67,637	66,980
Net assets:						
Invested in capital assets, net of related debt	28,404	29,080	9,820	9,654	38,224	38,734
Restricted	3,179	3,146	3,508	3,465	6,687	6,611
Unrestricted	961	234	1,297	2,888	2,258	3,122
Total net assets	\$ 32,544	\$ 32,460	\$ 14,625	\$ 16,007	\$ 47,169	\$ 48,467

Changes in Net Assets

Program revenues from governmental activities decreased \$0.47M or 10.25%. The decrease is primarily due to a \$0.82M decrease in capital grants and contributions. General revenues, net of transfers, increased \$0.23M or 4.30%. This net increase is primarily due to a \$0.32M or 8.82% increase in local sales tax revenues. Program revenues from business-type activities increased by \$0.82M or 13.37% which was primarily due to planned increases in water and wastewater user charge revenues. Business-type revenues exceeded expenditures by \$1.38M primarily due to monitoring and managing of expenses to ensure compliance with the 120% net revenue coverage ratio required by the 2006 Wastewater System Refinancing and Improvement Revenue Bonds. Water Enterprise Fund revenues exceeded expenditures by \$0.10M which was primarily due to a \$0.12M 7.69% increase in operating revenues. Sewer Enterprise Fund revenues exceeded expenditures by \$1.20M which was primarily due to monitoring and managing of expenses to ensure compliance with the 120% net revenue coverage ratio required by the 2006 Wastewater System Refinancing and Improvement Revenue Bonds. The City increased both water and sewer user rates effective October 16, 2009, to offset increased operating and capital replacement costs.

	Net (Expense) Revenue and Changes in Net Assets							
	Expenses		Program Revenues		Government Activities		Business-type Activities	
	FY 09/10	FY 10/11	FY 09/10	FY 10/11	FY 09/10	FY 10/11	FY 09/10	FY 10/11
<i>Governmental activities</i>								
General government	\$ 2,320	\$ 2,803	\$ 720	\$ 724	\$ (1,600)	\$ (2,079)		
Public safety	3,824	3,931	646	773	(3,178)	(3,158)		
Highways and streets	933	943	2,404	1,729	1,471	786		
Community development	666	806	160	288	(506)	(518)		
Parks and recreation	1,541	1,344	665	609	(876)	(735)		
Total governmental activities	9,284	9,827	4,595	4,123	(4,689)	(5,704)		
<i>Business-type activities</i>								
Water	1,401	1,436	1,548	1,667			147	231
Sewer	3,687	4,127	4,582	5,283			895	1,156
Total business-type activities	5,088	5,563	6,130	6,950			1,042	1,387
Total primary government	\$ 14,372	\$ 15,390	\$ 10,725	\$ 11,073				
					5,454	5,620	(70)	(5)
					765	(84)	972	1,382
					Net Assets:			
					31,779	32,544	13,653	14,625
					\$ 32,544	\$ 32,460	\$ 14,625	\$ 16,007

Budgetary Highlights - Current Year Impacts

- The \$6,535 decreased cost in employer paid retirement contributions for Fiscal Year 2010/2011 was primarily due to employee early retirements and layoffs necessitated by continued budget constraints.

Fiscal Year	Miscellaneous Plan	Public Safety	Increased/ (Decreased) Cost
2009/2010	23.87%	35.33%	(192,227)
2010/2011	24.13%	34.86%	(6,535)
2011/2012	25.67%	36.82%	6,866

- Employee concessions necessitated by shrinking revenue streams as a result of the Great Recession continued through Fiscal Year 2010/2011. All City employees continue to experience a 10% pay cut in the form of Mandatory Time Off (MTO), and some employees have been laid off.

Fund Financial Statements

Governmental Funds

The fund financial statements present financial data for the general, special revenue, capital projects and fiduciary funds. At the close of Fiscal Year 2010/2011, the City's governmental funds reported a combined ending fund balance of \$3.93M – a decrease of \$0.39M or 8.95%.

General Fund. Total fund balance for the General Fund on June 30, 2011 was \$1.00M, a decrease of \$0.39M from the prior year. Of the \$1.00M fund balance, \$0.47M is set aside for contingencies (operating reserve). The \$0.47M reserve represents 7.17% of General Fund expenditures, net of fund transfers.

Business Type Funds

The City's proprietary funds, excluding internal service funds, provide the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities previously, the business-type net assets increased by \$1.38M.

The City's Wastewater Treatment Plant was subject of a cease and desist order issued by the State Water Resources Control Board (SWRCB). The order required upgrades to the City's existing facility to improve the quality of the effluent. The four-year upgrade project was completed in 2009 and was primarily financed with a \$42.47M State Revolving Fund (SRF) loan. The first \$1.42M loan payment was due in Fiscal Year 2010/2011. Due to the suspension of a 4.4% sewer rate increase, lower sewer revenues caused by water conservation, and payment delinquencies associated with the poor economy, it became apparent that the City would not have adequate cash flow in the Sewer Enterprise Fund to make the full debt service payment in Fiscal Year 2010/2011. Fortunately, the City successfully negotiated a modified loan payment schedule with the SWRCB which lowered the payment amounts for Fiscal Years 2010/2011, 2011/2012, and 2012/2013 to \$0.20M, \$0.40M, and \$0.80M respectfully. The annual payment from Fiscal Years 2013/2014 to 2039/2040 will be \$1.53M. The City plans on setting aside \$1.53M of fund balance in a rate stabilization reserve between Fiscal Year 2010/2011 and 2012/2013 to afford the first full \$1.53M payment which is due in Fiscal Year 2013/2014. The City also plans on implementing previously authorized sewer rate increases to afford the full \$1.53M payment thereafter.

In November 2010, Placerville voters approved Measure H, which is a 0.25% add on sales tax dedicated to paying for wastewater and/or water related debt and infrastructure replacement costs. The Measure H sales tax became effective April 1, 2011, and generated \$0.18M between April 1 and June 30, 2011.

Capital Assets and Debt Administration

Debt Administration

Long Term Debt - At the end of the current fiscal year, the City had \$64.06M in long term debt outstanding compared to \$64.45M last year, a \$0.39M or 0.61% net decrease. The decrease is primarily due to debt service payments made in Fiscal Year 2010/2011. Details of all debt are included in Note 5 of the *notes to the basic financial statements*.

Capital Assets

Capital asset additions for Fiscal Year 2010/2011 include:

Governmental Activities

- Construction in progress – Point View Drive Extension (\$0.42M)
- Construction in progress – Western Placerville Interchange (\$0.19M)
- Construction in progress – Markham and Schnell School Street Lighting and Signage (\$0.18M)
- Construction in progress – Hangtown Creek Comprehensive Watershed Plan (\$0.07M)
- Construction in progress – Placerville Station II Parking Lot and Road Realignment (\$0.06M)
- Construction in progress – Blairs Lane Bridge Widening (\$0.05M)
- Construction in progress – Clay Street Bridge Widening and Roundabout at Main Street and Cedar Ravine Road (\$0.03M)

Governmental Capital Assets

June 30, 2011

(amounts expressed in thousands)

	Balance June 30, 2010	Additions	Transfers	Balance June 30, 2011
<i>Non-Depreciable Assets:</i>				
Land and improvements	\$ 12,467	\$ 32	\$ -	\$ 12,499
Construction in progress	5,214	1,055	(810)	5,459
Total nondepreciable assets	17,681	1,087	(810)	17,958
<i>Depreciable Assets:</i>				
Buildings and structures	11,482	-	146	11,628
Machinery and equipment	3,232	29	-	3,261
Infrastructure	4,078	-	664	4,742
Total depreciable assets	18,792	29	810	19,631
	36,473	1,116	-	37,589
Less accumulated depreciation	(7,051)	(521)	-	(7,572)
Total governmental activities	\$ 29,422	\$ 595	\$ -	\$ 30,017

Business Type Activities

- Construction in progress – Big Cut Road/Pardi Lane/Sacramento Street Water Line, (\$0.06M)

Business-Type Capital Assets

June 30, 2011

(amounts expressed in thousands)

	Balance June 30, 2010	Additions	Transfers	Balance June 30, 2011
<i>Non-depreciable Assets:</i>				
Land and improvements	\$ 2,197	\$ -	\$ -	\$ 2,197
Construction in progress	58,787	133	(453)	58,467
Total nondepreciable assets	60,984	133	(453)	60,664
<i>Depreciable Assets:</i>				
Buildings and structures	18,062	-	-	18,062
Machinery and equipment	928	15	-	943
Infrastructure	43,839	-	453	44,292
Total depreciable assets	62,829	15	453	63,297
	123,813	148	-	123,961
Less accumulated depreciation	(51,632)	(755)	-	(52,387)
Total business-type activities	\$ 72,181	\$ (607)	\$ -	\$ 71,574

Other Information

The Placerville Public Financing Authority. As discussed in Note 13 of the *notes to the basic financial statements*, the Placerville Public Finance Authority has defaulted on certain Revenue Bonds. That default was the product of a default on certain assessment bonds issued by the City of Placerville on behalf of improvement districts created by the City in response to a petition by property owners for a specific purpose. The City is not obligated to pay the assessment bonds with any funds other than assessments levied against the properties within those districts.

The Authority is a separate legal entity with the Authority's Board of Directors being comprised of the City's Council Members, City Manager and Director of Finance. The Authority has accountability for all funds, the power to execute contracts, and the right to sue and be sued. Obligations and liabilities of the Authority are not general obligations of the City.

Neither the City nor the Authority has any obligation to advance its own funds toward payments to bondholders. Payments with respect to assessments secured by liens against real property benefiting from the issuance of bonds, plus any amounts remaining from the proceeds of bond issues are the sole security for payment to bondholders. In the event of default, the City is responsible for foreclosure and auction proceedings on the property.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Placerville, Director of Finance, 3101 Center Street, Placerville, CA 95667.

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**BASIC
FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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CITY OF PLACERVILLE

Statement of Net Assets

June 30, 2011

	Governmental Activities	Primary Government Business-Type Activities	Total
Assets:			
Cash and investments	\$ 1,180,972	\$ 672,344	\$ 1,853,316
Receivables:			
Accounts	827,974	405,029	1,233,003
Interest	551	636	1,187
Utility billings, net	-	1,976,980	1,976,980
Prepaid expenses	111,442	-	111,442
Deferred charges	-	485,402	485,402
Internal balances	342,158	(342,158)	-
Total current assets	2,463,097	3,198,233	5,661,330
Restricted:			
Cash and investments	1,348,261	-	1,348,261
Deposits held by fiscal agents	482,438	3,465,038	3,947,476
Receivables:			
Accounts	287,880	-	287,880
Interest	997	-	997
Loans	933,980	-	933,980
Grants	316,059	-	316,059
Rule 20A work credit	1,360,081	-	1,360,081
Total restricted assets	4,729,696	3,465,038	8,194,734
Capital assets:			
Nondepreciable	17,958,530	60,663,479	78,622,009
Depreciable, net	12,058,882	10,910,120	22,969,002
Total capital assets, net	30,017,412	71,573,599	101,591,011
Total Assets	37,210,205	78,236,870	115,447,075
Liabilities:			
Current liabilities:			
Accounts payable	264,448	276,141	540,589
Payroll and related taxes payable	144,383	-	144,383
Deposits	9,268	33,494	42,762
Current portion of compensated absences	327,704	-	327,704
Current portion of long-term debt	84,616	648,913	733,529
Total current liabilities	830,419	958,548	1,788,967
Restricted:			
Accounts payable	393,734	-	393,734
Unearned revenue	1,189,668	-	1,189,668
Total restricted liabilities	1,583,402	-	1,583,402
Long-term liabilities:			
Compensated absences	872,807	-	872,807
Claims payable	387,519	-	387,519
Long-term debt, net	852,830	61,271,008	62,123,838
Net OPEB obligation	223,143	-	223,143
Total long-term liabilities	2,336,299	61,271,008	63,607,307
Total Liabilities	4,750,120	62,229,556	66,979,676
Net Assets:			
Invested in capital assets, net of related debt	29,079,966	9,653,678	38,733,644
Restricted:			
Capital projects	1,800,447	3,465,038	5,265,485
Special projects and programs	1,345,847	-	1,345,847
Total restricted net assets	3,146,294	3,465,038	6,611,332
Unrestricted	233,825	2,888,598	3,122,423
Total Net Assets	\$ 32,460,085	\$ 16,007,314	\$ 48,467,399

CITY OF PLACERVILLE
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,803,578	\$ 723,447	\$ -	\$ -	\$ 723,447
Public safety	3,930,866	527,775	201,200	44,273	773,248
Highways and streets	942,612	704,167	310,732	714,261	1,729,160
Community development	806,161	143,315	83,985	61,103	288,403
Parks and recreation	1,343,787	608,921	-	-	608,921
Total governmental activities	9,827,005	2,707,625	595,917	819,637	4,123,179
Business-type activities:					
Water	1,436,582	1,666,943	-	-	1,666,943
Sewer	4,126,601	5,282,680	-	-	5,282,680
Total business-type activities	5,563,183	6,949,623	-	-	6,949,623
Total primary government	\$ 15,390,188	\$ 9,657,248	\$ 595,917	\$ 819,637	\$ 11,072,802

CITY OF PLACERVILLE
Statement of Activities and Changes in Net Assets, Continued
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (2,080,131)	\$ -	\$ (2,080,131)
Public safety	(3,157,618)	-	(3,157,618)
Highways and streets	786,548	-	786,548
Community development	(517,759)	-	(517,759)
Parks and recreation	(734,866)	-	(734,866)
Total governmental activities	(5,703,826)	-	(5,703,826)
Business-type activities:			
Water	-	230,361	230,361
Sewer	-	1,156,079	1,156,079
Total business-type activities	-	1,386,440	1,386,440
Total primary government	(5,703,826)	1,386,440	(4,317,386)
 General revenues and transfers:			
Taxes:			
Property	164,415	-	164,415
Sales	3,770,225	181,752	3,951,977
Motor vehicle	813,530	-	813,530
Other	529,577	-	529,577
Total taxes	5,277,747	181,752	5,459,499
Interest and investment earnings	43,741	1,899	45,640
Miscellaneous	81,360	29,080	110,440
Transfers	216,888	(216,888)	-
Total general revenues and transfers	5,619,736	(4,157)	5,615,579
Changes in net assets	(84,090)	1,382,283	1,298,193
Net Assets:			
Beginning of year	32,544,175	14,625,031	47,169,206
End of year	\$ 32,460,085	\$ 16,007,314	\$ 48,467,399

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**FUNDS
FINANCIAL STATEMENTS**

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CITY OF PLACERVILLE

Balance Sheet

Governmental Funds

June 30, 2011

	Major Funds			Non-Major Funds	Total
	General	Transportation Development	Measure J		
Assets:					
Cash and investments	\$ 138,852	\$ 1,032,350	\$ 15,492	\$ 300,419	\$ 1,487,113
Receivables:					
Accounts	773,373	-	132,226	155,654	1,061,253
Interest	-	100	-	897	997
Prepaid expenses	111,442	-	-	-	111,442
Due from other funds	289,942	99,664	-	142,860	532,466
Advances to other funds	127,869	-	-	-	127,869
Restricted:					
Deposits held by fiscal agents	-	-	-	482,438	482,438
Receivables:					
Loans	-	-	-	933,980	933,980
Grants	-	-	-	316,059	316,059
Rule 20A work credit	-	-	-	1,360,081	1,360,081
Total Assets	\$ 1,441,478	\$ 1,132,114	\$ 147,718	\$ 3,692,388	\$ 6,413,698
Liabilities:					
Accounts payable	\$ 194,933	\$ 311,785	\$ -	\$ 81,949	\$ 588,667
Payroll and related taxes payable	144,383	-	-	-	144,383
Deposits	7,009	-	-	2,259	9,268
Due to other funds	100,566	-	-	-	100,566
Restricted:					
Due to other funds	-	8,627	-	101,115	109,742
Deferred revenue	-	3,883	-	1,185,785	1,189,668
Advances from other funds	-	-	-	344,841	344,841
Total Liabilities	446,891	324,295	-	1,715,949	2,487,135
Fund Balances:					
Nonspendable	529,253	-	-	1,360,081	1,889,334
Restricted	-	807,819	147,718	615,812	1,571,349
Committed	465,334	-	-	271,747	737,081
Total Fund Balances	994,587	807,819	147,718	1,976,439	3,926,563
Total Liabilities and Fund Balances	\$ 1,441,478	\$ 1,132,114	\$ 147,718	\$ 3,692,388	\$ 6,413,698

CITY OF PLACERVILLE
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds \$ 3,926,563

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in Governmental Funds Balance Sheet.

Non-depreciable	17,958,530
Depreciable	19,630,932
Less accumulated depreciation	<u>(7,572,050)</u>
	<u>30,017,412</u>

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Long-term debt - current portion	(84,616)
Long-term debt - non-current portion	(852,830)
Compensated absences - current and long-term portions	(1,200,511)
Net OPEB obligation	<u>(223,143)</u>
	<u>(2,361,100)</u>

Interest on long term debt is not accrued in the funds, but rather is recognized as an expenditure when due.

(45,933)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with governmental activities.

923,143

Net Assets of Governmental Activities **\$ 32,460,085**

CITY OF PLACERVILLE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds			Non-Major Funds	Total
	General	Transportation Development	Measure J		
Revenues:					
Property taxes	\$ 164,415	\$ -	\$ -	\$ -	\$ 164,415
Sales tax	2,929,057	-	841,171	-	3,770,228
Transient occupancy taxes	116,645	-	-	-	116,645
Other taxes	168,725	-	-	-	168,725
Franchise fees	244,207	-	-	-	244,207
Licenses and permits	77,860	-	-	-	77,860
Fines and forfeitures	235,438	-	-	-	235,438
Use of money and property:					
Interest earnings	-	296	138	42,871	43,305
Rentals and concessions	36,371	-	-	-	36,371
Intergovernmental	813,530	670,983	-	471,843	1,956,356
Charges for services	692,883	-	-	745,458	1,438,341
Grant revenue	-	-	-	272,725	272,725
Other revenue	614,536	-	-	557	615,093
Total Revenues	<u>6,093,667</u>	<u>671,279</u>	<u>841,309</u>	<u>1,533,454</u>	<u>9,139,709</u>
Expenditures:					
General government	2,352,863	-	7,607	2,038	2,362,508
Public safety	2,249,175	-	957,566	238,245	3,444,986
Highways and streets	457,923	978,141	-	292,693	1,728,757
Community development	393,405	-	-	455,695	849,100
Parks and recreation	1,201,478	-	-	10,094	1,211,572
Total Expenditures	<u>6,654,844</u>	<u>978,141</u>	<u>965,173</u>	<u>998,765</u>	<u>9,596,923</u>
Revenues Over (Under)					
Expenditures	<u>(561,177)</u>	<u>(306,862)</u>	<u>(123,864)</u>	<u>534,689</u>	<u>(457,214)</u>
Other Financing Sources (Uses):					
Transfers in	288,144	1,062,664	-	179,505	1,530,313
Transfers out	(117,696)	-	-	(1,341,177)	(1,458,873)
Total Other Financing Sources (Uses)	<u>170,448</u>	<u>1,062,664</u>	<u>-</u>	<u>(1,161,672)</u>	<u>71,440</u>
Net change in fund balances	<u>(390,729)</u>	<u>755,802</u>	<u>(123,864)</u>	<u>(626,983)</u>	<u>(385,774)</u>
Fund Balances:					
Beginning of year	<u>1,385,316</u>	<u>52,017</u>	<u>271,582</u>	<u>2,603,422</u>	<u>4,312,337</u>
End of year	<u>\$ 994,587</u>	<u>\$ 807,819</u>	<u>\$ 147,718</u>	<u>\$ 1,976,439</u>	<u>\$ 3,926,563</u>

CITY OF PLACERVILLE

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (385,774)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. 1,116,307

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds financial statements. (521,036)

Governmental funds did not report additions or retirements to long term liabilities. However, in the Government-wide Statement of Activities and Changes in Net Assets, the cost of those liabilities was allocated to the related departments.

Compensated absences	(126,541)
Capital Lease	73,897
Energy Commission Loan, net	6,690
Net OPEB obligation	<u>(92,354)</u>
	<u>(138,308)</u>

Interest on long term debt was not accrued in the funds, but rather was recognized as an expenditure when due. 4,029

Internal service funds were used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds was reported with governmental activities. (159,308)

Change in Net Assets of Governmental Activities \$ (84,090)

CITY OF PLACERVILLE

Statement of Net Assets

All Proprietary Funds

June 30, 2011

	Major Funds				Governmental
	Water	Sewer	Measure H	Total	Activities Internal Service Funds
Assets:					
Current assets:					
Cash and investments	\$ 116,562	\$ 507,928	\$ 47,854	\$ 672,344	\$ 1,042,120
Cash with fiscal agent	22,367	3,442,671	-	3,465,038	-
Receivables:					
Accounts	77,186	193,945	133,898	405,029	54,601
Interest	353	272	11	636	551
Utility billings, net	491,590	1,485,390	-	1,976,980	-
Deferred charges	-	485,402	-	485,402	-
Due from other funds	-	97,886	-	97,886	-
Advances to other funds	-	97,000	-	97,000	236,972
Total current assets	708,058	6,310,494	181,763	7,200,315	1,334,244
Capital assets:					
Nondepreciable:					
Land and improvements	227,579	1,969,327	-	2,196,906	-
Construction in progress	398,332	58,068,241	-	58,466,573	-
Depreciable:					
Buildings and structures	4,021,763	14,039,909	-	18,061,672	-
Machinery and equipment	112,860	829,540	-	942,400	-
Infrastructure	21,512,594	22,779,712	-	44,292,306	-
Accumulated depreciation	(21,750,306)	(30,635,952)	-	(52,386,258)	-
Total capital assets, net	4,522,822	67,050,777	-	71,573,599	-
Total Assets	5,230,880	73,361,271	181,763	78,773,914	1,334,244
Liabilities:					
Current liabilities:					
Accounts payable	182,794	88,550	4,797	276,141	23,582
Deposits	30,921	2,573	-	33,494	-
Due to other funds	45,000	277,158	97,886	420,044	-
Current portion of long-term debt	17,088	631,825	-	648,913	-
Total current liabilities	275,803	1,000,106	102,683	1,378,592	23,582
Long-term liabilities:					
Claims payable	-	-	-	-	387,519
Advances from other funds	117,000	-	-	117,000	-
Long-term debt, net	184,880	61,086,128	-	61,271,008	-
Total long-term liabilities	301,880	61,086,128	-	61,388,008	387,519
Total Liabilities	577,683	62,086,234	102,683	62,766,600	411,101
Net Assets:					
Invested in capital assets, net of related debt	4,320,854	5,332,824	-	9,653,678	-
Restricted	22,367	3,442,671	-	3,465,038	-
Unrestricted	309,976	2,499,542	79,080	2,888,598	923,143
Total Net Assets	\$ 4,653,197	\$ 11,275,037	\$ 79,080	\$ 16,007,314	\$ 923,143

See accompanying Notes to Basic Financial Statements.

CITY OF PLACERVILLE

Statement of Revenues, Expenditures and Changes in Net Assets All Proprietary Funds For the Year Ended June 30, 2011

	Major Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Measure H	Total	
Operating Revenues:					
Service charges	\$ 1,615,084	\$ 5,273,884	\$ -	\$ 6,888,968	\$ 275,462
Sales tax	-	-	181,752	181,752	-
Other revenues	51,859	8,796	-	60,655	109,505
Total Operating Revenues	1,666,943	5,282,680	181,752	7,131,375	384,967
Operating Expenses:					
General and administrative	350,108	306,298	4,797	661,203	691,074
Maintenance and operation	840,639	2,374,195	-	3,214,834	-
Depreciation	235,041	519,502	-	754,543	-
Total Operating Expenses	1,425,788	3,199,995	4,797	4,630,580	691,074
Operating Income (Loss)	241,155	2,082,685	176,955	2,500,795	(306,107)
Nonoperating Revenues and (Expenses):					
Connection fees	-	29,080	-	29,080	-
Amortization expense	-	(21,104)	-	(21,104)	-
Interest earnings	1,022	866	11	1,899	1,351
Interest expense	(10,794)	(900,705)	-	(911,499)	-
Total Nonoperating Revenues (Expenses)	(9,772)	(891,863)	11	(901,624)	1,351
Income (Loss) Before Transfers	231,383	1,190,822	176,966	1,599,171	(304,756)
Transfers in	-	97,886	-	97,886	257,832
Transfers out	(130,944)	(85,944)	(97,886)	(314,774)	(112,384)
Total Transfers	(130,944)	11,942	(97,886)	(216,888)	145,448
Net Income (Loss)	100,439	1,202,764	79,080	1,382,283	(159,308)
Net Assets:					
Beginning of year	4,552,758	10,072,273	-	14,625,031	1,082,451
End of year	<u>\$ 4,653,197</u>	<u>\$ 11,275,037</u>	<u>\$ 79,080</u>	<u>\$ 16,007,314</u>	<u>\$ 923,143</u>

See accompanying Notes to Basic Financial Statements.

CITY OF PLACERVILLE
Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2011

	Major Funds				Governmental Activities
	Water	Sewer	Measure H	Total	Internal Service Funds
Cash Flows From Operating Activities:					
Cash received from customers and users	\$ 1,622,005	\$ 5,160,980	\$ 47,854	\$ 6,830,839	\$ 358,100
Cash paid to suppliers	(546,612)	(1,744,267)	-	(2,290,879)	(654,123)
Cash paid to employees	(522,852)	(1,379,604)	-	(1,902,456)	-
Net Cash Provided (Used) by Operating Activities	<u>552,541</u>	<u>2,037,109</u>	<u>47,854</u>	<u>2,637,504</u>	<u>(296,023)</u>
Cash Flows From Noncapital Financing Activities:					
Interfund transfers, net	(130,944)	11,942	-	(119,002)	145,448
Interfund loans, net	(373,000)	(327,000)	-	(700,000)	699,930
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(503,944)</u>	<u>(315,058)</u>	<u>-</u>	<u>(819,002)</u>	<u>845,378</u>
Cash Flows From Capital and Related Financing Activities:					
Capital asset purchases	(86,913)	(51,620)	-	(138,533)	-
Capital improvement fees	-	29,080	-	29,080	-
Principal payments on long-term debt	(16,261)	(424,796)	-	(441,057)	-
Interest paid	(10,794)	(900,705)	-	(911,499)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(113,968)</u>	<u>(1,348,041)</u>	<u>-</u>	<u>(1,462,009)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest received	872	738	-	1,610	800
Net Cash Provided (Used) by Investing Activities	<u>872</u>	<u>738</u>	<u>-</u>	<u>1,610</u>	<u>800</u>
Net Changes in Cash and Cash Equivalents	<u>(64,499)</u>	<u>374,748</u>	<u>47,854</u>	<u>358,103</u>	<u>550,155</u>
Cash and Cash Equivalents:					
Beginning of year	203,428	3,575,851	-	3,779,279	491,965
End of year	<u>\$ 138,929</u>	<u>\$ 3,950,599</u>	<u>\$ 47,854</u>	<u>\$ 4,137,382</u>	<u>\$ 1,042,120</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 241,155	\$ 2,082,685	\$ 176,955	\$ 2,500,795	\$ (306,107)
Adjustments to reconcile operating income loss to net cash provided (used) by operating activities:					
Depreciation expense	235,041	519,502	-	754,543	-
Changes in current assets and liabilities:					
Receivables	(44,938)	(121,700)	(133,898)	(300,536)	(26,867)
Due to other funds	45,000	(373,405)	-	(328,405)	-
Accounts payable	77,308	(69,973)	4,797	12,132	5,428
Deposits	(1,025)	-	-	(1,025)	-
Claims payable	-	-	-	-	31,523
Total adjustments	<u>311,386</u>	<u>(45,576)</u>	<u>(129,101)</u>	<u>136,709</u>	<u>10,084</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 552,541</u>	<u>\$ 2,037,109</u>	<u>\$ 47,854</u>	<u>\$ 2,637,504</u>	<u>\$ (296,023)</u>

CITY OF PLACERVILLE

Statement of Net Assets

Fiduciary Funds

June 30, 2011

	PFA Agency Funds	Other Agency Funds	Total
Assets:			
Cash and investments	\$ 79,480	\$ 257,772	\$ 337,252
Receivables:			
Accounts	250	45,687	45,937
Interest	-	266	266
Total Assets	<u>\$ 79,730</u>	<u>\$ 303,725</u>	<u>\$ 383,455</u>
Liabilities:			
Accounts payable	\$ -	\$ 13,384	\$ 13,384
Deposits	27,906	290,341	318,247
Due to bondholders	51,824	-	51,824
Total Liabilities	<u>\$ 79,730</u>	<u>\$ 303,725</u>	<u>\$ 383,455</u>

**NOTES TO BASIC
FINANCIAL STATEMENTS**

CITY OF PLACERVILLE

Notes to Basic Financial Statements For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was incorporated in 1854, as a municipal corporation operating under the general laws of the State of California. The City operates under a Council-Manager form of government and provides services including general government, public works, public safety, water, sewer, and parks and recreation. Control or dependence is determined on the basis of budget adoption, selection of governing authority and designation of management, outstanding debt secured by revenues or general obligations of the City and ability to significantly influence operations.

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

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability:

Placerville Public Financing Authority (Authority) is a legal joint powers entity created by the City and its Redevelopment Agency. The Authority's Board of Directors is comprised of the City's Council Members, City Manager and Finance Director and all accounting and administrative functions are performed by the City.

As a result, this organization is considered a component unit of the City and is included within the basic financial statements of the City using the blended method. Separate financial statements of this component unit can be obtained from the City's Finance Department.

All entities included in this financial statement maintain June 30th as their fiscal year-end.

B. Government-wide Financial Statements

The basic financial statements include both Government-Wide (based on the City as a whole) and Fund Financial Statements. Major Funds are funds whose revenues, expenditures or expenses, assets, or liabilities are at least ten percent of the corresponding totals for all Governmental or Enterprise Funds and at least 5% of the aggregate amount for all Governmental and Enterprise Funds for the same item. The General Fund is always a Major Fund and any other government or enterprise fund may be reported as a Major Fund if the government believes that fund is particularly important to financial statement users.

The Government-Wide Financial Statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the government. 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 services.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government-wide Financial Statements, Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues. Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the Government-wide Financial Statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Government-Wide Financial Statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the Proprietary Fund Financial 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 imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized when 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 pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded in the accounting period in which the related liability is incurred.

Property taxes, special assessments, sales tax, licenses, intergovernmental revenues, investment earnings, charges for services and fines and penalties associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Property taxes attach as an enforceable lien on property. Secured and unsecured property taxes are levied on July 1st. The unsecured and secured property tax lien date is January 1. Unsecured property taxes become delinquent on August 31st. Secured property taxes are payable in two installments, on November 1st and February 1st of each year, and become delinquent on December 10th and April 10th, respectively. The County of El Dorado, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year-end when they are accrued pursuant to the modified accrual basis of accounting. The County is permitted by State law to levy property taxes at 1% of full market value (at time of purchase) and can increase property assessed value no more than 2% per year.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Transportation Development Special Revenue Fund* is used to account for revenues and expenditures associated with the administration of the Transportation Development Act Funds.

The *Measure J Special Revenue Fund* is used to account for revenues and expenditures associated with the administration of the 0.25% add on sales tax to supplement the City's police services.

The City reports the following major proprietary funds:

The *Water Fund* is used for the operation and maintenance of a water system consisting of acquisition, distribution pipeline, and elevated storage tanks.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

The Sewer Fund is responsible for the treatment of industrial and domestic wastewater. The fund collects all user fees and disburses all expenditures for this purpose. The fund also collects fees resulting from new growth. These funds will be used in the future to expand capacity of the water reclamation facility and collection system required due to growth.

The Measure H Fund augments the Water and Sewer Funds in paying for related debt and infrastructure replacement costs.

Additionally, the government reports the following fund types:

Internal Service Funds are used to account for services provided to other departments of the government, or to other governments, on a cost reimbursement basis. The City has an Internal Service Fund for general liability Insurance, property insurance, and worker's compensation insurance.

Agency Funds are used to account for resources held by the government in a purely custodial capacity.

Certain eliminations have been made for interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and eliminated in the total governmental column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure issued on or before November 30, 1989.

D. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

E. Cash, Cash Equivalents, and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash, Cash Equivalents, and Investments, Continued

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

F. Receivables

All receivables are shown net of an allowance for doubtful accounts. Service charges revenues (water and sewer) are recorded as billed to customers on a cyclical basis. All utility customers are billed bi-monthly.

G. Interfund Balances/Internal Balances

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

H. Compensated Absences

Amounts of vested or accumulated vacation, sick leave, compensatory time off, floating holidays, management leave, and related benefits on such compensation that are not expected to be liquidated with expendable available financial resources are reported in the Government-Wide Statement of Net Assets. No expenditure is reported for these amounts in the Governmental Fund Financial Statements.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Capital Assets

Capital assets, which include land, buildings, building improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. City policy has set the capitalization thresholds for reporting capital assets at the following:

General capital assets	\$	5,000
Infrastructure capital assets		100,000

Depreciation has been provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
General Capital Assets:	
Buildings, Improvements	40
Improvements, other than Buildings	25
Furniture and Fixtures	5
Machinery and Equipment	5
Vehicles	5
Infrastructure:	
Water/Sewer Lines	25
Streets	40

Interest accrued during capital assets construction, if any, is capitalized for the business-type and enterprise funds as part of the asset cost. For fiscal year ended June 30, 2011, there was no capitalized interest.

J. Deferred and Unearned Revenue

In the Government-Wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are long-term assessments, long-term loans receivable, and prepaid charges for services.

In the Fund Financial Statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, interest on interfund advances receivable, long-term assessments and loans receivable.

K. Long-Term Liabilities

In the Government-Wide Financial Statements and Proprietary Fund Financial Statements the long-term debt and other financed obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as expenditures.

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Assets and Fund Equity

Government-Wide Financial Statements and Proprietary Fund Financial Statements

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

Fund Financial Statements

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The Fund Balances in the Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable: Items that cannot be spent because they are not in spendable form, such as land held for development, long term portions of receivables, inventories, prepaid items, and also items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and all of its component units.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has the authority to assign funds for the City of Placerville.

Unassigned: This category is for all balances that have no restrictions placed upon them.

Spending Policy

The City’s policy is to spend restricted fund balances first, before spending unrestricted fund balances, for expenditures incurred for purposes for which both restricted and unrestricted fund balances are available, except for instances wherein a City ordinance or resolutions specifies the fund balance. The City’s policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances have been spent, when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, except for instances wherein a City ordinance specifies the fund balance.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Use of Estimates

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

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2011:

	Government-Wide Statement of Net Assets			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Assets	Total
Cash and investments	\$ 1,180,972	\$ 672,344	\$ 1,853,316	\$ -	\$ 1,853,316
Restricted cash and investments	\$ 1,348,261	\$ -	\$ 1,348,261	\$ 337,252	\$ 1,685,513
Cash with fiscal agent	\$ 482,438	\$ 3,465,038	\$ 3,947,476	\$ -	\$ 3,947,476

Deposits and investments were categorized as follows at June 30, 2011:

Investment Type	Fair Value	Investment Maturities (in years) 1 year or less
Cash:		
Cash Deposits	\$ 413,015	\$ 413,015
Petty Cash	2,855	2,855
Total cash	<u>415,870</u>	<u>415,870</u>
Investments:		
Local Agency Investment Funds	1,437,446	1,437,446
Total investments	<u>1,437,446</u>	<u>1,437,446</u>
Total cash and investments	<u>\$ 1,853,316</u>	<u>\$ 1,853,316</u>
Restricted Cash:		
Cash Deposits	\$ 1,685,513	\$ 1,685,513
Total restricted cash	<u>\$ 1,685,513</u>	<u>\$ 1,685,513</u>
Cash with Fiscal Agent:		
Money Market Funds	\$ 3,947,476	\$ 3,947,476
Total cash with fiscal agent	<u>\$ 3,947,476</u>	<u>\$ 3,947,476</u>

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

2. CASH AND INVESTMENTS, Continued

B. Cash Deposits

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City invests to enhance interest earnings. The pooled interest earned is allocated to the funds quarterly, based on the average daily cash and investment balances in each fund.

At June 30, 2011, the carrying amount of the City's deposits was \$413,015. Bank balances before reconciling items were \$1,192,986 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments

The City is authorized by State statutes and in accordance with the City's Investment Policy (Policy) to invest in the following:

- U.S. Treasury Securities
- U.S. Government Federal Agencies
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper (Corporations)
- Medium-Term Corporate Notes
- Repurchase Agreements collateralized by U.S. Securities or U.S. Government Federal Agencies
- California Local Agency Investment Fund (LAIF)
- U.S. Government Mortgage Pass-Through Securities
- Collateralized Mortgage Obligations (CMOs)
- Asset-Backed Securities (ABS)
- Money Market Mutual Funds
- Passbook Savings and Demand Deposits Accounts

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The City's investments comply with the established policy.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

Investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income:

Realized gain/(loss) on matured/sold investments	\$	-
Unrealized gain/(loss) in changes in fair value of investments		<u>2,266</u>
Net gain/(loss)		2,266
Interest income		<u>4,811</u>
Total investment income	\$	<u>7,077</u>

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year that matured or were called/sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise.

The portfolio, for year-end reporting purposes, is treated as if it were all sold. Therefore, fund balance reflects the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's policy is to buy and hold investments until their maturity dates.

Cash and Investments with Fiscal Agent. The Cash and Investments with Fiscal Agents in the amount of \$3,947,476 include certain amounts which are held by fiscal agents to be used only for specific capital outlay, payments of certain long-term debt and maintaining required reserves. These funds have been invested only as permitted by specific State statutes governing their investment or applicable City ordinances, resolutions, or bond indentures.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2011, the City's pooled cash and investments had the following maturities:

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	100%

Credit Risk: It is the City's policy that commercial paper have a rating of "A-1" or higher by a nationally recognized statistical rating organization (NRSRO) and with a maturity date not exceeding 270 days from the date of purchase. Medium-term notes, with a final maturity not exceeding four years from the date of purchase, must have a rating of AA or the equivalent by a NRSRO. Medium-term notes with a final maturity exceeding four years from the date of purchase shall be rated at least AAA or the equivalent by a NRSRO at the time of purchase.

According to the City's investment policy, the aggregate investment in medium-term notes will not exceed 10% of the City's total portfolio. Federal instrumentalities must have a rating of AAA or the equivalent by a NRSRO at the time of purchase. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

The City's investments are only in Local Agency Investment Fund which is not rated by a NRSRO.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the City's investments in securities are held in the name of the City. The City's custodial agreement policy prohibits counterparties holding securities not in the City's name.

E. Fair Value of Investments

The City's investments are carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included as income for the fiscal year. Changes in value in the fiscal year ended June 30, 2011, amounted to an unrealized gain of \$2,266.

F. Investments in Local Agency Investment Fund

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2011, included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2011, the City had \$1,437,446 invested in LAIF, which had invested 5.01% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.001576470 was used to calculate the fair value of the investments in LAIF.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

3. INTERFUND TRANSACTIONS

A. Fund Financial Statements

Due To, Due From

At June 30, 2011, the City had the following short-term interfund receivables and payables:

Due From							
Due To	Governmental Activities			Business-Type Activities			Total
	General Fund	Transportation Development	Non-Major	Water	Sewer	Measure H	
Governmental Activities							
General Fund	\$ -	\$ -	\$ 46,451	\$ -	\$ 243,491	\$ -	\$ 289,942
Transportation Development	-	-	54,664	45,000	-	-	99,664
Non-Major	100,566	8,627	-	-	33,667	-	142,860
Business-Type Activities							
Sewer	-	-	-	-	-	97,886	97,886
Totals	\$ 100,566	\$ 8,627	\$ 101,115	\$ 45,000	\$ 277,158	\$ 97,886	\$ 630,352

These balances resulted from short-term loans used to cover operating cash deficits at year-end. These amounts will be repaid in the following fiscal year.

Transfers

At June 30, 2011, the City had the following transfers:

Transfers In						
Transfers Out	Governmental Activities			Business-Type Activities		Total
	General Fund	Transportation Development	Non-Major	Internal Service Fund	Sewer	
Governmental Activities						
General Fund	\$ -	\$ -	\$ 31,752	\$ 85,944	\$ -	\$ 117,696
Non-Major	269,560	1,017,664	-	-	-	1,287,224
Internal Services Funds	18,584	-	93,800	-	-	112,384
Business-Type Activities						
Water	-	45,000	-	85,944	-	130,944
Sewer	-	-	-	85,944	-	85,944
Measure H	-	-	-	-	97,886	97,886
Totals	\$ 288,144	\$ 1,062,664	\$ 125,552	\$ 257,832	\$ 97,886	\$1,832,078

Transfers are contributions to other funds to finance various programs in accordance with budgetary authorizations.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

4. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2011, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land and improvements	\$ 12,498,318	\$ 2,196,906	\$ 14,695,224
Construction in progress	5,460,212	58,466,573	63,926,785
Total non-depreciable assets	17,958,530	60,663,479	78,622,009
<i>Depreciable Assets:</i>			
Building and structures	11,627,926	18,061,672	29,689,598
Machinery and equipment	3,261,208	942,400	4,203,608
Infrastructure	4,741,798	44,292,306	49,034,104
	19,630,932	63,296,378	82,927,310
Less accumulated depreciation	(7,572,050)	(52,386,258)	(59,958,308)
Total depreciable assets, net	12,058,882	10,910,120	22,969,002
Total capital assets	\$ 30,017,412	\$ 71,573,599	\$ 101,591,011

In fiscal year ended June 30, 2011, the City counted, valued and reported its capital assets, including infrastructure for its business-type activities, as shown in the following tables. The following is a summary of capital assets for governmental activities:

	Balance July 1, 2010	Additions	Transfers	Balance June 30, 2011
<i>Non-Depreciable Assets:</i>				
Land and improvements	\$ 12,466,323	\$ 31,995	\$ -	\$ 12,498,318
Construction in progress	5,214,615	1,055,296	(809,699)	5,460,212
Total non-depreciable assets	17,680,938	1,087,291	(809,699)	17,958,530
<i>Depreciable Assets:</i>				
Building and structures	11,482,147	-	145,779	11,627,926
Machinery and equipment	3,232,192	29,016	-	3,261,208
Infrastructure	4,077,878	-	663,920	4,741,798
Total depreciable assets	18,792,217	29,016	809,699	19,630,932
Less accumulated depreciation	(7,051,014)	(521,036)	-	(7,572,050)
Total depreciable assets, net	11,741,203	(492,020)	809,699	12,058,882
Total capital assets	\$ 29,422,141	\$ 595,271	\$ -	\$ 30,017,412

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

4. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense in governmental activities for capital assets for the year ended June 30, 2011 was as follows:

General government	\$	271,160
Public safety		72,542
Highways and street		156,676
Parks and recreation		<u>20,658</u>
Total	\$	<u>521,036</u>

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2010	Additions	Transfers	Balance Jun 30, 2011
<i>Non-Depreciable Assets:</i>				
Land and improvements	\$ 2,196,906	\$ -	\$ -	\$ 2,196,906
Construction in progress	<u>58,786,878</u>	<u>133,012</u>	<u>(453,317)</u>	<u>58,466,573</u>
Total non-depreciable assets	<u>60,983,784</u>	<u>133,012</u>	<u>(453,317)</u>	<u>60,663,479</u>
<i>Depreciable Assets:</i>				
Building and structures	18,061,672	-	-	18,061,672
Machinery and equipment	927,953	14,447	-	942,400
Infrastructure	<u>43,838,989</u>	<u>-</u>	<u>453,317</u>	<u>44,292,306</u>
Total depreciable assets	62,828,614	14,447	453,317	63,296,378
Less accumulated depreciation	<u>(51,631,715)</u>	<u>(754,543)</u>	<u>-</u>	<u>(52,386,258)</u>
Total depreciable assets, net	<u>11,196,899</u>	<u>(740,096)</u>	<u>453,317</u>	<u>10,910,120</u>
Total capital assets	<u>\$ 72,180,683</u>	<u>\$ (607,084)</u>	<u>\$ -</u>	<u>\$ 71,573,599</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2011, were as follows:

Water	\$	235,041
Sewer		<u>519,502</u>
Total	\$	<u>754,543</u>

The fund financial statements do not present general government capital assets but they are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds' capital assets are combined with governmental activities.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

5. LONG-TERM DEBT

A. Government-Wide Financial Statements

	Governmental Activities	Business-Type Activities	Total
Long-term debt, due within one year	\$ 412,320	\$ 648,913	\$ 1,061,233
Noncurrent portion of long-term debt			
Compensated absences	872,807	-	872,807
1997 State Revolving Loan	-	1,388,114	1,388,114
2006 State Revolving Loan	-	42,073,043	42,073,043
2006 Sewer Revenue Bonds	-	17,215,000	17,215,000
Energy Commission Loan	10,960	-	10,960
Capital Lease	841,870	502,570	1,344,440
2008 Vactor Truck	-	92,281	92,281
Total noncurrent portion of long-term debt	<u>1,725,637</u>	<u>61,271,008</u>	<u>62,996,645</u>
Total long-term debt	<u>\$ 2,137,957</u>	<u>\$ 61,919,921</u>	<u>\$ 64,057,878</u>

Governmental Activities

Following is a summary of governmental activity long-term debt transactions during the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year	Due in more than one year
Compensated Absences	\$ 1,073,970	\$ 126,541	\$ -	\$ 1,200,511	\$ 327,704	\$ 872,807
Capital Lease	993,428	-	73,897	919,531	77,661	841,870
Energy Commission Loan	24,605	-	6,690	17,915	6,955	10,960
Total	<u>\$ 2,092,003</u>	<u>\$ 126,541</u>	<u>\$ 80,587</u>	<u>\$ 2,137,957</u>	<u>\$ 412,320</u>	<u>\$ 1,725,637</u>

Business-Type Activities

Following is a summary of business-type activity long-term debt transactions during the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year	Due in more than one year
1997 State Revolving Loan	\$ 1,741,072	\$ -	\$ 174,214	\$ 1,566,858	\$ 178,744	\$ 1,388,114
2006 State Revolving Loan	42,673,043	-	200,000	42,473,043	400,000	42,073,043
2006 Sewer Revenue Bonds	17,215,000	-	-	17,215,000	-	17,215,000
Capital Lease	593,195	-	44,187	549,008	46,438	502,570
2008 Vactor Truck	138,668	-	22,656	116,012	23,731	92,281
Total	<u>\$ 62,360,978</u>	<u>\$ -</u>	<u>\$ 441,057</u>	<u>\$ 61,919,921</u>	<u>\$ 648,913</u>	<u>\$ 61,271,008</u>

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

5. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. The total of vacation and other compensated leaves is \$1,200,511. The City typically uses the General Fund to liquidate compensated absences.

Capital Lease

The City secured a capital lease in the amount of \$2,052,000 with an interest rate of 5.08% in order to finance tenant improvements to the first three floors of the new City Hall facility, located at 3101 Center Street, new exterior painting, brick façade, sidewalks, and street improvements around facility. The Lease payable is allocated between the governmental activities, 63%, and business-type activities, 37%. Principal and interest payments are due in April and October each year. The annual debt service requirements for the City Hall Capital Lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 124,099	\$ 72,373	\$ 196,472
2013	130,419	66,053	196,472
2014	137,062	59,410	196,472
2015	144,043	52,429	196,472
2016	151,379	45,093	196,472
2017-2021	781,537	101,652	883,189
Total	<u>\$ 1,468,539</u>	<u>\$ 397,010</u>	<u>\$ 1,865,549</u>

The City secured a capital lease in the amount of \$195,394 with an interest rate of 4.69% in order to finance a new Vactor Truck for the Public Works Department. The multipurpose Vactor Truck has improved the routine maintenance of the City's sewer collection lines and storm drains. Principal and interest payments are due in November and April each year. The annual debt service requirements for the 2008 Vactor Truck Lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 23,731	\$ 5,166	\$ 28,897
2013	24,857	4,040	28,897
2014	26,036	2,861	28,897
2015	27,271	1,625	28,896
2016	14,117	330	14,447
Total	<u>\$ 116,012</u>	<u>\$ 14,022</u>	<u>\$ 130,034</u>

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

5. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

The City entered into two capital lease-purchase agreements whereby the lessor acquired certain capital assets and leased them to the City with the option to purchase. The leased assets have been capitalized and are summarized by major asset class below:

	June 30, 2011
Building and structures	\$ 2,052,000
Machinery and equipment	195,394
Assets under capitalized lease, at cost	2,247,394
Accumulated depreciation	(425,350)
Assets under capitalized lease, net	\$ 1,822,044

Energy Commission Loan

In 2005, the City secured an Energy Commission Loan in the amount of \$54,500 with an interest 3.95% to retrofit the Center Street Parking Structure with energy efficient lighting. Principal and interest payments are due in June and December each year. The annual debt service requirements for the Energy Commission Loan are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2012	\$ 6,955	\$ 641	\$ 7,596
2013	7,234	362	7,596
2014	3,726	74	3,800
Total	\$ 17,915	\$ 1,077	\$ 18,992

Revenue Bonds Payable

On March 14, 2006, the Placerville PFA issued the Series 2006 Wastewater System Refinancing and Improvement Project Revenue Bonds in the amount of \$17,215,000 pursuant to an Indenture by and between the Placerville PFA and Union Bank of California, N.A. as Trustee. A portion of the proceeds from the Bonds were used to refinance the Series 1994 Sewer Revenue Refunding and Phase II Improvement Bonds. The remainder of the Bond proceeds are being used to partially finance State mandated improvements to the City's Wastewater Treatment Plant, relocate and replace a section of sewer line along Hangtown Creek, and construct other capital projects related to the Wastewater System. The bonds are payable solely from wastewater net revenues and are payable through 2034. Annual principal and interest payments for the Fiscal Year ended June 30, 2011, required 32.85% of net revenues. The total remaining principal and interest to be paid on the bonds is \$33,982,085. Interest paid for the current year and total net revenues were \$830,658 and \$2,528,265, respectively. Principal payments are due September 1 of each year and interest payments ranging from 4.00% to 5.00% are due March 1 and September 1 of each year beginning 2016.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

5. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

The annual debt service requirements for the Series 2006 Wastewater System Refinancing and Improvement Project Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ -	\$ 830,657	\$ 830,657
2013	-	830,657	830,657
2014	-	830,658	830,658
2015	-	830,658	830,658
2016	-	830,658	830,658
2017-2021	507,500	4,137,487	4,644,987
2022-2026	1,222,500	3,948,600	5,171,100
2027-2031	6,382,500	3,466,085	9,848,585
2032-2035	9,102,500	1,061,625	10,164,125
Total	<u>\$ 17,215,000</u>	<u>\$ 16,767,085</u>	<u>\$ 33,982,085</u>

State Revolving Loans

In 1997, the City secured a State Revolving Loan in the amount of \$3,247,671 and an interest rate of 2.6% to construct improvements to the Wastewater Treatment Plant in order to comply with State mandated requirements at that time. The loan is payable solely from wastewater net revenues and are payable through 2019. Annual principal and interest payments on the loan for the fiscal year ended June 30, 2011, required 8.68% of net revenues. The total remaining principal and interest to be paid on the loan is \$1,755,648. Principal and interest paid for the current year and total net revenues were \$219,482 and \$2,528,265, respectively. Principal and interest payments are due in March of each year. The annual debt service requirements for the 1997 State Revolving Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 178,744	\$ 40,738	\$ 219,482
2013	183,391	36,091	219,482
2014	188,159	31,323	219,482
2015	193,051	26,431	219,482
2016	198,071	21,411	219,482
2017-2019	625,442	32,796	658,238
Total	<u>\$ 1,566,858</u>	<u>\$ 188,790</u>	<u>\$ 1,755,648</u>

In 2006, the City secured a State Revolving Loan in the amount of \$42,673,043 with an interest rate of 0.00% to partially finance improvements to the Wastewater Treatment Plant in order to comply with State mandated requirements at that time. The loan is payable solely from wastewater net revenues and are payable through 2040. Annual principal payments on the loan for the fiscal year ended June 30, 2011, required 7.91% of net revenues. The total remaining principal and interest to be paid on the loan is \$42,473,043. Principal and interest paid for the current year and total net revenues were \$200,000 and \$2,528,265 respectively. Principal and interest payments are due in September and March of each year.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

5. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

The annual debt service requirements for the 2006 State Revolving Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 400,000	\$ -	\$ 400,000
2013	800,000	-	800,000
2014	1,528,631	-	1,528,631
2015	1,528,631	-	1,528,631
2016	1,528,631	-	1,528,631
2017-2021	7,643,156	-	7,643,156
2022-2026	7,643,156	-	7,643,156
2027-2031	7,643,156	-	7,643,156
2032-2036	7,643,156	-	7,643,156
2037-2040	6,114,526	-	6,114,526
Total	<u>\$ 42,473,043</u>	<u>\$ -</u>	<u>\$ 42,473,043</u>

Annual debt service requirements for all bonds, loans and capital leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 733,529	\$ 949,575	\$ 1,683,104
2013	1,145,901	937,203	2,083,104
2014	1,883,614	924,326	2,807,940
2015	1,892,996	911,143	2,804,139
2016	1,892,198	897,492	2,789,690
2017-2021	9,557,635	4,271,935	13,829,570
2022-2026	8,865,656	3,948,600	12,814,256
2027-2031	14,025,656	3,466,085	17,491,741
2032-2036	16,745,656	1,061,625	17,807,281
2037-2040	6,114,526	-	6,114,526
Total	<u>\$ 62,857,367</u>	<u>\$ 17,367,984</u>	<u>\$ 80,225,351</u>

The fund financial statements do not present general government long-term debt but it is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

6. RULE 20A WORK CREDIT

The City receives annual Rule 20A credits from its electricity provider, Pacific Gas & Electric (PG&E). The credits can be accumulated and applied in-kind toward the replacement of existing overhead electric facilities with underground electric facilities along public streets and roads, and on public lands. The balance of the credit as of June 30, 2011 is \$1,360,081. The \$1,360,081 in credits has been applied to the undergrounding of electrical utilities and lighting along lower Main Street as part of the recent Highway 50 Operations project. The underground improvements have been constructed by PG&E. However, the improvements have not been dedicated to the City yet. Ongoing maintenance costs on these improvements are being incurred by the City and are being expensed as incurred. Once the improvements are dedicated to the City, the Rule 20A balance will be reclassified as capital assets.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

7. RETIREMENT PLAN

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required by State statute to contribute 8% for miscellaneous and 9% for safety employees of their annual creditable salary. The City makes the contributions required of City employees on their behalf and for their account, which amounted to \$329,515 for the year ended June 30, 2011. The City is required to contribute for fiscal year 2010/2011 at an actuarially determined rate of 16.130% and 25.861% of annual covered payroll for miscellaneous and safety employees, respectively.

Annual Pension Cost

For 2010/2011 the City's annual pension cost of \$1,116,642 for PERS was equal to the City's annual required contribution. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that range from 3.25% to 14.45% for both miscellaneous and safety employees depending on age, service, and type of employment, and (c) 3.25% cost of living adjustment for retirees. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the affects of short-term volatility in the market value of investments over a three year period. The average remaining amortization period at June 30, 2008, was 17 years for miscellaneous and 16 years for safety employees for prior and current service unfunded liabilities.

THREE YEAR TREND INFORMATION FOR PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 1,315,404	100%	\$ -
June 30, 2010	1,123,177	100%	-
June 30, 2011	1,116,642	100%	-

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

8. DEFERRED COMPENSATION PLAN

The City in 1983 established a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plans permit all eligible employees to execute an individual agreement with the City for amounts earned by them, to be paid at a future date when certain circumstances are met. These circumstances include termination by reason of retirement, death, disability or other events as provided for in the Plans. Employees may contribute up to \$16,500 of their annual compensation into the deferred compensation plan.

During the fiscal year ended June 30, 1999, the City amended its deferred compensation plan to comply with subsection (g) of the Internal Revenue Code Section 457, which states that assets of the plan are held for exclusive benefit of participants and their beneficiaries. Accordingly, the assets and related liabilities for the Plan, which amounted to \$2,608,040 at June 30, 2011, have been removed from the basic financial statements of the City, with no impact on fund equity.

9. POST-RETIREMENT MEDICAL CARE BENEFITS

A. Plan Description

The City provides a retiree medical insurance contribution benefit in accordance with employee Memorandums of Understanding, for retired employees. This is a single employer defined benefits OPEB plan. The benefit is applicable to employees who retire from the City of Placerville and,

- Are 53 years of age or older; and
- Have 10 or more years of service with the City of Placerville.

The City contributes an amount each month towards the purchase of medical insurance for the retiree. The monthly amount is determined by the applicable Memorandum of Understanding or salary and benefit provisions for the retired employee. The contribution is based upon the employees' years of service up to a maximum of 20 years, multiplied by the maximum benefit for the respective employee unit. The City pays the contribution amount until the retiree reaches age 65 or dies, whichever occurs first. Although this benefit ends at age 65, retirees who reach 65 or older continue to receive a monthly minimum contribution in the amount \$80.80 until death or disenrollment from the Plan.

B. Funding Policy

The City currently participates in a retiree medical plan through the Special Districts Risk Management Authority (SDRMA). There is no requirement to contribute any amount beyond the pay-as-you-go contributions. If a retiree elects medical insurance coverage through the City, the retiree is responsible for paying the difference between the medical insurance premium and the medical benefit.

The City is evaluating various options for funding the post-retirement medical benefits liability. The City has not established a trust for purposes of funding the required retiree medical insurance contribution but has elected to continue funding the benefit on a pay-as-you-go basis in the current year. The City plans on funding a portion or all of the Annual Required Contribution each year based upon projections from the July 1, 2009, actuarial valuation study performed by Demsey, Filliger & Associates.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based upon the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

9. POST-RETIREMENT HEALTH CARE BENEFITS, Continued

C. Annual OPEB Cost and Net OPEB Obligation, Continued

The following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 270,100
Interest on net OPEB obligation	6,539
Adjustments to annual required contribution	-
Annual OPEB cost (expense)	276,639
Contribution made	(184,286)
Increase (decrease) in net OPEB obligation	92,353
Net OPEB obligation - beginning of year	130,789
Net OPEB obligation - end of year	\$ 223,142

The City Retiree Medical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 and each of the preceding two years was as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage Contributed	Net OPEB Obligation
6/30/2010	\$ 270,100	\$ (139,311)	-52%	\$ 130,789
6/30/2011	276,639	(184,286)	-67%	223,142

Funded Status and Funding Progress. The funding status of the City's OPEB plan is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
7/1/2009	\$ -	\$ 2,179,162	\$ 2,179,162	0%	\$ 5,216,335	41.78%
7/1/2010	-	2,046,390	2,046,390	0%	4,916,481	41.62%

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities and benefits.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

9. POST-RETIREMENT HEALTH CARE BENEFITS, Continued

D. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

E. Actuarial Cost Method

In the June 30, 2011 actuarial valuation, the actuarial cost shown in the report were developed using the projected unit credit cost method.

The ARC under this method equals the normal cost plus the amortization of the unfunded AAL based on the following:

- 30-year open amortization period
- Level dollar open period

The plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, and the like, which are assumed to hold many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true plan costs.

A discount rate of 5.00% was assumed. This is based upon the assumption that benefits will be paid from general City assets, or paid from a separate trust where assets are invested relatively conservatively. Pre-retirement turnover was based on 140% of the Crocker-Sarason Table T-5 less mortality. The pre-retirement mortality was based on the 1994 Group Annuity Mortality, male and female tables. The post-retirement mortality was based on the 1994 Group Annuity Mortality, male and female tables.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

10. CLASSIFICATION OF FUND BALANCE AND OTHER FUND DISCLOSURES

In governmental funds, fund balances are classified as follows:

	Major Funds				Total
	General	Transportation Development	Measure J	Non-Major	
<i>Nonspendable</i>					
Prepaid expenses	\$ 111,442	\$ -	\$ -	\$ -	\$ 111,442
Long-term receivable	289,942	-	-	-	289,942
Advances to other funds	127,869	-	-	-	127,869
Rule 20A Work Credit	-	-	-	1,360,081	1,360,081
Total	529,253	-	-	1,360,081	1,889,334
<i>Restricted</i>					
Transportation	-	807,819	-	-	807,819
Police services	-	-	147,718	-	147,718
Gas Tax	-	-	-	155,944	155,944
Development Impact	-	-	-	332,007	332,007
Grants	-	-	-	21,364	21,364
BAD, CFD, & LLMD	-	-	-	87,885	87,885
Park Development	-	-	-	18,612	18,612
Total	-	807,819	147,718	615,812	1,571,349
<i>Committed</i>					
Operating reserved	465,334	-	-	-	465,334
Capital projects	-	-	-	271,747	271,747
Total	465,334	-	-	271,747	737,081
<i>Unassigned</i>					
	-	-	-	(271,201)	(271,201)
Total fund balances	\$ 994,587	\$ 807,819	\$ 147,718	\$ 1,976,439	\$ 3,926,563

Fund Equity Deficits

The Parking District Special Revenue Fund, which is a non-major fund, has an accumulated deficit of \$(271,201) at June 30, 2011. This amount will be offset with charges for services increases in future years.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

11. RISK MANAGEMENT

The City is a member of joint powers authorities for general liability, property, and workers compensation insurance programs as described below. The purpose of the authorities is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Each member city has a representative on the Board of Directors. Officers of the authorities are elected annually by the Board of Directors.

The following provides a reconciliation of claims payable, which are recorded as an Internal Service Fund, for the three years ended June 30, 2009, 2010, and 2011:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments For Current and Prior Years	End of Year Liability
2008-2009	\$ 301,658	\$ 141,684	\$ (125,351)	\$ 317,991
2009-2010	317,991	124,846	(86,841)	355,996
2010-2011	355,996	144,747	(113,224)	387,519

Northern California Cities Self Insurance Fund

Northern California Cities Self Insurance Fund (Authority) is a joint powers authority created by certain Northern California cities to provide claims processing administrative services, risk management service and actuarial studies for the Authority as a whole. The Workers Compensation Program comprises a banking layer for claims up to \$100,000 and a Shared Risk Pool for claims from \$100,000 to \$500,000. Excess commercial insurance coverage is provided for claims over the shared risk layers. The Authority is governed by a Board of Directors comprised of officials appointed by each member. The activities of the Authority include setting and collecting premiums, administering and paying claims and related expenses and investing the Authority's excess funds.

Shared Risk Pool - Each member is assessed a contribution which is intended to cover its share of the Authority's claims, operating costs and claim settlement expenses. Contributions are based on an actuarially determined rate for each coverage layer (pool), based on an estimate of the probable losses and expenses to be borne by that pool for the claim year. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be surplus as a result of an actuarial study. Losses are allocated on the basis of each participant's share of cash contributions. All contributions are recognized as revenues when earned, based on the period covered by the contribution.

Banking Layer - The banking layer is the members' deductible portion of each claim. As part of its services to members, a portion of their contributions is used to pay their deductibles. If a member's balance is insufficient, the Authority advances the necessary amount and bills the member in the following year.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

11. RISK MANAGEMENT, Continued

Excess balances may likewise be used to offset subsequent year contributions. The following is a summary of financial information of the Authority as of and for the year ended June 30, 2011:

Total Assets (Primary Investments)	\$ 50,442,560
Total Liability	32,491,912
Net Assets	17,950,648
Total Revenues	14,560,036
Total Expenses	17,536,723
Net Income (Loss)	(2,976,687)

Public Agency Risk Sharing Authority of California

Public Agency Risk Sharing Authority of California (PARSAC) is a joint powers authority created by certain California Cities to provide claims processing administrative services, risk management services and actuarial studies for PARSAC as a whole.

The General Liability program, a shared risk pool, total coverage of \$35 million. The first one million dollar layer, in excess of the City's \$50,000 retention, per occurrence is covered by PARSAC. The second layer of four million dollars is insured by the California State Association of Counties (CSAC). The third layer of ten million dollars is covered by reinsurance. The fourth excess layer of twenty million dollars is insured by CARMA. The ultimate cost of the program to the City depends on the catastrophic losses of all members, as well as the City's own loss experience, and will be determined two and half years after the end of the current program year.

The following is a summary of audited financial information of PARSAC as of and for the year ended June 30, 2011:

Total Assets (Primary Investments)	\$ 36,327,900
Total Liability	15,429,073
Net Assets	20,898,827
Total Revenues	10,839,606
Total Expenses	11,640,140
Operating Income (Loss)	(800,534)

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

12. CITY AGREEMENTS WITH CERTAIN OTHER GOVERMENTAL UNITS

El Dorado County Fire Protection District

The City entered into an agreement with the El Dorado County Fire Protection District (District) under which the District will provide fire protection and emergency medical services for the City. These services had been previously provided by the City Fire Department.

The District is governed by its own Board of Directors and is not governed by the cities that are serviced by it. All City Fire Department personnel, vehicles and equipment have been transferred to the District.

Effective with Fiscal Year 1993/1994 and all future years, the City's obligation for fire protection and emergency medical services shall be satisfied by District's receipt of the City's property tax revenue, even if such amount is reduced by future shifts to the State of California.

For the year ended June 30, 2011, City property tax revenue assigned to the District amounted to approximately \$1,456,338.

El Dorado County Transit Authority

El Dorado County Transit Authority was formed in November, 1993, as a joint powers authority to own, operate, and/or maintain a public transit system.

El Dorado County Transportation Commission

El Dorado County Transportation Commission is a joint powers agency formed, in April 1995, for the purpose of engaging in regional transportation planning and the allocation of funds for transportation purposes.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

13. CONTINGENCIES

Legal Actions

There are various claims and legal actions pending against the City for which no provision has been made in the accompanying general purpose financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not have an adverse material effect on the financial position of the City. The City is self-insured and participates in public entity risk pools (See Note 10).

Federal Grants

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

Proposition 62

On September 28, 1995, the California Supreme Court reversed a Court of Appeals decision which reinstated provisions of Proposition 62 which was a 1986 voter initiative that required all general taxes to be approved by simple majority vote of the electorate. The Supreme Court provided very little detail on a number of important issues surrounding their decision, including, the effective date of the decision, whether the decision would be retroactive, and whether existing taxes would have to be put to a vote for them to remain valid. The decision will have minimal impact on the City's existing general tax structure.

Proposition 218

On November 5, 1996, Proposition 218 was approved by the voters. Proposition 218 is a constitutional amendment which addresses both taxes and assessments imposed, extended or increased without voter approval on or after January 1, 1995. Its effect on existing assessments is unclear but it would have a minimal affect on the City's business taxes.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

14. PLACERVILLE PUBLIC FINANCING AUTHORITY HAS DEFAULTED ON CERTAIN REVENUE BONDS

Placerville Public Financing Authority (Authority) is a legal joint powers entity created by the City. The Authority's Board of Directors is comprised of the City's Council Members, City Manager and Finance Director, and all accounting and administrative functions are performed by the City. Neither the City nor the Authority have any obligation to advance its own funds toward payments to bondholders, other than the City's obligation to make payments on its sewer revenue bonds and an installment purchase agreement and to pay over assessment payments received from property owners as discussed below and the Authority's obligation to make payments from funds received from the City. Payments with respect to assessments secured by liens against real property benefiting from the issuance of bonds, plus any amounts held by the Trustee, are the sole security for payment to bondholders, other than payments on the City's sewer revenue bonds and an installment purchase agreement. In the event of delinquency in payment of assessment or supplemental assessments, the City is responsible for foreclosure and auction proceedings on assessed property.

Limited Obligation Assessment Bonds and Revenue Bonds

In 1992, the City issued Limited Obligation Assessment bonds for its Assessment Districts 92-1 and 92-2, and then subsequently issued Limited Obligation Supplemental Assessment Bonds for Assessment District 92-1. In 1994, the City issued Limited Obligation Assessment Bonds for its Assessment Districts 94-1 and 94-2, and City Sewer Revenue Bonds. For the purpose of this discussion, the term "Limited Obligation Assessment Bonds" refers to all Assessment Bonds including the Supplemental issue.

The Authority issued its Revenue Bonds of 1992, Series A (Series A Bonds) and its Revenue Bonds of 1992, Series C (Series C Bonds) to purchase the City's 1992 Limited Obligation Assessment Bonds and Supplemental Limited Obligation Assessment Bonds. The Authority issued its Revenue Bonds of 1994 (Series 1994 Bonds) to purchase the City's 1994 Limited Obligation Assessment Bonds and Sewer Revenue Bonds.

The City issued Limited Obligation Assessment Bonds on behalf of improvement districts created to benefit property owners for a specific purpose, such as to finance local street, water and sewer improvements. Property owners in the designated districts were assessed amounts sufficient to cover the principal and interest costs of repaying the bonds. Annually, assessment installments are levied and placed on the County of El Dorado Property Tax Rolls. The Authority applied proceeds of the sale of its Series A and Series C Revenue Bonds to the purchase of the City's Assessment Bonds, which were then pledged as security for its Revenue Bonds. The City also issued Sewer Revenue Bonds for improvements related to its wastewater treatment plant, and to refund earlier bonds issued to finance such improvements. The Authority also applied proceeds of the sale of its Series 1994 Revenue Bonds to the purchase. The City has not defaulted on payment of the Sewer Revenue Bonds.

The following table summarizes the City's Limited Obligation Assessment bonds, Limited Obligation Supplemental Assessment bonds, revenue obligations payable from revenues of the City's Wastewater System as issued:

Bond Issue – Date	Aggregate Amount Issued	Authority Revenue Bonds Issued
AD 1992-1, March 1992	\$5,247,500	Series A - \$7,700,000
AD 1992-2, March 1992	\$1,533,202	
AD 1992-1, June 1992	\$2,785,000	Series C - \$3,185,000
AD 1994-1, June 1994 ¹	\$2,660,000	Series 1994 - \$13,070,000 ¹
AD 1994-2, June 1994 ¹	\$4,855,000	
Sewer Revenue Bonds ¹	\$4,255,000	
Installment Purchase Agreement ²	\$17,215,000	Series 2006 - \$17,215,000 ²

¹ Paid in full.

² Issued in 2006. Not in default.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

14. PLACERVILLE PUBLIC FINANCING AUTHORITY HAS DEFAULTED ON CERTAIN REVENUE BONDS, Continued

The City is responsible for collecting the assessments levied against the property within the improvement districts and for disbursing these amounts to the Trustee, Union Bank, N.A., who further disburses the funds to ultimately retire the Authority's Revenue Bonds.

Defaults

In March, 1998, the Authority defaulted on the regularly scheduled interest payment due on its Revenue Bonds of 1992, Series C (Series C Bonds). The Authority's default was the result of the City of Placerville's default on Limited Obligation Supplemental Assessment Bonds issued and secured by supplemental assessment liens on real property within the City's Assessment District 92-1 (AD 92-1). The City's default was the result of the nonpayment of supplemental assessments by owners of property within AD 92-1.

In September, 2003, the Authority defaulted on the regularly scheduled interest payment due on its Series A Bonds. The Authority's default was the result of the City of Placerville's defaults over several years on Limited Obligation Assessment Bonds issued and secured by assessment liens on real property within the City's Assessment District 92-1 (AD 92-1) and assessment liens on real property within the City's Assessment District 92-2 (AD 92-2). The City's defaults were the result of the nonpayment of assessments by owners of property within AD 92-1 and AD 92-2.

Series 1994 Revenue bond technical defaults, or drawdowns of reserve funds, also occurred as a result of nonpayment of assessments by owners of property within the City's Assessment District 94-1.

Due to property owners' continued nonpayment of assessments and supplemental assessments, the City defaulted on the required cash flows for the payment of the City's Limited Obligation Original and Supplemental Assessment Bonds. When property owners fail to pay their assessments, the Assessment Bonds are not being paid and therefore there are no, or insufficient, cash flows to pay the Authority's Revenue Bonds (other than funds held by the Trustee). As necessary, the Revenue Bond Reserve Fund is drawn down to pay the bondholders until the Fund is depleted.

The Revenue Bond Reserve Funds were drawn down to pay the Series A and Series C Bonds. The Reserve Funds for the Series A and Series C bonds have been completely depleted. These Revenue Bonds and the assessment bonds sharing them are in default. After the reserve funds were depleted, scheduled principal and interest payments for the Authority's Series A and C Bonds were not paid.

Since the default on the Series A Bonds and the Series C Bonds, the City has collected some delinquent assessments and some delinquent supplemental assessments resulting from the sale of certain properties within the districts, including some sold at County tax sales. The amounts collected have been disbursed to the Trustee for further disbursement to the bondholders or are held by the City for payment to the Trustee.

While the City does not have an obligation to advance its own funds to pay the defaulted Limited Obligation Assessment Bonds, the City does have administrative responsibilities such as judicial foreclosure and sale by auction of delinquent properties. The City has obtained a judgment of foreclosure on all properties subject to default.

The City and Authority believe that further defaults on payments of assessments and supplemental assessments are likely to occur, resulting in continued default of scheduled principal and interest payments.

In a different scenario from the Series A Bonds and the Series C Bonds, through a procedure connected with a foreclosure sale, a credit bid by the City and a corresponding sale to a new developer, the AD 94-1 Bonds were paid in full. The foreclosure payments, as well as remaining funds in the Construction Fund, were transmitted to the Trustee for a partial redemption of the Series 1994 Bonds.

CITY OF PLACERVILLE

Notes to Basic Financial Statements, Continued For the Year Ended June 30, 2011

14. PLACERVILLE PUBLIC FINANCING AUTHORITY HAS DEFAULTED ON CERTAIN REVENUE BONDS, Continued

In addition, the owners of the parcels in the City's Assessment District 94-2 (AD 94-2) prepaid their assessments. The payments were transmitted to the Trustee for a partial redemption of Series 1994.

The remaining Series 1994 Revenue Bonds of the Authority, and City's 1994 Sewer Revenue Bonds, have been paid in full in connection with the Authority's issuance of its \$17,215,000 Revenue Bonds (Wastewater System Refinancing and Improvement Project), Series 2006, payable from installment payments by the City's Wastewater System pursuant to an installment purchase agreement.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF PLACERVILLE

Required Supplementary Information For the Year Ended June 30, 2011

1. BUDGETARY CONTROL AND ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget adopted by the City Council provides for the general operation of the City. The annual budget is adopted by the City Council in June of each year for all funds. The resolution sets a combined appropriation of the funds for the operation of the City.
2. The City Manager is authorized to transfer budgeted amounts between departments and line items to assure adequate and proper standards of service. Budgetary revisions, including supplemental appropriations which increase appropriations in individual funds and transfers between funds, must be approved by the City Council. The budgetary level of control is at the fund level. The budgeted figures used in the financial statements are the final amended amounts.
3. The budget is formally integrated into the accounting system and employed as a management control device during the year for all funds.
4. Budgets for the governmental fund types are adopted and recorded on the modified basis of accounting on a basis consistent with generally accepted accounting principles (GAAP). Budget appropriations lapse at the end of the fiscal year. Supplemental appropriations were adopted by the City Council and have been included in the statements of revenues, expenditures, and changes in fund balance – budget to actual. Budgets are also prepared for proprietary fund types, which include debt service principal payments, capital outlay, but do not include depreciation.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2011, proceeds of taxes did not exceed allowable appropriations.

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for the General and all Major funds present comparisons of the legally-adopted budget with actual data on a basis consistent with generally accepted accounting principles.

CITY OF PLACERVILLE

**Required Supplementary Information, Continued
For the Year Ended June 30, 2011**

2. SCHEDULE OF FUNDING PROGRESS

A. Funded Status of Plan – Safety and Miscellaneous Employee Retirement

In fiscal year ended June 30, 2004, CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of funding progress for the City’s safety and miscellaneous employees is not available.

B. Funded Status of Plan – Other Post Employment Benefits

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
7/1/2009	\$ -	\$ 2,179,162	\$ 2,179,162	0%	\$ 5,216,335	41.78%
7/1/2010	-	2,046,390	2,046,390	0%	4,916,481	41.62%

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CITY OF PLACERVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property taxes	\$ 187,831	\$ 181,601	\$ 164,415	\$ (17,186)
Sales tax	3,065,025	2,909,593	2,929,057	19,464
Transient occupancy taxes	173,000	117,975	116,645	(1,330)
Other taxes	177,000	172,052	168,725	(3,327)
Franchise fees	244,870	245,541	244,207	(1,334)
Licenses and permits	65,000	65,000	77,860	12,860
Fines and forfeitures	263,200	244,209	235,438	(8,771)
Use of money and property:				
Interest earnings	10,000	3,702	-	(3,702)
Rentals and concessions	28,550	26,294	36,371	10,077
Intergovernmental	916,710	831,354	813,530	(17,824)
Charges for services	620,449	712,822	692,883	(19,939)
Other revenue	690,973	768,778	614,536	(154,242)
Total Revenues	<u>6,442,608</u>	<u>6,278,921</u>	<u>6,093,667</u>	<u>(185,254)</u>
Expenditures:				
General government	2,206,589	2,194,977	2,352,863	(157,886)
Public safety	2,320,359	2,263,247	2,249,175	14,072
Highways and streets	480,646	439,227	457,923	(18,696)
Community development	363,382	391,146	393,405	(2,259)
Parks and recreation	1,263,794	1,270,748	1,201,478	69,270
Total Expenditures	<u>6,634,770</u>	<u>6,559,345</u>	<u>6,654,844</u>	<u>(95,499)</u>
Revenues Over (Under) Expenditures	<u>(192,162)</u>	<u>(280,424)</u>	<u>(561,177)</u>	<u>(280,753)</u>
Other Financing Sources (Uses):				
Transfers in	307,925	307,925	288,144	(19,781)
Transfers out	(115,763)	(115,763)	(117,696)	(1,933)
Total Other Financing Sources (Uses)	<u>192,162</u>	<u>192,162</u>	<u>170,448</u>	<u>(21,714)</u>
Changes in Fund Balances	<u>\$ -</u>	<u>\$ (88,262)</u>	<u>(390,729)</u>	<u>\$ (302,467)</u>
Fund Balances:				
Beginning of year			<u>1,385,316</u>	
End of year			<u>\$ 994,587</u>	

CITY OF PLACERVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Transportation Development Fund
For the Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Use of money and property:				
Interest earnings	\$ -	\$ -	\$ 296	\$ 296
Intergovernmental	757,200	671,000	670,983	(17)
Total Revenues	<u>757,200</u>	<u>671,000</u>	<u>671,279</u>	<u>279</u>
Expenditures:				
Highways and streets	757,200	978,000	978,141	(141)
Total Expenditures	<u>757,200</u>	<u>978,000</u>	<u>978,141</u>	<u>(141)</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(307,000)</u>	<u>(306,862)</u>	<u>138</u>
Other Financing Sources (Uses):				
Transfers in	-	1,062,664	1,062,664	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,062,664</u>	<u>1,062,664</u>	<u>-</u>
Changes in Fund Balances	<u>\$ -</u>	<u>\$ 755,664</u>	755,802	<u>\$ 138</u>
Fund Balances:				
Beginning of year			<u>52,017</u>	
End of year			<u>\$ 807,819</u>	

CITY OF PLACERVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure J Fund
For the Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Use of money and property:				
Interest earnings	\$ 2,000	\$ 150	\$ 138	\$ (12)
Intergovernmental	769,364	840,000	841,171	1,171
Total Revenues	<u>771,364</u>	<u>840,150</u>	<u>841,309</u>	<u>1,159</u>
Expenditures:				
General government	7,694	7,600	7,607	(7)
Public safety	914,961	958,000	957,566	434
Total Expenditures	<u>922,655</u>	<u>965,600</u>	<u>965,173</u>	<u>427</u>
Revenues Over (Under) Expenditures	<u>(151,291)</u>	<u>(125,450)</u>	<u>(123,864)</u>	<u>1,586</u>
Other Financing Sources (Uses):				
Transfers, net	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Fund Balances	<u>\$ (151,291)</u>	<u>\$ (125,450)</u>	<u>(123,864)</u>	<u>\$ 1,586</u>
Fund Balances:				
Beginning of year			<u>271,582</u>	
End of year			<u>\$ 147,718</u>	

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**SUPPLEMENTARY
INFORMATION**

CITY OF PLACERVILLE

Balance Sheet Non-Major Funds June 30, 2011

	Special Revenue Funds				
	Gas Tax	Development Impact	Parking District	Grants	BAD, CFD, & LLMD
Assets:					
Cash and investments	\$ 149,156	\$ 1,888	\$ 6,742	\$ 8,203	\$ 97,823
Restricted:					
Deposits held by fiscal agents	-	380,789	-	-	-
Receivables:					
Accounts	-	7,773	26,115	-	199
Interest	121	639	-	-	77
Loans	-	-	-	933,980	-
Grants	-	-	-	316,059	-
Due from other funds	6,667	-	-	-	-
Rule 20A Credit	-	-	-	1,360,081	-
Total Assets	\$ 155,944	\$ 391,089	\$ 32,857	\$ 2,618,323	\$ 98,099
Liabilities:					
Accounts payable	\$ -	\$ 4,418	\$ 18,958	\$ 4,642	\$ 10,214
Deposits	-	-	2,259	-	-
Restricted:					
Due to other funds	-	54,664	-	46,451	-
Deferred revenue	-	-	-	1,185,785	-
Advances from other funds	-	-	282,841	-	-
Total Liabilities	-	59,082	304,058	1,236,878	10,214
Fund Balances (Deficit):					
Nonspendable	-	-	-	1,360,081	-
Restricted	155,944	332,007	-	21,364	87,885
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(271,201)	-	-
Total Fund Balances (Deficit)	155,944	332,007	(271,201)	1,381,445	87,885
Total Liabilities and Fund Balances (Deficit)	\$ 155,944	\$ 391,089	\$ 32,857	\$ 2,618,323	\$ 98,099

<u>Capital Projects</u>	<u>Park Development</u>	<u>Total</u>
\$ 20,624	\$ 15,983	\$ 300,419
101,649	-	482,438
65,565	56,002	155,654
60	-	897
-	-	933,980
-	-	316,059
127,566	8,627	142,860
-	-	1,360,081
<u>\$ 315,464</u>	<u>\$ 80,612</u>	<u>\$ 3,692,388</u>
\$ 43,717	\$ -	\$ 81,949
-	-	2,259
-	-	101,115
-	-	1,185,785
-	62,000	344,841
<u>43,717</u>	<u>62,000</u>	<u>1,715,949</u>
-	-	1,360,081
-	18,612	615,812
271,747	-	271,747
-	-	-
-	-	(271,201)
<u>271,747</u>	<u>18,612</u>	<u>1,976,439</u>
<u>\$ 315,464</u>	<u>\$ 80,612</u>	<u>\$ 3,692,388</u>

CITY OF PLACERVILLE
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended June 30, 2011

	Special Revenue Funds				
	Gas Tax	Development Impact	Parking District	Grants	BAD, CFD, & LLMD
Revenues:					
Use of money and property:					
Interest earnings	\$ 279	\$ 2,724	\$ -	\$ 39,367	\$ 299
Intergovernmental	269,280	-	-	141,461	-
Charges for services	-	527,606	119,193	31,200	63,507
Grant revenue	-	43,278	-	229,447	-
Other revenue	-	-	-	-	-
Total Revenues	<u>269,559</u>	<u>573,608</u>	<u>119,193</u>	<u>441,475</u>	<u>63,806</u>
Expenditures:					
General government	-	-	-	-	-
Public safety	-	-	-	238,245	-
Highways and streets	209	68,899	152,077	-	71,508
Community development	-	-	-	389,951	-
Parks and recreation	-	-	-	-	-
Total Expenditures	<u>209</u>	<u>68,899</u>	<u>152,077</u>	<u>628,196</u>	<u>71,508</u>
Revenues Over (Under)					
Expenditures	<u>269,350</u>	<u>504,709</u>	<u>(32,884)</u>	<u>(186,721)</u>	<u>(7,702)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	25,000	154,505	-
Transfers out	(269,560)	(1,017,664)	-	-	-
Total Other Financing Sources (Uses)	<u>(269,560)</u>	<u>(1,017,664)</u>	<u>25,000</u>	<u>154,505</u>	<u>-</u>
Changes in Fund Balances	(210)	(512,955)	(7,884)	(32,216)	(7,702)
Fund Balances (Deficit):					
Beginning of year	<u>156,154</u>	<u>844,962</u>	<u>(263,317)</u>	<u>1,413,661</u>	<u>95,587</u>
End of year	<u>\$ 155,944</u>	<u>\$ 332,007</u>	<u>\$ (271,201)</u>	<u>\$ 1,381,445</u>	<u>\$ 87,885</u>

<u>Capital Projects</u>	<u>Park Development</u>	<u>Total</u>
\$ 202	\$ -	\$ 42,871
61,102	-	471,843
-	3,952	745,458
-	-	272,725
-	557	557
<u>61,304</u>	<u>4,509</u>	<u>1,533,454</u>
2,038	-	2,038
-	-	238,245
-	-	292,693
65,744	-	455,695
-	10,094	10,094
<u>67,782</u>	<u>10,094</u>	<u>998,765</u>
<u>(6,478)</u>	<u>(5,585)</u>	<u>534,689</u>
-	-	179,505
<u>(53,953)</u>	<u>-</u>	<u>(1,341,177)</u>
<u>(53,953)</u>	<u>-</u>	<u>(1,161,672)</u>
(60,431)	(5,585)	(626,983)
<u>332,178</u>	<u>24,197</u>	<u>2,603,422</u>
<u>\$ 271,747</u>	<u>\$ 18,612</u>	<u>\$ 1,976,439</u>

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