
City of Piedmont

Financial Statements
and
Independent Auditor's Report
For the Year Ended
June 30, 2025



City of Piedmont
Basic Financial Statements
For the year ended June 30, 2025

Table of Contents

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	21
Statement of Activities	22
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	27
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	28
Statement of Revenues, Expenditures and Changes in Fund Balances	29
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	30
Proprietary Fund Financial Statements:	
Statement of Net Position	32
Statement of Revenues, Expenses and Changes in Net Position	33
Statement of Cash Flows	34
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position.....	37
Statement of Changes in Fiduciary Net Position.....	38
Notes to the Basic Financial Statements	41
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	91
Notes to Required Supplementary Information – Budgetary Accounting and Control	92

City of Piedmont
Basic Financial Statements
For the year ended June 30, 2025

Table of Contents

	<u>Page</u>
FINANCIAL SECTION (Continued)	
Required Supplementary Information (Continued):	
Defined Benefit Pension Plans:	
Schedule of the City's Proportionate Share of the Net Pension Liability	
Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan	94
Schedule of Pension Plan Contributions	
Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan.....	96
Schedule of Funding Progress for Police and Fire Pension (Closed) Plan.....	98
Other Post-Employment Benefit Plan:	
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	102
Schedule of OPEB Contributions	104
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – Facilities Capital – Major Capital Projects Fund	109
Nonmajor Governmental Funds:	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	114
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Streets Projects.....	116
Schoolmates Program.....	117
Measure D.....	118
Measure BB Sales Tax.....	119
COPS.....	120
Measure F.....	121
Athletic Facility Preservation	122
Equipment Replacement.....	123
Facilities Maintenance.....	124
Internal Service Funds:	
Combining Statements of Net Position.....	127
Combining Statements of Revenues, Expenses, and Changes in Net Position.....	128
Combining Statements of Cash Flows	129
General Fund:	
Combining Balance Sheet	133
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	134
Report on Internal Control over Financial Reporting and on Compliance and	
Other Matters Based on an Audit of Financial Statements Performed in	
<i>Accordance with Government Auditing Standards</i>	135
Schedule of Findings	137

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules for the General Fund and required pension and other post-employment benefit information on pages 5-16 and 91-105, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

To the Honorable Mayor and Members
of the City Council of the City of Piedmont
Piedmont, California
Page 3

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

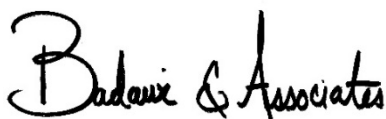
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and budget comparison information for capital project funds and non-major governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is stylized, with the first letter of "Badawi" being a large, looped capital "B".

Badawi & Associates, CPAs
Emeryville, California
January 15, 2026

This page intentionally left blank

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

The Management's Discussion and Analysis (MD&A) provides an overview of the City of Piedmont's activities and financial performance for the fiscal year ending June 30, 2025. The narrative overview and analysis should be read with the accompanying Basic Financial Statements to get an overall picture of the City's financial health.

FINANCIAL HIGHLIGHTS

Government-wide

- Net position is defined as the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources. As of June 30, 2025, the City's government-wide net position amounted to a positive balance of \$76,680,969. This represents an increase of \$5,212,825 from the June 30, 2024 balance of \$71,468,144.
 - Governmental activities represent \$53,984,572, accounting for 70% of the total net position.
 - Business-type activities represent \$22,696,397, accounting for 30% of the total net position.
- Deferred Outflows of Resources represent a consumption of net position or fund balance that applies to a future period. Of the \$13,311,157 in deferred outflows, \$5,259,411 reflects contribution payments made to CalPERS during fiscal year 2024-25, as well as changes in the net pension liability totaling \$7,398,532. As allowed by GASB No. 68, the CalPERS measurement date is June 30, 2024, and contributions made after that date are reported as deferred outflows. The remaining \$653,214 relates to changes in the Net OPEB liability.
- Deferred Inflows of Resources represent an acquisition of net position or fund balance that applies to a future period and amounts to \$3,798,826. These include deferrals associated with changes in the net pension and net OPEB liabilities, along with deferrals related to leases. Notes 8, 9, and 10 discuss the impacts of these deferrals on net position.
- Net position increased by \$5,212,825, primarily due to the following factors:
 - Net investment in capital assets increased by \$4,819,555 to \$55,125,699 primarily due to:
 - Governmental activities increased by \$1,804,175, driven by Street paving and capital improvements of sidewalks, buildings, and parks, partially offset by depreciation.
 - Business-type activities increased by \$3,015,080 primarily due to the aquatics center construction in progress and sewer replacements, partially offset by depreciation.
 - Restricted net position increased by \$2,554,151 to \$26,518,719, primarily due to:
 - Community development restricted net position increased by \$553,615 due mostly to project payments received for Facilities Maintenance Fund
 - Recreation restricted net position increased by \$770,198 due primarily to higher program participation and increased fee revenues across recreation classes and camps.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

- Public Safety restricted net position (police & fire) increased by \$1,243,792, reflecting growth in the Police & Fire Pension Fund investments during the fiscal year.
- As of June 30, 2025, capital assets, net of depreciation, total \$84,385,905, as reported in the Statement of Net Position.

Fund level

- Governmental fund balances increased by \$117,144 to \$34,214,793. Of this amount, the unassigned fund balance was \$7,233,084, representing a decrease of \$1,247,495 from the prior year.
- Enterprise fund net position increased by \$4,558,782 to \$22,696,397. Of this total, net investment in capital assets was \$18,517,560, an increase of \$3,015,080 from the prior year.

Fiduciary funds

- Trust funds net position increased by \$2,349,576 to \$35,121,618. The trust funds consist of the Police and Fire Pension Plan and OPEB, with balances of for \$19,881,303 and \$15,350,315, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also includes required supplementary information and other supplementary information in addition to the basic financial statements.

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 format similar to that used by private-sector businesses.

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs, regardless of the timing of related cash flows. As a result, this statement includes revenues and expenses associated with items that will not result in cash flows until future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from those intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include administration, public works, public safety, and recreation. The business-type activities of the City include sewer and aquatics.

The government-wide financial statements can be found on pages 21 - 23 of this report.

Fund Financial Statements

A fund is a grouping of related accounts 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 City's funds fall into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is helpful to compare the two. The governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances each include a reconciliation to facilitate comparison with the government-wide presentation and to help readers understand the long-term impact of the City's near-term financial decisions.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered a major fund. The Facilities Capital Fund is also reported as a major fund and presented separately. The remaining fourteen non-major governmental funds are combined and reported in aggregate on the governmental funds statements. Individual information on each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

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

The basic governmental fund financial statements can be found on pages 27 - 30 of the report.

Proprietary funds

The City maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Sewer and Aquatic operations.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City maintains internal service funds to account for its insurance activities. In the government-wide statements, the Sewer and Aquatic Enterprise Funds are included within the *business-type activities*, while the Internal Service Funds are included within *governmental activities*.

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

The basic proprietary fund financial statements can be found on pages 32 - 35 of this report.

Fiduciary funds

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

The basic fiduciary fund financial statements can be found on pages 37 - 38 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data presented in the government-wide and fund financial statements. The notes can be found on pages 41 - 91 of this report.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* (RSI). This includes budgetary comparison schedules for the General Fund, pension required schedules, and OPEB required schedules. The required supplementary information can be found on pages 91 - 105 of this report.

Other information

The combining statements for the non-major governmental funds and internal service funds, referenced earlier, are presented immediately following the required supplementary information. These combining individual fund statements and schedules can be found on pages 112 - 134 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial health. For the City of Piedmont, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$76,680,969 at the close of the most recent year.

GASB No. 68 has a material impact on the City's financial statements, as it establishes standards for measuring and recognizing pension-related assets and liabilities, as well as expanding note disclosures regarding the pension systems. GASB No. 68 requires the City to include the assets of the Police & Fire Pension Trust and the liabilities of the City's CalPERS pension plan in the financial statements. The effect of these requirements is reflected in the positive unrestricted net position presented below.

GASB No. 75 also has a material impact on the City's financial statements, as it establishes standards for measuring and recognizing OPEB-related assets and liabilities, along with expanded note disclosures. GASB No. 75 requires the City to include the liabilities of the City's OPEB plan in the financial statements. The impact of this standard is also reflected in the positive unrestricted net position presented below.

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Statement of Net Position
As of June 30, 2025 and 2024
(in thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2025	2024	Net Change	2025	2024	Net Change	2025	2024	Net Change
ASSETS									
Current and other assets	\$ 43,006	\$ 43,094	\$ (88)	\$ 7,999	\$ 15,804	\$ (7,805)	\$ 51,005	\$ 58,898	\$ (7,893)
Noncurrent assets	56,470	53,919	2,551	47,010	36,768	10,242	103,480	90,687	12,793
Total Assets	99,476	97,013	2,463	55,009	52,572	2,437	154,485	149,585	8,658
Deferred Outflows of Resources	12,762	17,764	(5,002)	549	706	(157)	13,311	18,470	(5,159)
LIABILITIES									
Current and other liabilities	8,402	8,212	190	2,509	3,772	(1,263)	10,911	11,984	(1,073)
Long-term liabilities	46,262	47,443	(1,181)	30,144	31,051	(907)	76,406	78,494	(2,088)
Total Liabilities	54,664	55,655	(991)	32,653	34,823	(2,170)	87,317	90,478	(3,161)
Deferred Inflows of Resources	3,589	5,791	(2,202)	209	319	(110)	3,798	6,110	(2,312)
NET POSITION									
Net investment in capital assets	36,608	34,804	1,804	18,517	15,503	3,014	55,125	50,307	4,818
Restricted	26,519	23,965	2,554	-	-	-	26,519	23,965	2,554
Unrestricted	(9,142)	(5,438)	(3,704)	4,179	2,635	1,544	(4,963)	(2,803)	(2,160)
Total Net Position	\$ 53,985	\$ 53,331	\$ 654	\$ 22,696	\$ 18,138	\$ 4,558	\$ 76,681	\$ 71,469	\$ 5,212

At the end of the fiscal year, the City reported a positive net position for both Governmental and Business-type Activities, as well as for the City as a whole. The overall change in net position is summarized in the Financial Highlight section above.

Governmental Activities: On a full accrual basis, governmental activities increased the City of Piedmont's net position by \$654,043, primarily due to higher charges for services, and higher interest and investment earnings.

Business-type Activities. Business-type activities increased the City's net position by \$4,558,782 largely due to the City's continued investment in sewer and aquatics capital projects, including construction in progress and system improvements. These capital investments increased non-current assets and contributed to the overall growth in business-type net position.

Financial Analysis of the Government's Funds

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Governmental funds.

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

Changes in Net Position
For the Years Ended June 30, 2025 and 2024
(in thousands)

	Governmental Activities			Business-Type Activities		
	2025	2024	Net Change	2025	2024	Net Change
REVENUES:						
Program revenues						
Charges for services	\$ 9,053	\$ 8,157	\$ 896	\$ 3,177	\$ 3,097	\$ 80
Operating grants and contributor	4,187	3,220	967	-	-	-
General revenues						
Taxes and fees	31,053	29,861	1,192	1,353	1,337	16
Investment earnings	1,892	2,036	(144)	464	956	(492)
Other revenue	329	609	(280)	-	8	(8)
Transfers	(1,564)	(1,002)	(562)	1,564	1,002	562
Total Revenues	44,950	42,881	2,069	6,558	6,400	158
EXPENSES:						
Administration	5,648	4,641	1,007	-	-	-
Public works	8,063	7,383	680	-	-	-
Street improvement	632	829	(197)	-	-	-
Safety: police	8,959	7,832	1,127	-	-	-
Safety: fire	9,573	8,676	897	-	-	-
Recreation	6,749	6,081	668	-	-	-
NonDepartmental	4,193	3,838	355	-	-	-
Interest	-	18	(18)	-	-	-
Sewer	-	-	-	904	2,019	(1,115)
Aquatics	-	-	-	927	770	157
Total Expenses	43,817	39,298	4,519	1,831	2,789	(958)
Change in net position	1,133	3,583	(2,450)	4,727	3,611	1,116
Net position - beginning, as restated	52,851	49,748	3,103	17,969	14,527	3,442
Net position - ending	\$ 53,984	\$ 53,331	\$ 653	\$ 22,696	\$ 18,138	\$ 4,558

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$34,214,793, an increase of \$117,144 compared with the prior year. Of this total, \$7,210,138 represents the unassigned fund balance, which is available for emergencies or unexpected shortfalls, and other unforeseen financial needs.

General Fund

The General Fund is the City's chief operating fund. At the end of FY2024-25, the General Fund balance totaled \$12,554,251, of which \$7,233,084 was unassigned. This unassigned balance reflects a decrease of \$1,247,495 from the prior year. The decrease occurred after the City transferred \$2,600,000 from the General Fund to designated capital and maintenance reserves intended to rebuild long-term funding capacity. The transfers included \$1,500,000 to the Facilities Capital Fund, \$250,000 to the Facilities Maintenance Fund, and \$850,000 to the Equipment Replacement Fund.

General Fund revenues totaled \$41,489,371 for the fiscal year. The positive variance from budget is primarily attributable to several stronger-than-expected revenue sources. Real property transfer tax receipts exceeded both the budget and prior-year actuals, driven by an increase in home sales as well as higher average and median sales prices. Recreation revenues were higher than budgeted, reflecting strong participation in classes, camps, and related programs. Permit and planning fees also outperformed expectations, largely due to increased construction activity and higher project valuations. Investment income exceeded budget as interest rates remained elevated throughout FY 2024-25. These gains were partially offset by property tax revenues that came in slightly below budget, largely due to a decline in supplemental assessments.

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

Fiscal Year	# Sold	Average Sales Price	Real Property Transfer Tax
2015-16	120	\$ 1,836,197	\$ 3,117,999
2016-17	127	2,138,872	3,522,078
2017-18	132	2,278,523	3,845,198
2018-19	122	2,424,600	3,819,816
2019-20	108	2,574,599	3,602,634
2020-21	170	2,847,358	6,286,601
2021-22	152	3,030,990	5,981,156
2022-23	111	3,097,797	4,464,897
2023-24	115	2,757,420	4,086,499
2024-25	124	2,892,567	4,518,003

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

General Fund expenditures totaled \$633,398 below the originally adopted budget for the year ending June 30, 2025. The savings were primarily attributable to vacancy savings and lower consulting costs due to timing shifts in several programs. While, Fire and Recreation-related expenses exceeded budgeted amounts, these overages were offset by corresponding revenues increases.

Facilities Capital Fund

The Facilities Capital Fund established in FY 2022-23 is used to provide funding for the City's facilities, primarily, and had an ending fund balance of \$9,849,212.

Proprietary Funds

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

Sewer Fund

The Sewer Fund is used to account for the sanitary sewer and storm water systems of the City. The net position of the Sewer Fund increased \$1,415,349 to \$16,240,071, with \$2,537,544 representing the unrestricted net position.

The City Council approved a \$800,000 loan to the Sewer Fund from the Equipment Replacement Fund and the Facilities Maintenance Fund to complete the rehabilitation of the sewer system. These funds were used to design documents to apply for a State Water Resources Control Board loan that will reimburse the City for design expenses incurred and underwrite the cost of construction.

Aquatics Fund

The Aquatics Fund is used to account for the operations of the Piedmont Community Pool, and at year end, the net position of the Aquatics Fund totaled \$6,456,326. The former pool facility had reached end of life and closed on March 16, 2020, during the COVID-19 pandemic.

Internal Service Fund

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's total capital assets for its governmental and business-type activities as of June 30, 2025, amount to \$84,385,905 (net of accumulated depreciation/amortization). Capital assets include land, construction-in-progress, Subscription-based information technology arrangements, buildings, equipment, infrastructure, and Right-Of-Use (ROU) subscription assets. The major portion of infrastructure includes the pavement, sidewalk, curb and gutter, parks, and underground utility systems of the City, as well as the sewer system. The City's capital assets increased \$11,648,555 from \$72,737,350 to \$84,385,905.

CAPITAL ASSETS (NET OF DEPRECIATION/AMORTIZATION) (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 5,683	\$ 5,683	\$ -	\$ -	\$ 5,683	\$ 5,683
Construction in progress	2,582	728	29,887	19,426	32,469	20,154
Buildings & improvements	2,403	2,643	-	-	2,403	2,643
Vehicles	1,717	1,626	685	978	2,402	2,604
Property and equipment	1,517	1,781	48	-	1,565	1,781
Infrastructure	22,272	21,889	16,390	16,364	38,662	38,253
SBITA Asset	1,202	1,619	-	-	1,202	1,619
Total	<u>\$ 37,376</u>	<u>\$ 35,969</u>	<u>\$ 47,010</u>	<u>\$ 36,768</u>	<u>\$ 84,386</u>	<u>\$ 72,737</u>

Additional information on the City of Piedmont's capital assets can be found in Note 5 on pages 64 - 65 of this report.

Long-term Debt

At the end of FY2024-25, the City had a total long-term outstanding debt of \$29,260,206, a decrease of \$1,358,439 from the prior fiscal year. The City's long-term obligations include subscription liabilities, sewer loans outstanding for Phase IV, and Phase V of the sewer rehabilitation project with the State of California Water Resources Control Board, and, the 2021 general obligation bond and EBCE loan.

At June 30, 2025, the City's governmental and business-type activities had total long-term debts and obligations as scheduled below.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Type of Indebtedness	Outstanding June 30, 2025	Outstanding June 30, 2024
<u>Governmental Activities</u>		
Subscription (SBITA) liability	\$ 767,535	\$ 1,165,506
<u>Business-type Activities</u>		
Sewer Loan - Phase III	-	157,573
Sewer Loan - Phase IV	715,399	813,591
Sewer Loan - Phase V	3,059,878	3,251,985
2021 General Obligation Bonds	23,967,394	24,479,990
EBCE Loan	750,000	750,000
Total Business-type Activities	28,492,671	29,453,139
Total Outstanding Debt	\$ 29,260,206	\$ 30,618,645

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Property taxes remain the City's largest General Fund revenue source, comprising approximately 46% of total revenues and supporting essential services. A combination of high inflation, elevated interest rates, and a cooling real estate market—reflected in lower average home prices and transaction volume—signals modest growth in property-related revenues, including transfer taxes. While historically strong, transfer tax growth has slowed and is no longer increasing at prior-year rates. The City continues to budget this revenue conservatively.

Salary and benefit costs, totaling roughly \$25 million or 67% of the General Fund, remain the largest expenditure category. Pension and retiree medical costs continue to rise faster than revenues. FY2024-25 personnel costs are approximately six percent higher than the prior year's projection, reflecting the negotiated employee contracts. Future agreements will require careful balancing of operating costs with recurring revenues.

The City's ability to invest in aging infrastructure remains limited. Streets, sidewalks, and public buildings require significant upgrades or replacement to meet safety, accessibility, and operational standards. Critical renovations are needed in the Police and Fire Departments, City Hall, the Veterans Memorial Building, and the Recreation Department.

In FY2024-25, the City transferred a year-end balance to the Facilities Capital Fund. However, such transfers are not guaranteed and cannot be relied upon as a stable funding source. With no substantial, consistent or incremental resources expected from the real estate market, addressing critical infrastructure will remain a significant challenge. The City must continue prioritizing plans to renovate, replace, or, where necessary, close aging facilities to maintain operational effectiveness and community safety.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank

City of Piedmont
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 33,909,617	\$ 7,529,563	\$ 41,439,180
Restricted cash and investments	5,218,407	1,038,521	6,256,928
Receivables:			
Accounts	2,613,310	177,852	2,791,162
Interest	263,163	53,418	316,581
Leases	99,107	-	99,107
Prepaid expenses	102,760	-	102,760
Internal balances	800,000	(800,000)	-
Total current assets	43,006,364	7,999,354	51,005,718
Noncurrent assets:			
Receivables:			
Leases	53,827	-	53,827
Capital assets:			
Nondepreciable	8,265,371	29,886,808	38,152,179
Depreciable	73,827,115	26,069,318	99,896,433
Accumulated depreciation	(44,716,812)	(8,945,895)	(53,662,707)
Total capital assets	37,375,674	47,010,231	84,385,905
Net Pension Asset	19,040,394	-	19,040,394
Total noncurrent assets	56,469,895	47,010,231	103,480,126
Total assets	99,476,259	55,009,585	154,485,844
DEFERRED OUTFLOWS OF RESOURCES			
2025 pension contributions	5,081,994	177,417	5,259,411
Changes in the net pension liability	7,068,050	330,482	7,398,532
Changes in the net OPEB liability	611,918	41,296	653,214
Total deferred outflows of resources	12,761,962	549,195	13,311,157
LIABILITIES			
Current liabilities:			
Accounts payable	3,166,928	1,207,704	4,374,632
Accrued wages and benefits	686,427	2,015	688,442
Accrued interest payable	18,791	367,618	386,409
Deposits payable	419,357	-	419,357
Unearned revenue	1,796,484	-	1,796,484
Compensated absences - current	1,556,352	272,326	1,828,678
Claims payable - current	435,031	-	435,031
Long-term debt - current	322,660	659,550	982,210
Total current liabilities	8,402,030	2,509,213	10,911,243
Noncurrent liabilities:			
Compensated absences	211,367	36,985	248,352
Claims payable	1,171,969	-	1,171,969
Net OPEB liability	5,516,729	573,480	6,090,209
Net pension liability	38,917,243	1,700,194	40,617,437
Long-term debt	444,875	27,833,121	28,277,996
Total noncurrent liabilities	46,262,183	30,143,780	76,405,963
Total liabilities	54,664,213	32,652,993	87,317,206
DEFERRED INFLOWS OF RESOURCES			
Leases	158,616	-	158,616
Changes in the net pension liability	470,431	110,285	580,716
Changes in the net pension asset - police & fire	830,699	-	830,699
Changes in the net OPEB liability	2,129,690	99,105	2,228,795
Total deferred inflows of resources	3,589,436	209,390	3,798,826
NET POSITION			
Net investment in capital assets	36,608,139	18,517,560	55,125,699
Restricted for:			
Community development	4,093,505	-	4,093,505
Public safety	273,946	-	273,946
Recreation	2,556,548	-	2,556,548
Street improvement	554,326	-	554,326
Police and fire pension	19,040,394	-	19,040,394
Total restricted	26,518,719	-	26,518,719
Unrestricted	(9,142,286)	4,178,837	(4,963,449)
Total net position	\$ 53,984,572	\$ 22,696,397	\$ 76,680,969

See accompanying Notes to Basic Financial Statements

City of Piedmont
Statement of Activities
For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Administration	\$ 5,647,625	\$ 1,341,299	\$ 1,729,057	\$ 3,070,356
Public works	8,063,118	1,369,213	1,782,431	3,151,644
Street improvement	631,582	-	-	-
Public safety - police services	8,959,180	321,850	134,335	456,185
Public safety - fire services	9,572,661	410,825	302,028	712,853
Recreation	6,748,873	5,610,105	238,900	5,849,005
Nondepartmental	4,193,520	-	-	-
Total governmental activities	43,816,559	9,053,292	4,186,751	13,240,043
Business-type Activities:				
Sewer	903,831	3,176,796	-	3,176,796
Aquatic	927,375	-	-	-
Total business-type activities	1,831,206	3,176,796	-	3,176,796
Total primary government	\$ 45,647,765	\$ 12,230,088	\$ 4,186,751	\$ 16,416,839

General Revenues:

Taxes:

Property tax
Sales tax
Franchise tax
Utility users tax
Real property transfer tax
Business license and rental tax
Parcel tax
Paramedic tax

Total taxes

Motor vehicle license fee
Investment earnings
Other revenues
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Restatement

Net position - beginning of year, restated

Net position - end of year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (2,577,269)	\$ -	\$ (2,577,269)
(4,911,474)	-	(4,911,474)
(631,582)	-	(631,582)
(8,502,995)	-	(8,502,995)
(8,859,808)	-	(8,859,808)
(899,868)	-	(899,868)
(4,193,520)	-	(4,193,520)
(30,576,516)	-	(30,576,516)
-	2,272,965	2,272,965
-	(927,375)	(927,375)
-	1,345,590	1,345,590
(30,576,516)	1,345,590	(29,230,926)
18,920,860	1,352,767	20,273,627
219,837	-	219,837
600,913	-	600,913
1,547,283	-	1,547,283
4,515,282	-	4,515,282
717,965	-	717,965
2,690,645	-	2,690,645
69,538	-	69,538
29,282,323	1,352,767	30,635,090
1,771,140	-	1,771,140
1,892,399	464,732	2,357,131
329,021	-	329,021
(1,564,394)	1,564,394	-
31,710,489	3,381,893	35,092,382
1,133,973	4,727,483	5,861,456
53,330,529	18,137,615	71,468,144
(479,930)	(168,701)	(648,631)
52,850,599	17,968,914	70,819,513
\$ 53,984,572	\$ 22,696,397	\$ 76,680,969

This page intentionally left blank

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

This page intentionally left blank

City of Piedmont
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Facilities Capital	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 8,956,844	\$ 10,191,379	\$ 12,001,585	\$ 31,149,808
Restricted cash and investments	5,218,407	-	-	5,218,407
Receivables:				
Accounts receivable	2,357,268	-	256,042	2,613,310
Interest receivable	119,730	66,527	76,906	263,163
Leases receivable	152,934	-	-	152,934
Prepaid expenses	102,760	-	-	102,760
Due from other funds	22,946	-	-	22,946
Advances to other funds	-	-	800,000	800,000
Total assets	\$ 16,930,889	\$ 10,257,906	\$ 13,134,533	\$ 40,323,328
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,329,227	\$ 408,694	\$ 1,286,784	\$ 3,024,705
Accrued wages and benefits	672,954	-	13,473	686,427
Deposits payable	419,357	-	-	419,357
Unearned revenue	1,796,484	-	-	1,796,484
Due to other funds	-	-	22,946	22,946
Total liabilities	4,218,022	408,694	1,323,203	5,949,919
Deferred Inflows of Resources				
Leases	158,616	-	-	158,616
Total deferred inflows of resources	158,616	-	-	158,616
Fund Balances:				
Nonspendable	102,760	-	-	102,760
Restricted	5,218,407	-	7,478,325	12,696,732
Assigned	-	9,849,212	4,355,951	14,205,163
Unassigned	7,233,084	-	(22,946)	7,210,138
Total fund balances	12,554,251	9,849,212	11,811,330	34,214,793
Total liabilities, deferred inflows of resources and fund balances	\$ 16,930,889	\$ 10,257,906	\$ 13,134,533	\$ 40,323,328

City of Piedmont

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2025

Total Fund Balances - Total Governmental Funds	\$ 34,214,793
---	----------------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

	Government- Wide Statement of Net Position	Total
Nondepreciable	\$ 8,265,371	8,265,371
Depreciable, net	29,110,303	29,110,303
Total capital assets	<u>\$ 37,375,674</u>	<u>37,375,674</u>

Net pension asset related to the police and fire pension plan is not a current financial resource and therefore not reported in the funds

19,040,394

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.

1,010,586

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

	Government- Wide Statement of Net Position	
Deferred outflows of resources related to pension	12,150,044	12,150,044
Deferred outflows of resources related to OPEB	611,918	611,918
Deferred inflows of resources related to pension	(1,301,130)	(1,301,130)
Deferred inflows of resources related to OPEB	(2,129,690)	(2,129,690)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government- Wide Statement of Net Position	Total
Interest payable	\$ (18,791)	\$ (18,791)
Compensated absences - current	(1,556,352)	(1,556,352)
Long-term debt - current	(322,660)	(322,660)
Compensated absences - noncurrent	(211,367)	(211,367)
Long-term debt - noncurrent	(444,875)	(444,875)
Net pension liability	(38,917,243)	(38,917,243)
Net OPEB liability	(5,516,729)	(5,516,729)
Total long-term liabilities	<u>\$ (46,988,017)</u>	<u>(46,988,017)</u>

Net Position of Governmental Activities	\$ 53,984,572
--	----------------------

City of Piedmont
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2025

	General Fund	Facilities Capital	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property tax	\$ 18,920,860	\$ -	\$ -	\$ 18,920,860
Sales tax	219,837	-	-	219,837
Franchise tax	600,913	-	-	600,913
Utility users tax	1,547,283	-	-	1,547,283
Real property transfer tax	4,515,282	-	-	4,515,282
Business license and rental tax	717,965	-	-	717,965
Gas tax	-	-	596,475	596,475
Licenses and permits	872,697	-	-	872,697
Intergovernmental	4,064,241	-	1,252,865	5,317,106
Use of money and property	1,450,715	507,621	462,943	2,421,279
Current service charges	5,543,832	-	1,855,234	7,399,066
Parcel tax	2,690,645	-	-	2,690,645
Contributions and donations	56,745	-	317,214	373,959
Other revenues	288,356	-	30,164	318,520
Total revenues	41,489,371	507,621	4,514,895	46,511,887
EXPENDITURES:				
Current:				
Administration	4,918,153	5,445	88,590	5,012,188
Public works	6,681,048	70,285	45,572	6,796,905
Street improvement	-	-	450,145	450,145
Public safety:				
Police services	8,405,434	257	81,594	8,487,285
Fire services	8,916,369	198,146	46,137	9,160,652
Recreation	4,193,032	244,057	1,521,903	5,958,992
Nondepartmental	4,193,520	-	-	4,193,520
Capital outlay	473,410	2,230,396	1,634,565	4,338,371
Debt service - principal	432,291	-	-	432,291
Total expenditures	38,213,257	2,748,586	3,868,506	44,830,349
REVENUES OVER (UNDER)				
EXPENDITURES	3,276,114	(2,240,965)	646,389	1,681,538
OTHER FINANCING SOURCES (USES):				
Transfers in	1,171,356	3,120,207	2,008,827	6,300,390
Transfers out	(5,260,207)	(1,487,393)	(1,117,184)	(7,864,784)
Total other financing sources (uses)	(4,088,851)	1,632,814	891,643	(1,564,394)
Net change in fund balances	(812,737)	(608,151)	1,538,032	117,144
FUND BALANCES:				
Beginning of year	13,366,988	10,457,363	10,273,298	34,097,649
End of year	\$ 12,554,251	\$ 9,849,212	\$ 11,811,330	\$ 34,214,793

See accompanying Notes to Basic Financial Statements

City of Piedmont

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities

For the year ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$	117,144
Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:		
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of the amount related to internal service funds.		4,353,391
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.		(2,947,187)
Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.		(224,608)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.		
Debt principal repayments		397,971
Net change in accrued interest payable		3,039
Pension expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.		(1,835,708)
OPEB expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.		1,269,931
Change in Net Position of Governmental Activities	\$	1,133,973

This page intentionally left blank

City of Piedmont
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			Governmental Activities
	Sewer Fund	Aquatic Fund	Totals	Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 5,324,559	\$ 2,205,004	\$ 7,529,563	\$ 2,759,809
Receivable:				
Accounts, net	160,143	17,709	177,852	-
Interest	46,570	6,848	53,418	-
Total current assets	5,531,272	2,229,561	7,760,833	2,759,809
Noncurrent:				
Restricted cash and investments	-	1,038,521	1,038,521	-
Capital assets:				
Nondepreciable capital assets	354,380	29,532,428	29,886,808	-
Depreciable capital assets	26,069,318	-	26,069,318	-
Accumulated depreciation	(8,945,895)	-	(8,945,895)	-
Total capital assets, net	17,477,803	29,532,428	47,010,231	-
Total noncurrent assets	17,477,803	30,570,949	48,048,752	-
Total assets	23,009,075	32,800,510	55,809,585	2,759,809
DEFERRED OUTFLOWS OF RESOURCES				
Changes in the net pension liability	496,071	11,828	507,899	-
Changes in the net OPEB liability	37,074	4,222	41,296	-
Total deferred outflows of resources	533,145	16,050	549,195	-
LIABILITIES				
Current liabilities:				
Accounts payable	76,315	1,131,389	1,207,704	142,223
Interest payable	53,035	314,583	367,618	-
Accrued wages and benefits	-	2,015	2,015	-
Long-term debt - current portion	319,550	340,000	659,550	-
Compensated absences - current	268,123	4,203	272,326	-
Claims payable - current	-	-	-	435,031
Total current liabilities	717,023	1,792,190	2,509,213	577,254
Noncurrent liabilities:				
Advances from other funds	800,000	-	800,000	-
Long-term debt	3,455,726	24,377,395	27,833,121	-
Compensated absences	36,414	571	36,985	-
Claims payable	-	-	-	1,171,969
Net pension liability	1,617,370	82,824	1,700,194	-
Net OPEB liability	518,517	54,963	573,480	-
Total noncurrent liabilities	6,428,027	24,515,753	30,943,780	1,171,969
Total liabilities	7,145,050	26,307,943	33,452,993	1,749,223
DEFERRED INFLOWS OF RESOURCES				
Changes in the net pension liability	106,305	3,980	110,285	-
Changes in the net OPEB liability	50,794	48,311	99,105	-
Total deferred inflows of resources	157,099	52,291	209,390	-
NET POSITION				
Net investment in capital assets	13,702,527	4,815,033	18,517,560	-
Unrestricted	2,537,544	1,641,293	4,178,837	1,010,586
Total net position	\$ 16,240,071	\$ 6,456,326	\$ 22,696,397	\$ 1,010,586

See accompanying Notes to Basic Financial Statements.

City of Piedmont
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2025

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Sewer Fund	Aquatic Fund	Totals	
OPERATING REVENUES:				
Charges for services	\$ 3,176,796	\$ -	\$ 3,176,796	\$ -
Total operating revenues	3,176,796	-	3,176,796	-
OPERATING EXPENSES:				
Contract and professional services	23,447	16,716	40,163	-
Services and supplies	-	8,367	8,367	-
Salaries and benefits	30,012	148,469	178,481	-
Insurance and claims expense	-	-	-	3,309,028
Depreciation	779,086	-	779,086	-
Total operating expenses	832,545	173,552	1,006,097	3,309,028
Operating income (loss)	2,344,251	(173,552)	2,170,699	(3,309,028)
NONOPERATING REVENUES (EXPENSES):				
Property tax	-	1,352,767	1,352,767	-
Interest income	234,085	230,647	464,732	-
Interest expense	(71,286)	(753,823)	(825,109)	-
Other income (expense)	-	-	-	3,309,028
Total nonoperating revenues (expenses)	162,799	829,591	992,390	3,309,028
Income before contributions and transfers	2,507,050	656,039	3,163,089	-
CONTRIBUTIONS AND TRANSFERS:				
Transfers in	-	2,487,394	2,487,394	-
Transfers out	(923,000)	-	(923,000)	-
Total contributions and transfers	(923,000)	2,487,394	1,564,394	-
Change in net position	1,584,050	3,143,433	4,727,483	-
NET POSITION:				
Beginning of year	14,824,722	3,312,893	18,137,615	1,010,586
Restatements	(168,701)	-	(168,701)	-
Beginning of year, as restated	14,656,021	3,312,893	17,968,914	1,010,586
End of year	\$ 16,240,071	\$ 6,456,326	\$ 22,696,397	\$ 1,010,586

See accompanying Notes to Basic Financial Statements.

City of Piedmont
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2025

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Sewer Fund	Aquatic Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 3,172,529	\$ (5,976)	\$ 3,166,553	\$ -
Claims and premium paid	-	-	-	(3,134,445)
Cash paid to suppliers	(512,468)	(896,048)	(1,408,516)	-
Cash paid to employees	(913,032)	(148,778)	(1,061,810)	-
Net cash provided by (used in) operating activities	1,747,029	(1,050,802)	696,227	(3,134,445)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other income	-	-	-	3,309,028
Ad valorem tax	-	1,352,767	1,352,767	-
Transfer from other funds	-	2,487,394	2,487,394	-
Net cash provided by (used in) noncapital financing activities	-	3,840,161	3,840,161	3,309,028
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(630,885)	(10,390,552)	(11,021,437)	-
Principal paid on long-term debt	(447,874)	(512,594)	(960,468)	-
Interest paid on long-term debt	(75,345)	(759,157)	(834,502)	-
Net cash provided by (used in) capital and related financing activities	(1,154,104)	(11,662,303)	(12,816,407)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends	220,955	353,620	574,575	-
Net cash provided by (used in) investing activities	220,955	353,620	574,575	-
Net cash flows	813,880	(8,519,324)	(7,705,444)	174,583
CASH AND INVESTMENTS - Beginning of year	4,510,679	11,762,849	16,273,528	2,585,226
CASH AND INVESTMENTS - End of year	\$ 5,324,559	\$ 3,243,525	\$ 8,568,084	\$ 2,759,809
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and investment	\$ 5,324,559	\$ 2,205,004	\$ 7,529,563	\$ 2,759,809
Restricted cash and investment	-	1,038,521	1,038,521	-
CASH AND INVESTMENTS - End of year	\$ 5,324,559	\$ 3,243,525	\$ 8,568,084	\$ 2,759,809

See accompanying Notes to Basic Financial Statements.

City of Piedmont
Statement of Cash Flows
Proprietary Funds (Continued)
For the year ended June 30, 2025

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Sewer Fund	Aquatic Fund	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,344,251	\$ (173,552)	\$ 2,170,699	\$ (3,309,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	779,086	-	779,086	-
Pension and OPEB expense	(18,375)	(7,098)	(25,473)	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(4,267)	(5,976)	(10,243)	-
Increase (decrease) in accounts payable	(1,412,021)	(870,965)	(2,282,986)	91,929
Increase (decrease) in accrued wages and benefits	-	2,015	2,015	-
Increase (decrease) in claims payable	-	-	-	82,654
Increase (decrease) in compensated absences	58,355	4,774	63,129	-
Net cash provided by (used in) operating activities	\$ 1,747,029	\$ (1,050,802)	\$ 696,227	\$ (3,134,445)

This page intentionally left blank

City of Piedmont
Statement of Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2025

			Custodial Fund
	Police and Fire Pension Plan Trust	OPEB Trust	2017 Underground Refunding Bond Fund
ASSETS			
Cash and investments	\$ -	\$ -	\$ 389,677
Restricted cash and investments	19,760,274	15,350,315	-
Accounts Receivable	-	-	3,268
Interest Receivable	11,029	-	-
Total assets	19,771,303	15,350,315	392,945
LIABILITIES			
Accounts payable	-	-	16
Total liabilities	-	-	16
NET POSITION			
Restricted for:			
Police and fire pension	19,771,303	-	-
OPEB	-	15,350,315	-
Individuals, organizations, and other governments	-	-	392,929
Total Net Position	\$ 19,771,303	\$ 15,350,315	\$ 392,929

City of Piedmont
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2025

	Police and Fire Pension Plan Trust	OPEB Trust	Custodial Fund 2017 Underground Refunding Bond Fund
ADDITIONS:			
Assessments	\$ -	\$ -	\$ 350,424
Contributions from employees	-	51,650	-
Investment income:			
Net increase in fair value of investments	978,311	1,082,341	-
Interest and dividends	456,789	-	-
Total additions	1,435,100	1,133,991	350,424
DEDUCTIONS:			
Pension benefits paid	98,655	-	-
Administrative expenses	120,860	-	13,646
Debt service:			
Principal	-	-	269,777
Interest	-	-	70,359
Total deductions	219,515	-	353,782
Change in net position	1,215,585	1,133,991	(3,358)
NET POSITION:			
Beginning of year	18,555,718	14,216,324	396,287
End of year	<u>\$ 19,771,303</u>	<u>\$ 15,350,315</u>	<u>\$ 392,929</u>

NOTES TO BASIC FINANCIAL STATEMENTS

This page intentionally left blank

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Piedmont is a residential community located in the East Bay Hills, approximately ten miles east of San Francisco, California. The City was incorporated as a municipal corporation in 1907; population at June 30, 2025 was approximately 10,705.

The City operates under the Council-Administrator form of government, with five elected Council members served by a full-time City Administrator and staff. At June 30, 2025, the City's staff was comprised of 99 full-time employees who were responsible for the following City-provided services:

Public Safety - The City employs 20 sworn and 11 non-sworn police personnel to provide round-the-clock police services from a central station, and 25 fire personnel to provide round-the-clock fire services from a central station.

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

Recreation, Public Works, Administration and other services are provided by a total of 42 full-time and 21 part-time employees.

In addition, the City employs approximately 108 seasonal recreational personnel.

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

A. *The Reporting Entity*

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

B. *Basis of Presentation*

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

Government-wide Financial Statements:

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

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

Fund Financial Statements:

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds:

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

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

Proprietary Funds:

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

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

Fiduciary Funds (not included in government-wide statements):

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

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

Major Funds

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

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

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

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

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

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

The City also reports the following fund types:

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources, generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.
- c. Fiduciary funds use the "economic resources" measurement focus and the accrual basis of accounting.

Basis of Accounting

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

Proceeds from governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

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

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the enterprise and internal service funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash and Investments

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

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

F. Accounts and Interest Receivable

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

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

G. Prepaid Expenses

Payments for services that will benefit periods beyond June 30, 2025, are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital Assets

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

Government-wide Financial Statements

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

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

I. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The City's liability for compensated absences is recorded at the City-wide level in the Statement of Net Position for governmental activities or in the proprietary funds as appropriate. The liability for compensated absences includes salary-related benefits, where applicable. The flow assumption used by the City in estimating compensated absence amounts is that the oldest accrued leave is used first by employees (first in first out).

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Long-Term Liabilities

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

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

K. Pensions

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

L. Section 115 Trust

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to pensions and other post-employment benefits (OPEB).

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to pensions, other post-employment benefits (OPEB), and leases.

O. Interfund Transactions

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Equity Classifications

Government-wide Financial Statements

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

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

Fund Financial Statements

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

- a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, granters, contributors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the City Council's intent to be used for specific purposes through a resolution but are neither restricted nor committed. The City Council assigns fund balances for specific purposes by resolution adopting the annual budget for the upcoming fiscal year, or by an amending budget resolution during the fiscal year.
- e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

Further detail about the City's fund balance classification is described in Note 11.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Leases

Lessor

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

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

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

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

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

R. Subscription-Based Information Technology Arrangements (SBITA)

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

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

S. General Budget Policies

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

T. Use of Estimates

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

U. Reclassifications

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

V. Implementation of New Governmental Accounting Standards Board Statements

In 2025, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 101, Compensated Absences - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirement of this statement applied to the City for the current fiscal year.
- GASB Statement No. 102, Certain Risk Disclosures - The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The City implemented the statement but did not result in any disclosure.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2025, were classified in the accompanying financial statements as follows:

	Cash and Investments	Restricted Cash and Investments	Total
Governmental activities	\$ 33,909,617	\$ 5,218,407	\$ 39,128,024
Business-type activities	7,529,563	1,038,521	8,568,084
Total government-wide cash and investments	41,439,180	6,256,928	47,696,108
Fiduciary activities	389,677	35,110,589	35,500,266
Total cash and investments	\$ 41,828,857	\$ 41,367,517	\$ 83,196,374

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

Cash and investments were carried at fair value as of June 30, 2025, and consisted of the following:

Cash on hand	\$ 900
Cash in banks	337,790
Total cash	<u>338,690</u>
U.S. agency securities	27,909,323
Certificates of deposit	4,903,666
Local Agency Investment Fund (LAIF)	16,704,396
Held in Trust:	
Equity mutual funds	15,350,315
Fixed income securities	10,198,999
Domestic equities	6,229,721
Money market funds	<u>1,561,264</u>
Total investments	<u>82,857,684</u>
Total cash and investments	<u><u>\$ 83,196,374</u></u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

Authorized Investments of the City

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). This table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

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

Investments Authorized by the Police and Fire Pension Board

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

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

Authorized investments include the following:

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

Investments Authorized by the OPEB Trust Fund

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

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

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

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Equity	25%	60%	75%
Fixed Income	25%	40%	75%

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

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

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2025:

Investments	Fair Value Measurements Using			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
U.S. agency securities	\$ -	\$ 27,909,323	\$ -	\$ 27,909,323
Certificates of deposit	-	4,903,666	-	4,903,666
Held in Trust:				
Equity mutual funds	15,350,315	-	-	15,350,315
Fixed income securities	-	10,198,999	-	10,198,999
Domestic equities	6,229,721	-	-	6,229,721
Money market funds	1,561,264	-	-	1,561,264
Total	<u>\$ 23,141,300</u>	<u>\$ 43,011,988</u>	<u>\$ -</u>	<u>\$ 66,153,288</u>

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. The investment balance of \$16,704,396 is not subject to valuation on a recurring basis.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

Information about the sensitivity of the fair values of the City's investments (including investments held in trust) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2025:

Investment Type	12 months or less	Remaining Maturity	
		1-5 years	Fair Value
Police and Fire Pension Trust Fund:			
Fixed income securities	\$ 5,218,407	\$ -	\$ 5,218,407
Domestic equities	499,591	5,730,130	6,229,721
Money market funds	1,561,264	-	1,561,264
Total Police and Fire Pension Trust Fund	7,279,262	5,730,130	13,009,392
OPEB Trust Fund:			
Equity mutual funds	15,350,315	-	15,350,315
Total OPEB Trust Fund	15,350,315	-	15,350,315
City and Custodial Funds:			
Fixed income securities	4,980,592	-	4,980,592
Certificates of deposit	4,156,452	747,214	4,903,666
U.S. agency securities	-	27,909,323	27,909,323
Local Agency Investment Fund	16,704,396	-	16,704,396
Total City and Custodial Funds	25,841,440	28,656,537	54,497,977
Total Investments	\$48,471,017	\$34,386,667	\$82,857,684

A. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held in trust) that were highly sensitive to interest rate fluctuations as of June 30, 2025.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

B. Disclosures Relating to Credit Risk

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

Investment Type	Total	Rating as of Fiscal Year End	
		S&P	Moody's
Police and Fire Pension Trust Fund:			
Fixed income securities	\$ 5,218,407	Not rated	Not rated
Domestic equities	6,229,721	AA	Aa1
Money market funds	1,561,264	Not rated	Not rated
OPEB Trust Fund:			
Equity mutual funds	15,350,315	Not rated	Not rated
City and Custodial Funds:			
Fixed income securities	4,980,592	Not rated	Not rated
Certificates of deposit	4,903,666	Not rated	Not rated
U.S. agency securities	27,909,323	Not rated	Not rated
Local Agency Investment Fund	16,704,396	Not rated	Not rated
Total	\$82,857,684		

C. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2025, that represent 5 percent or more of total City investments are as follows:

Issuer	Investment Type	Amount
Federal Home Loan Banks	Government agency securities	\$ 4,230,301

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the carrying amount of the City's deposits was \$337,790 and the bank balances were \$1,197,207, of which \$500,000 was insured by FDIC coverage limits.

E. Allocation of Interest Income Among Funds

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

3. LEASES RECEIVABLE

The City is reporting leases receivable of \$152,934 at June 30, 2025. For the year ended June 30, 2025, the City reported lease revenue of \$105,597 and interest revenue of \$8,264 related to lease payments received.

A. Buildings

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

B. Cell Tower Sites

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

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

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 99,107	\$2,517	\$101,624
2027	48,944	711	49,654
2028	4,883	21	4,905
Total	<u>\$152,934</u>	<u>\$3,249</u>	<u>\$156,183</u>

The City has recorded a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was \$158,616.

4. INTERFUND TRANSACTIONS

A. Due to/from Other Funds

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. These balances normally represent to cover temporary shortages of cash in individual funds. The following presents a summary of current interfund balances at June 30, 2025:

<u>Due to Fund</u>	<u>Amount</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	\$ 22,946	Capital Improvement Fund	\$ 22,946
Total	<u>\$ 22,946</u>	Total	<u>\$ 22,946</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

4. INTERFUND TRANSACTIONS, Continued

B. Advances to/from Other Funds

Advances will be repaid to the advancing fund when revenue in the receiving fund is adequate. The composition of advances to/from other funds as of June 30, 2025 was as follows:

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

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

C. Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2025 were as follows:

Transfer From	Transfer To	Description of Transfer	Amount
Major Governmental Funds			
General Fund	Facilities Capital	Funding for capital outlay	\$3,110,207
	Equipment Replacement	Funding for capital outlay	1,100,000
	Facilities Maintenance	Funding for capital outlay	850,000
	Aquatic Fund	Capital projects	200,000
Facilities Capital	Aquatic Fund	Capital projects	1,487,393
Sewer Fund	General Fund	Capital projects	923,000
Total Major Governmental Interfund Transfers			<u>\$7,670,600</u>
Non-Major Governmental Funds			
Projects and Services	Aquatic Fund	Capital projects	800,001
Projects and Services	Facilities Maintenance	Capital projects	30,513
Projects and Services	Facilities Capital	Capital projects	10,000
Schoolmates Program	Facilities Maintenance	Capital projects	28,314
COPS	General Fund	Public Safety	211,845
Measure D Fund	General Fund	Administrative cost recovery	36,511
Total Non-Major Governmental Interfund Transfers			<u>\$1,117,184</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

4. INTERFUND TRANSACTIONS, Continued

D. Intra-fund Transfers between Funds

Intra-fund transfers are not presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds as they are presented on a net basis. Intra-fund transfers during the year ended June 30, 2025, consisted of a transfer between the General Fund and the Traffic Safety fund for \$40,000.

5. CAPITAL ASSETS

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

	Balance at July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Governmental Activities:					
Capital assets not being depreciated					
Land	\$ 5,683,095	\$ -	\$ -	\$ -	\$ 5,683,095
Construction in progress	727,689	2,510,149	-	(655,562)	2,582,276
Total capital assets not being depreciated	6,410,784	2,510,149	-	(655,562)	8,265,371
Capital assets being depreciated					
Buildings and Improvements	5,698,904	62,534	-	-	5,761,438
Vehicles	4,204,267	423,735	(217,138)	-	4,410,864
Property and equipment	6,095,543	216,101	(256,954)	-	6,054,690
Infrastructure	54,133,182	1,140,872	(247,687)	655,562	55,681,929
SBITA Assets	1,951,633	-	(33,439)	-	1,918,194
Total capital assets being depreciated	72,083,529	1,843,242	(755,218)	655,562	73,827,115
Less accumulated depreciation					
Buildings and Improvements	(3,054,440)	(304,561)	-	-	(3,359,001)
Vehicles	(2,577,918)	(333,097)	217,138	-	(2,693,877)
Property and equipment	(4,314,828)	(479,422)	256,954	-	(4,537,296)
Infrastructure	(32,244,669)	(1,413,254)	247,687	-	(33,410,236)
SBITA Assets	(332,988)	(416,853)	33,439	-	(716,402)
Total accumulated depreciation	(42,524,843)	(2,947,187)	755,218	-	(44,716,812)
Total capital assets being depreciated, net	29,558,686	(1,103,945)	-	655,562	29,110,303
Total Capital Assets, net	\$35,969,470	\$1,406,204	\$ -	\$ -	\$37,375,674

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

5. CAPITAL ASSETS, Continued

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

Governmental Activities:

Administration	\$ 269,641
Public works	736,169
Street improvement	450,145
Public safety - police	531,891
Public safety - fire	310,648
Recreation	648,693
Total governmental activities depreciation expense	<u>\$ 2,947,187</u>

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Business-type Activities:				
Capital assets not being depreciated				
Construction in progress	\$19,426,327	\$10,460,481	\$ -	\$29,886,808
Total capital assets not being depreciated	19,426,327	10,460,481	-	29,886,808
Capital assets being depreciated				
Vehicles	2,022,231	-	(216,581)	1,805,650
Property and equipment	-	55,841	-	55,841
Infrastructure	23,702,712	505,115	-	24,207,827
Total capital assets being depreciated	25,724,943	560,956	(216,581)	26,069,318
Less accumulated depreciation:				
Vehicles	(1,044,478)	(292,373)	216,581	(1,120,270)
Property and equipment	-	(7,649)	-	(7,649)
Infrastructure	(7,338,912)	(479,064)	-	(7,817,976)
Total accumulated depreciation	(8,383,390)	(779,086)	216,581	(8,945,895)
Total capital assets being depreciated, net	17,341,553	(218,130)	-	17,123,423
Total Capital Assets, net	<u>\$36,767,880</u>	<u>\$10,242,351</u>	<u>\$ -</u>	<u>\$47,010,231</u>

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

Business-type Activities:

Sewer	<u>\$ 779,086</u>
Total business-type activities depreciation expense	<u>\$ 779,086</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

6. LONG-TERM LIABILITIES

Governmental activities long-term liabilities issued and outstanding at June 30, 2025 were comprised of the following:

Type of Indebtedness	Authorized and Issued	Outstanding June 30, 2025
Subscription (SBITA) liability	\$1,780,260	\$ 767,535
Compensated absences		1,767,719
Total governmental activities		<u>\$ 2,535,254</u>

Business-type activities long-term liabilities issued and outstanding at June 30, 2025 were comprised of the following:

Type of Indebtedness	Maturity	Interest Rates	Authorized and Issued	Outstanding June 30, 2025
Sewer Rehab Loan - Phase IV	2031	1.00%	\$ 1,900,188	\$ 715,399
Sewer Rehab Loan - Phase V	2037	1.70%	4,397,000	3,059,878
Ava Comm Energy (EBCE) Loan	2039	0.00%	750,000	750,000
2021 General Obligation Bonds	2051	5.00%	19,500,000	18,875,000
Premium on bonds				5,092,394
Compensated absences				309,311
Total business-type activities				<u>\$ 28,801,982</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

6. LONG-TERM LIABILITIES, Continued

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2025:

	Balance at July 1, 2024, as restated	Additions	Reductions	Balance June 30, 2025	Current Portion
Governmental Activities:					
Subscription (SBITA) liability	\$1,165,506	\$ -	\$ (397,971)	\$ 767,535	\$ 322,660
Total SBITAs payable	1,165,506	-	(397,971)	767,535	322,660
Other liabilities:					
Compensated absences	1,543,111	224,608	-	\$1,767,719	1,556,352
Total Governmental Activities	<u>\$2,708,617</u>	<u>\$ 224,608</u>	<u>\$ (397,971)</u>	<u>\$2,535,254</u>	<u>\$ 1,879,012</u>
	Balance at July 1, 2024, as restated	Additions	Retirements	Balance June 30, 2025	Current Portion
Type of Indebtedness					
Sewer Rehab Loan - Phase III	\$ 157,573	\$ -	\$ (157,573)	\$ -	\$ -
Sewer Rehab Loan - Phase IV	813,591	-	(98,192)	715,399	99,174
Sewer Rehab Loan - Phase V	3,251,985	-	(192,107)	3,059,878	195,374
Ava Comm Energy (EBCE) Loan	750,000	-	-	750,000	25,002
Total loans payable	<u>4,973,149</u>	<u>-</u>	<u>(447,872)</u>	<u>4,525,277</u>	<u>319,550</u>
2021 General Obligation Bond	19,195,000	-	(320,000)	18,875,000	340,000
Premium on bonds	5,284,990	-	(192,596)	5,092,394	-
Total bonds payable	<u>24,479,990</u>	<u>-</u>	<u>(512,596)</u>	<u>23,967,394</u>	<u>340,000</u>
Other liabilities:					
Compensated absences	256,150	53,161	-	309,311	272,326
Total Business-type Activities	<u>\$29,709,289</u>	<u>\$ 53,161</u>	<u>\$ (960,468)</u>	<u>\$ 28,801,982</u>	<u>\$931,876</u>

A description of the long-term liabilities at June 30, 2025 as follows:

A. Government Activities

Subscriptions (SBITAs)

The City has entered into SBITAs involving various software as a service subscriptions. The total of the City's SBITA assets are recorded at a cost of \$1,918,194 less accumulated amortization of \$716,402.

Future debt service payments on the SBITAs are as follows:

	For the Year Ending June 30	Principal	Interest	Total
2026	\$	322,660	\$20,321	\$ 342,981
2027		211,943	10,212	222,155
2028		115,914	3,804	119,718
2029		75,058	489	75,547
2030		41,960	38	41,998
Total	<u>\$</u>	<u>767,535</u>	<u>\$34,864</u>	<u>\$ 802,399</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

6. LONG-TERM LIABILITIES, Continued

A. Government Activities, Continued

Compensated Absences

At June 30, 2025, compensated absences totaled \$1,767,719, of which \$211,367 was recorded as a current liability and the non-current portion totaled \$1,556,352. For governmental activities, compensated absences are liquidated by the general fund.

B. Business-type Activities

Sewer Rehabilitation Loan - Phase IV

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

Sewer Rehabilitation Loan - Phase V

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

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 294,548	\$ 59,157	\$ 353,705
2027	298,861	54,844	353,705
2028	303,241	50,465	353,706
2029	307,688	46,018	353,706
2030	312,203	21,964	334,167
2031 - 2035	1,309,037	59,707	1,368,744
2036 - 2039	949,699	16,745	966,444
Total	<u>\$ 3,775,277</u>	<u>\$ 308,900</u>	<u>\$ 4,084,177</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

6. LONG-TERM LIABILITIES, Continued

B. Business-type Activities, Continued

2021 General Obligation Bonds

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

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 340,000	\$ 935,250	\$ 1,275,250
2027	355,000	917,875	1,272,875
2028	375,000	899,625	1,274,625
2029	395,000	880,375	1,275,375
2030	415,000	860,125	1,275,125
2031 - 2035	2,410,000	3,959,250	6,369,250
2036 - 2040	3,090,000	3,275,250	6,365,250
2041 - 2045	3,970,000	2,397,500	6,367,500
2046 - 2050	5,100,000	1,269,250	6,369,250
2051 - 2052	2,425,000	122,875	2,547,875
Total	<u>\$18,875,000</u>	<u>\$15,517,375</u>	<u>\$34,392,375</u>

Ava Comm Energy (EBCE) Loan

In October 2023, the City authorized a financed electricity service agreement in the principal amount of \$750,000 to provide funds for beneficial electrification projects on municipal buildings. The loan is payable in flat, fixed monthly fee of \$4,167 based on billing cycle and maturity in December 2039.

Future debt service payments on the EBCE loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 25,002	\$ -	\$ 25,002
2027	50,004	-	50,004
2028	50,004	-	50,004
2029	50,004	-	50,004
2030	50,004	-	50,004
2031 - 2035	250,020	-	250,020
2036 - 2040	274,962	-	274,962
Total	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

6. LONG-TERM LIABILITIES, Continued

B. Business-type Activities, Continued

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 659,550	\$ 994,407	\$ 1,653,957
2027	703,865	972,719	1,676,584
2028	728,245	950,090	1,678,335
2029	752,692	926,393	1,679,085
2030	777,207	882,089	1,659,296
2031 - 2035	3,969,057	4,018,957	7,988,014
2036 - 2040	4,314,661	3,291,995	7,606,656
2041 - 2045	3,970,000	2,397,500	6,367,500
2046 - 2050	5,100,000	1,269,250	6,369,250
2051 - 2052	2,425,000	122,875	2,547,875
Total	<u>\$23,400,277</u>	<u>\$15,826,275</u>	<u>\$39,226,552</u>

7. ASSESSMENT DEBT WITHOUT CITY COMMITMENT

In December 2017, the City administered the issuance of the City of Piedmont Reassessment District No. 2017-1 Limited Obligation Refunding Bonds in the principal amount of \$3,917,261. The proceeds from the issuance of the bonds were used to refund the Dudley/Blair Underground Utility Assessment District bonds, the Wildwood/Crocker Underground Utility Assessment District bonds and the Piedmont Hills Underground Assessment District bonds and to pay the costs of issuance of the bonds. At June 30, 2025, the outstanding principal of the bond issue was \$2,226,139. The City is not liable for the repayment of this debt and is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to the bondholders, and initiating foreclosure proceedings. For this reason, this debt is not reported as a long-term liability of the City.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

8. DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (age 62 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Special Death Benefit (Safety only), the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2025 are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	Tier III (PEPRA)
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	On or After to January 1, 2013
Benefit Formula	3.0% @ 60	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	60 and up	62 and up
Monthly Benefits, as a % of Eligible Compensation	2.0% to 3.0%	2.0%	2.0%
Required Employee Contribution Rates	8.00%	7.00%	7.75%
Required Employer Contribution Rates	17.33%	10.15%	7.87%
Required UAL Contribution	\$970,827	\$4,671	\$8,917

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

8. DEFINED BENEFIT PENSION PLAN, Continued

A. General Information about the Pension Plan, Continued

	Safety		
	Tier I	Tier II	Tier III (PEPRA)
	Prior to January 1, 2013	Prior to January 1, 2013	On or After to January 1, 2013
Hire Date			
Benefit Formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	50 and up	57 and up
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.0%	2.70%
Required Employee Contribution Rates	9.00%	9.00%	14.50%
Required Employer Contribution Rates	29.30%	21.92% (police & fire)	14.72% (police & fire)
Required UAL Contribution	\$2,222,549	\$7,784 (police) \$4,888 (fire)	\$11,839 (police) \$1,979 (fire)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The City's contributions to the Plan for the year ending June 30, 2025 were \$5,259,411.

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

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$40,617,437.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

8. DEFINED BENEFIT PENSION PLAN, Continued

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

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

Proportion - June 30, 2023	0.32893%
Proportion - June 30, 2024	<u>0.33492%</u>
Change - Increase (Decrease)	<u>0.00599%</u>

For the year ended June 30, 2025, the City recognized pension expense of \$8,636,796. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Made Subsequent to Measurement Date	\$ 5,259,411	\$ -
Differences between Employer's Contributions and Proportionate Share of Contributions	227,745	408,917
Differences between Expected and Actual Experience	3,375,203	116,753
Changes in Assumptions	1,013,995	-
Change in Employer's Proportion	703,235	55,046
Differences between Projected and Actual Investment Earnings	<u>2,078,354</u>	<u>-</u>
	<u>\$ 12,657,943</u>	<u>\$ 580,716</u>

\$5,259,411 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2026	\$ 2,645,206
2027	4,853,485
2028	30,627
2029	(711,502)

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

8. DEFINED BENEFIT PENSION PLAN, Continued

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

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Dates	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Report	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality (1)	Derived using CalPERS membership data for all funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies.

(1) The mortality table used was developed based on Cal PERS' Membership Data for all Funds. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report available

Changes in Assumptions

There was no change in assumption for June 30, 2023 valuation date (2024 measurement date).

Discount Rate

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

Long-term Expected Rate of Return

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

8. DEFINED BENEFIT PENSION PLAN, Continued

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

Asset Class	Assumed Asset	Real Return Years 1-10
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

(a) An expected inflation of 2.30% used for this period

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	Discount Rate -1 % (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1 % (7.90%)
Net Pension Liability (Asset)	\$ 61,829,875	\$ 40,617,437	\$ 23,230,273

Pension Plan Fiduciary Net Position

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. PIEDMONT POLICE AND FIRE PENSION PLAN (CLOSED PLAN)

A. General Information about the Pension Plan

Plan Description

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

As of June 30, 2025, the Plan covers 4 retired City employees or surviving spouses, who receive monthly benefits, which will continue for life.

Funding Policy

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

Benefit Terms

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

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

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

B. Net Pension Liability (Asset)

The City's net pension liability (asset) is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of the Plan is based on a valuation as of June 30, 2024. A summary of principal assumptions and methods used to determine the net pension liability (asset) follows.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. PIEDMONT POLICE AND FIRE PENSION PLAN (CLOSED PLAN), Continued

B. Net Pension Liability (Asset), Continued

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions:

Measurement Date	June 20, 2025
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
Salary Increases	2.00%
Investment Rate of Return	5.50% net of pension plan investment expenses
Mortality	
Service retirements and benefits	California PERS mortality table for healthy recipients (based on CalPERS 2000-2019 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2021.
Disability	California PERS mortality table for work-related disabled retirees (based on CalPERS 2000-2019 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2021.

Changes of Assumptions

There were no changes in assumptions.

Discount Rate

The discount rate was set equal to the long-term expected rate of return. The long-term expected rate of return was used as current assets are expected to be sufficient to cover all future benefit payments and expenses due to the magnitude of the Plan's 2,705.0% funded ratio and the average age of the group (91).

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

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net Pension Liability (Asset)	\$ (18,996,787)	\$ (19,040,394)	\$ (19,079,265)

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. PIEDMONT POLICE AND FIRE PENSION PLAN (CLOSED PLAN), Continued

C. Changes in the Net Pension Liability (Asset)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2024	\$ 788,889	\$ 18,585,491	\$ (17,796,602)
Changes in the year:			
Interest	40,676	-	40,676
Net investment income	-	1,284,468	(1,284,468)
Benefit payments	(98,655)	(98,655)	-
Net changes	(57,979)	1,185,813	(1,243,792)
Balance at June 30, 2024	\$ 730,910	\$ 19,771,304	\$ (19,040,394)

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

For the year ended June 30, 2025, the City recognized pension expense/ (Income) of \$(1,451,189). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investment	\$ -	\$ 830,699
Total	\$ -	\$ 830,699

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

Year Ended June 30	
2026	\$147,678
2027	(533,286)
2028	(392,096)
2029	(52,995)

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

10. OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided

Tier 1	• Eligibility: Hired before May 1, 2018 or January 1, 2018 depending on the MOU group • Service or disability retirement under CalPERS directly from City • Retiree cap equal active cap using PEMHCA Unequal Method • Active cap is based on 2021 Kaiser Bay Area premiums plus 50% of post-2021 changes • Maximum yearly increase \$100/month (formerly unequal method) . • 2025 Monthly Retiree Caps are \$963.26, \$1,926.54 and \$2,147.26 for Single, Dual and Family coverages respectively • Active Members contribute \$50 semi-monthly
Tier 2	• Eligibility: Hired before May 1, 2018 or January 1, 2018 depending on the MOU group • Service or disability retirement under CalPERS directly from City • PEMHCA minimum benefit is paid monthly (\$158/month in 2025, \$162/month in 2026)
Other	• City pays lifetime Kaiser Single Non-Medicare rate for retiree hired before October 1, 1984 with a special agreement. • No dental, vision, or life benefits

Employees Covered

As of the June 30, 2025 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	112
Inactive employees currently receiving benefits	78
Inactive employees entitled to, but not yet receiving benefits	14
	<u>204</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

10. OTHER POST EMPLOYMENT BENEFITS, Continued

Contributions

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

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

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2025 based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost, level percentage of payroll
Expected Long Term Rate of Return on Investments	• 5.75% at June 30, 2025 • 5.75% at June 30, 2024
20-Year Municipal Bond (Bond Buyer 20-Bond GO)	• 5.20% at June 30, 2025 • 3.93% at June 30, 2024
Discount Rate	• 5.72% at June 30, 2025 • 5.63% at June 30, 2024
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary increases	• Aggregate - 2.75% annually • Merit - CalPERS 2000-2019 Experience Study
Medical Trend	• Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 • Medicare: - Kaiser: 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076 - Non-Kaiser: 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA Minimum Increases	Increase 3.50% annually
Participation at Retirement	• Currently covered (Tier 1): 95% • Currently covered (Tier 2): 60% (eligible for PEMHCA minimum only) • Currently waived - 40%
Spouse Coverage at Retirement	• Based on current election, 80% if currently waived
Family Coverage at	• Miscellaneous - 20% until age 65 • Safety - 35% until age 65

Changes of Assumption

In Fiscal Year 2024/25, the discount rate was increased from 5.63% to 5.72% based on the municipal bond rate as of the measurement date and crossover test.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

10. OTHER POST EMPLOYMENT BENEFITS, Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 5.72 percent. The table below reflects long-term expected real rates of return presented as geometric means.

Asset Class Component	Target Allocation Osterweis Fund	Investment Policy Allocation
Equity	65%	4.29%
Fixed Income	35%	0.78%
Assumed Long-term Rate of Inflation		2.50%
Expected Long-term Net Rate of Return, Rounded		5.75%

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at July 1, 2024	\$ 21,058,584	\$ 14,216,324	\$ 6,842,260
Service cost	568,384	-	568,384
Interest cost	1,185,047	-	1,185,047
Assumption changes	(215,152)	-	(215,152)
Contributions- employer	-	1,159,129	(1,159,129)
Contributions - employee	-	51,650	(51,650)
Net investment income	-	1,082,341	(1,082,341)
Benefit payments	(1,156,337)	(1,156,337)	-
Administrative expenses	-	(2,790)	2,790
Net change	381,942	1,133,993	(752,051)
Balance at June 2025	\$ 21,440,526	\$ 15,350,317	\$ 6,090,209

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

The following presents the Net OPEB Liability of the City if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease (4.72%)	Current Discount Rate (5.72%)	1% Increase (6.72%)
Net OPEB Liability	\$ 8,701,094	\$ 6,090,209	\$ 3,923,735

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

10. OTHER POST EMPLOYMENT BENEFITS, Continued

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

The following represents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate (Non-Medicare 7.90% decreasing to 3.45%, Medicare 6.90% decreasing to 3.45%), for measurement period ended June 30, 2025:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 3,797,685	\$ 6,090,209	\$ 8,919,368

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

For the fiscal year ended June 30, 2025, the City recognized OPEB expense/(income) of \$(226,768). As of fiscal year ended June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 856,327
Changes in assumptions	653,214	595,745
Net difference between projected and actual earnings on plan investments	-	776,723
Total	\$ 653,214	\$ 2,228,795

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

For the Fiscal Year Ending in 30, June	Recognized Net Deferred Outflows (Inflows) of Resources
2026	\$ (287,035)
2027	(871,972)
2028	(332,156)
2029	(47,299)
2030	(3,785)
Thereafter	(33,334)

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

11. FUND BALANCE

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

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

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

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

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

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

11. FUND BALANCE, Continued

As of June 30, 2025, fund balances were comprised of the following:

Classifications	General Fund	Facilities Capital	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid expenses	\$ 102,760	\$ -	\$ -	\$ 102,760
Total Nonspendable	<u>102,760</u>	<u>-</u>	<u>-</u>	<u>102,760</u>
Restricted:				
Projects and services	-	-	400,181	400,181
Street projects	-	-	647,593	647,593
Schoolmates program	-	-	2,556,548	2,556,548
Measure D	-	-	52,800	52,800
Measure BB sales tax	-	-	2,699,210	2,699,210
COPS	-	-	216,413	216,413
Measure F	-	-	154,145	154,145
Athletic facility preservation	-	-	693,902	693,902
Abandoned vehicle	-	-	57,533	57,533
Section 115 Trust	5,218,407	-	-	5,218,407
Total Restricted	<u>5,218,407</u>	<u>-</u>	<u>7,478,325</u>	<u>12,696,732</u>
Assigned				
Facilities maintenance	-	9,849,212	570,421	10,419,633
Equipment replacement	-	-	3,765,542	3,765,542
Sidewalk repair	-	-	19,988	19,988
Total Committed	<u>-</u>	<u>9,849,212</u>	<u>4,355,951</u>	<u>14,205,163</u>
Unassigned:	<u>7,233,084</u>	<u>-</u>	<u>(22,946)</u>	<u>7,210,138</u>
Total Unassigned	<u>7,233,084</u>	<u>-</u>	<u>(22,946)</u>	<u>7,210,138</u>
Total Fund Balances	<u>\$ 12,554,251</u>	<u>\$ 9,849,212</u>	<u>\$ 11,811,330</u>	<u>\$ 34,214,793</u>

12. RISK MANAGEMENT

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

12. RISK MANAGEMENT, Continued

A. Risk Pools

General Liability - Bay Cities Joint Powers Insurance Authority (BCJPIA) covers general liability claims, including excess liability, in an amount up to \$34,500,000. The City has a deductible or uninsured liability of up to \$25,000 per claim. Once the City's deductible is met, BCJPIA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2025, the City contributed \$1,391,986 for current year coverage.

Workers' Compensation - BCJPIA also covers workers' compensation liability in an amount up to \$1,000,000 per claim. The City has a deductible or uninsured liability of up to \$150,000 per claim. The Local Agency Workers' Compensation Excess Insurance Joint Powers Authority (LAWCX) covers workers' compensation claims in excess of \$1,000,000 per claim up to \$300,000,000. During the fiscal year ended June 30, 2025, the City contributed \$734,738 for current year coverage.

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

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

B. Liability for Uninsured Claims

The City has retained the risk for the uninsured portion of the above claims as discussed above. Activity for the City's liability for uninsured claims was as follows for the year ended June 30, 2025:

	General Liability		Workers' Compensation		Total	
	2025	2024	2025	2024	2025	2024
Beginning balance	\$ 251,346	\$ 216,778	\$ 1,273,000	\$ 1,187,000	\$ 1,524,346	\$ 1,403,778
Incurred claims	55,121	109,248	315,974	557,903	371,095	667,151
Claims paid	(70,467)	(74,680)	(217,974)	(471,903)	(288,441)	(546,583)
Ending Balance	<u>\$ 236,000</u>	<u>\$ 251,346</u>	<u>\$ 1,371,000</u>	<u>\$ 1,273,000</u>	<u>\$ 1,607,000</u>	<u>\$ 1,524,346</u>
Current portion	<u>\$ 128,708</u>	<u>\$ 73,587</u>	<u>\$ 306,323</u>	<u>\$ 524,297</u>	<u>\$ 435,031</u>	<u>\$ 451,152</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

13. PARCEL TAX RATE

Each year, the City reviews the General Fund balance to determine the appropriate parcel tax rate for the following year. The City of Piedmont is required by the Municipal Code to refund or reduce subsequent taxes regarding any excess of the ending General Fund unencumbered fund balance over 25 percent of that year's General Fund expenditures. This calculation applies only to the City's General Fund and excludes the Deposits and Bonds, Traffic Safety, and Pension Rate Stabilization Trust Funds which are combined into the General Fund for financial reporting purposes. The unencumbered General Fund balance at June 30, 2025 did not exceed the 25 percent of expenditures limitation.

	Amounts
General fund expenditures	\$ 38,196,727
Fund balance limitation, 25% of expenditures	9,549,182
Unencumbered General fund balance at year end	7,293,843
Amount below fund balance limitation	<u>\$ 2,255,339</u>

14. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2025:

Fund	Excess Expenditures
Streets Projects	\$ 10,145

15. CONTINGENCIES AND COMMITMENTS

Grant Awards

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

Litigation

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

Contracts

At June 30, 2025, the City had construction contracts outstanding of approximately \$7,979,561 related to various construction projects.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

16. RESTATEMENTS

The City recorded the following restatements:

- 1) Error correction to accrued interests – The City recorded restatements for accrued interests due to investment earnings that were calculated incorrectly: For Business-type Activities, accrued interests were overstated by \$9,969 and investment earnings was understated by \$9,969 in the prior year.
- 2) Implementation of GASB 101 to compensated absences – The City recorded a restatement of the prior year's compensated absences liability balance to comply with the requirements of GASB Statement No. 101, Compensated Absences. For Governmental Activities, compensated absences were increased by \$479,930, and for Business-type Activities, compensated absences were increased by \$178,670 due to the restatement in the prior year.

	Previously Reported	Restatements		As Restated
		Change in Accounting Principle - GASB 101	Error Correction - Accrued interests	
<i>Fund Financial</i>				
Sewer Fund	\$ 14,824,722	\$ (178,670)	\$ 9,969	\$ 14,656,021
<i>Governmental-Wide Financial</i>				
Governmental Activities	\$ 53,330,529	\$ (479,930)	\$ -	\$ 52,850,599
Business-type Activities	\$ 18,137,615	\$ (178,670)	\$ 9,969	\$ 17,968,914

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Property tax	\$ 19,164,000	\$ 18,994,000	\$ 18,920,860	\$ (73,140)
Sales tax	225,000	225,000	219,837	(5,163)
Franchise tax	608,000	618,000	600,913	(17,087)
Utility users tax	1,505,000	1,505,000	1,547,283	42,283
Real property transfer tax	3,800,000	3,800,000	4,515,282	715,282
Business license and rental tax	760,000	760,000	717,965	(42,035)
Licenses and permits	821,310	846,310	872,697	26,387
Intergovernmental	3,991,805	4,725,005	4,064,241	(660,764)
Use of money and property	1,147,443	1,147,443	1,450,715	303,272
Current service charges	4,794,500	4,842,500	5,543,832	701,332
Parcel tax	2,690,000	2,690,000	2,690,645	645
Contributions and donations	26,000	26,000	56,745	30,745
Other revenues	340,900	210,000	288,356	78,356
Total revenues	39,873,958	40,389,258	41,489,371	1,100,113
EXPENDITURES:				
Current:				
Administration	5,258,003	5,291,853	4,918,153	373,700
Public works	7,449,690	7,387,052	6,681,048	706,004
Police services	8,781,398	8,772,707	8,405,434	367,273
Fire services	8,579,244	8,726,955	8,916,369	(189,414)
Recreation	4,057,849	4,131,680	4,193,032	(61,352)
Nondepartmental	4,210,471	4,450,471	4,193,520	256,951
Capital outlay	510,000	1,520,388	473,410	1,046,978
Debt service - principal	-	-	432,291	(432,291)
Total expenditures	38,846,655	40,281,106	38,213,257	2,067,849
REVENUES OVER (UNDER)				
EXPENDITURES	1,027,303	108,152	3,276,114	3,167,962
OTHER FINANCING SOURCES (USES):				
Transfers in	-	300,000	1,171,356	871,356
Transfers out	(3,395,932)	(3,305,800)	(5,260,207)	(1,954,407)
Total other financing sources (uses)	(3,395,932)	(3,005,800)	(4,088,851)	(1,083,051)
Net change in fund balances	\$ (2,368,629)	\$ (2,897,648)	(812,737)	\$ 2,084,911
FUND BALANCES:				
Beginning of year			13,366,988	
End of year			\$ 12,554,251	

City of Piedmont
Notes to Required Supplementary Information
Budgetary Accounting and Control
For the year ended June 30, 2025

BUDGETARY INFORMATION

The amounts reported as the original budgeted amounts in the budgetary schedules reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary schedules reflect the amounts after all budget amendments have been accounted for. The City did not formally adopt a budget for the Projects and Services, Abandoned Vehicle, Capital Improvement, and Sidewalk Repair nonmajor capital project funds.

BUDGETARY CONTROLS

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

This page intentionally left blank

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2025

Schedule of the City's Proportionate Share of the Net Pension Liability - Last Ten Fiscal Years
Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan

Measurement Date	2015	2016	2017	2018
Plan's proportion of the net pension liability	0.24111%	0.25701%	0.2620%	0.2700%
Plan's proportionate share of the net pension liability	\$ 16,549,792	\$ 22,238,992	\$ 25,982,764	\$ 26,035,468
Plan's covered payroll	\$ 9,157,966	\$ 9,305,356	\$ 9,471,727	\$ 10,265,025
Plan's proportionate share of the net pension liability as percentage of its covered payroll	180.71%	238.99%	274.32%	253.63%
Fiduciary net position as a percentage of the total pension liability	78.40%	74.06%	73.29%	75.30%

Notes to the schedule:

Changes in assumptions. In 2023, the inflation rate was reduced from 2.50 percent to 2.30 percent. In 2022, the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In 2021, 2020 and 2019, there were no changes in assumptions. In 2018, assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

2019	2020	2021	2022	2023	2024
0.2790%	0.2900%	0.3300%	0.3250%	0.3289%	0.3349%
\$ 28,550,576	\$ 31,550,977	\$ 17,867,729	\$ 37,545,626	\$ 41,035,485	\$ 40,617,437
\$ 10,517,384	\$ 10,804,215	\$ 11,098,592	\$ 10,824,143	\$ 12,213,712	\$ 13,034,190
271.46%	292.02%	160.99%	346.87%	335.98%	311.62%
75.30%	75.10%	88.29%	76.68%	76.21%	78.08%

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2025

Schedule of Pension Plan Contributions - Last 10 Fiscal Years
Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan

Fiscal Year Ended	2016	2017	2018	2019
Actuarially determined contribution	\$ 2,072,601	\$ 2,295,957	\$ 2,521,862	\$ 2,920,619
Contributions in relation to actuarially deemed contributions	(2,072,601)	(2,295,957)	(2,521,862)	(2,920,619)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,305,356	\$ 9,471,727	\$ 10,265,025	\$ 10,517,384
Contributions as a percentage of covered payroll	22.27%	24.24%	24.57%	27.77%

2020	2021	2022	2023	2024	2025
\$ 3,367,402	\$ 3,776,944	\$ 4,176,329	\$ 4,457,038	\$ 4,588,090	\$ 5,259,411
(3,367,402)	(3,776,944)	(4,176,329)	(4,457,038)	(4,588,090)	(5,259,411)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,804,215	\$ 11,098,592	\$ 10,824,143	\$ 12,213,712	\$ 13,034,190	\$ 14,014,128
31.17%	34.03%	38.58%	36.49%	35.20%	37.53%

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2025

Schedule of Funding Progress for Police and Fire Pension (Closed) Plan - Last Fiscal 10 Years

Measurement Date	2016	2017	2018	2019
TOTAL PENSION LIABILITY				
Interest	\$ 141,412	\$ 119,038	\$ 112,356	\$ 104,393
Differences between expected and actual experience	(270,454)	-	74,556	-
Changes in assumptions	-	-	(93,912)	-
Benefit payments, including refunds of employee contributions	(251,005)	(233,036)	(227,770)	(223,674)
Net change in the total pension liability	(380,047)	(113,998)	(134,770)	(119,281)
Total pension liability - beginning	2,480,531	2,100,484	1,986,486	1,851,716
Total pension liability - ending (a)	<u>\$ 2,100,484</u>	<u>\$ 1,986,486</u>	<u>\$ 1,851,716</u>	<u>\$ 1,732,435</u>
PLAN FIDUCIARY NET POSITION				
Net investment income	\$ (539,063)	\$ 1,321,041	\$ 649,249	\$ 833,644
Benefit payments	(251,005)	(233,036)	(227,770)	(223,674)
Administrative expense	(2,025)	(7,183)	(3,405)	(12,000)
Net change in plan fiduciary net position	(792,093)	1,080,822	418,074	597,970
Plan fiduciary net position - beginning	11,645,257	10,853,164	11,933,986	12,352,060
Plan fiduciary net position - ending (b)	<u>\$ 10,853,164</u>	<u>\$ 11,933,986</u>	<u>\$ 12,352,060</u>	<u>\$ 12,950,030</u>
Net pension liability/(Asset) - ending (a) - (b)	<u>\$ (8,752,680)</u>	<u>\$ (9,947,500)</u>	<u>\$ (10,500,344)</u>	<u>\$ (11,217,595)</u>
Plan fiduciary net position as a percentage of the total pension liability	517%	601%	1115%	1076%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

2020	2021	2022	2023	2024	2025
\$ 97,631	\$ 93,213	\$ 83,881	\$ 68,827	\$ 65,077	\$ 40,676
25,239	-	(168,860)	-	(395,874)	-
(15,617)	46,239	(23,006)	-	-	-
(210,488)	(151,293)	(184,495)	(146,959)	(127,061)	(98,655)
(103,235)	(11,841)	(292,480)	(78,132)	(457,858)	(57,979)
1,732,435	1,629,200	1,617,359	1,324,879	1,246,747	788,889
<u>\$ 1,629,200</u>	<u>\$ 1,617,359</u>	<u>\$ 1,324,879</u>	<u>\$ 1,246,747</u>	<u>\$ 788,889</u>	<u>\$ 730,910</u>
\$ 902,277	\$ 3,914,153	(2,452,693)	1,514,029	2,579,341	1,284,468
(210,488)	(151,293)	(184,495)	(146,959)	(127,061)	(98,655)
(1,350)	-	-	-	-	-
690,439	3,762,860	(2,637,188)	1,367,070	2,452,280	1,185,813
12,950,030	13,640,469	17,403,329	14,766,141	16,133,211	18,585,491
<u>\$ 13,640,469</u>	<u>\$ 17,403,329</u>	<u>\$ 14,766,141</u>	<u>\$ 16,133,211</u>	<u>\$ 18,585,491</u>	<u>\$ 19,771,304</u>
<u>\$ (12,011,269)</u>	<u>\$ (15,785,970)</u>	<u>\$ (13,441,262)</u>	<u>\$ (14,886,464)</u>	<u>\$ (17,796,602)</u>	<u>\$ (19,040,394)</u>
837%	748%	667%	1294.02%	2355.91%	2705.0%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2025

Schedule of Funding Progress for Police and Fire Pension (Closed) Plan - Last Fiscal 10 Years

Employer Actuarially Determined Contribution for fiscal year June 30, 2025:

Actuarial Valuation Date	Actuarially Determined Contribution (ADC)	Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	ADC as a % of Covered Payroll
2016	\$ -	\$ -	\$ -	\$ -	N/A
2017	-	-	-	-	N/A
2018	-	-	-	-	N/A
2019	-	-	-	-	N/A
2020	-	-	-	-	N/A
2021	-	-	-	-	N/A
2022	-	-	-	-	N/A
2023	-	-	-	-	N/A
2024	-	-	-	-	N/A
2025	-	-	-	-	N/A

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

This page intentionally left blank

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2025

Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Fiscal Years (Amounts in 000's)*

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

Notes to Schedule:

Changes of assumptions: For the measurement period ended June 30, 2025, the 20-Year Municipal Bond rate was changed from 3.93% to 5.20% and the discount rate was changed from 5.63% to 5.72%. For the measurement period ended June 30, 2024, the 20-Year Municipal Bond rate was changed from 3.65% to 3.93% and the discount rate was changed from 5.50% to 5.63%. For the measurement period ended June 30, 2023, the discount rate was changed from 5.47% to 5.50%. For the measurement period ended June 30, 2021, general inflation was lowered from 2.75% to 2.5%, the long-term rate of return was lowered from 6.5% to 5.5% based on capital market assumption review and the lower inflation rate, and the discount rate was updated based on crossover test from 5.22% to 5.47%. For the measurement period ended June 30, 2020, the discount rate was updated based on the crossover test, the long-term rate of return was updated due to change in the target asset allocation, Kaiser Medicare Health Trend was updated, Medicare eligibility and family coverage at retirement rates were updated based on the City's experience, and the mortality improvement scale was updated to Scale MP-2019. For the measurement period ended June 30, 2019, the discount rate was changed from 5.54 percent (net of administrative expense) to 5.42 percent.

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

2022	2023	2024	2025
\$ 754	\$ 579	\$ 591	\$ 568
1,132	1,084	1,115	1,185
247	-	-	-
(1,626)	-	(474)	-
(1,168)	(68)	728	(215)
(949)	(1,106)	(1,188)	(1,156)
(1,610)	489	772	382
21,407	19,797	20,287	21,059
19,797	20,287	21,059	21,441
952	1,109	1,191	1,159
73	61	54	52
(1,728)	1,193	2,077	1,082
(949)	(1,106)	(1,187)	(1,156)
(2)	(3)	(4)	(3)
(1,654)	1,254	2,131	1,134
12,486	10,832	12,086	14,216
10,832	12,086	14,216	15,350
\$ 8,965	\$ 8,201	\$ 6,842	\$ 6,090
54.72%	59.58%	67.50%	71.60%
\$ 13,657	\$ 14,167	\$ 14,886	\$ 15,183
65.64%	57.89%	45.96%	40.1%

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2025

Schedule of OPEB Contributions - Last 10 Fiscal Years (Amounts in 000's)*

Fiscal Year Ended June 30,	2018	2019	2020	2021
Actuarially determined contribution	\$ 1,028	\$ 642	\$ 774	\$ 834
Contributions in relation to the actuarially determined contribution	(1,028)	(642)	(774)	(834)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,022	\$ 11,344	\$ 12,373	\$ 13,111
Contributions as a percentage of covered employee payroll	-9.33%	-5.66%	-6.26%	-6.36%

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

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

2022	2023	2024	2025
\$ 951	\$ 1,109	\$ 1,191	\$ 1,159
(951)	(1,109)	(1,191)	(1,159)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,657	\$ 14,167	\$ 14,886	\$ 15,183
-6.96%	-7.83%	-8.00%	-7.63%

This page intentionally left blank

SUPPLEMENTARY INFORMATION

This page intentionally left blank

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Facilities Capital - Major Capital Projects Fund For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 300,000	\$ 300,000	\$ 507,621	\$ 207,621
Total revenues	300,000	300,000	507,621	207,621
EXPENDITURES:				
Current:				
Administration	-	-	5,445	(5,445)
Public works	430,000	430,000	70,285	359,715
Public safety:				
Police services	200,000	-	257	(257)
Fire services	-	50,000	198,146	(148,146)
Recreation	326,500	431,500	244,057	187,443
Capital outlay	4,295,000	4,915,000	2,230,396	2,684,604
Total expenditures	5,251,500	5,826,500	2,748,586	3,077,914
REVENUES OVER (UNDER)				
EXPENDITURES	(4,951,500)	(5,526,500)	(2,240,965)	3,285,535
OTHER FINANCING SOURCES (USES):				
Transfers in	2,050,932	2,115,800	3,120,207	1,004,407
Transfers out	(1,000,000)	(1,500,000)	(1,487,393)	12,607
Total other financing sources (uses)	1,050,932	615,800	1,632,814	1,017,014
Net change in fund balances	\$ (3,900,568)	\$ (4,910,700)	(608,151)	\$ 4,302,549
FUND BALANCES:				
Beginning of year			10,457,363	
End of year			\$ 9,849,212	

This page intentionally left blank

City of Piedmont

Nonmajor Governmental Funds

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

Special Revenue Funds

Streets Projects

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

Schoolmates Program

Accounts for the operating of the before-and-after school child care program for elementary school age children operated by the Piedmont Recreation Department.

Projects and Services

Accounts for the Private Contribution Fund. The Private Contribution Fund is used to account for all citizen and other private contributions and donations to the City.

Measure D

Accounts for surcharges collected for the continuation and expansion of municipal recycling programs.

Abandoned Vehicle

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

Measure BB Sales Tax

Accounts for a tax approved by Alameda County voters in November 2014 to provide for the direct funding for local streets projects and bicycle and pedestrian projects based on population and road mileage.

COPS

Accounts for revenues and expenditures of the State of California funded Supplemental Law Enforcement Services grant.

Measure F

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

Athletic Facility Preservation

Accounts for funds to be used for repairing, refurbishing, and replacing City athletic facilities.

Capital Projects Funds

Capital Improvement

Accounts for the City's major capital projects.

Sidewalk Repair

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

Equipment Replacement Fund

Accounts for the accumulation of resources used for the replacement of capital assets used by governmental funds.

Facilities Maintenance Fund

Accounts for the accumulation of resources for the maintenance of capital assets used by governmental funds.

City of Piedmont
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds					
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle	Measure BB Sales Tax
ASSETS						
Cash and investments	\$ 408,017	\$ 2,556,715	\$ 647,593	\$ 44,687	\$ 57,109	\$ 2,883,125
Receivables:						
Accounts Receivable	52,662	224	-	7,504	-	187,979
Interest Receivable	4,503	19,524	-	609	424	18,126
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 465,182	\$ 2,576,463	\$ 647,593	\$ 52,800	\$ 57,533	\$ 3,089,230
Liabilities:						
Accounts payable	\$ 65,001	\$ 6,442	\$ -	\$ -	\$ -	\$ 390,020
Accrued wages and benefits	-	13,473	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	65,001	19,915	-	-	-	390,020
Deferred Inflows of Resources						
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	400,181	2,556,548	647,593	52,800	57,533	2,699,210
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	400,181	2,556,548	647,593	52,800	57,533	2,699,210
Total liabilities, deferred inflows of resources and fund balances	\$ 465,182	\$ 2,576,463	\$ 647,593	\$ 52,800	\$ 57,533	\$ 3,089,230

Special Revenue Funds			Capital Projects				Total Nonmajor Governmental Funds
COPS	Measure F	Athletic Facility Preservation	Capital Improvement	Sidewalk Repair	Equipment Replacement	Facilities Maintenance	
\$ 250,534	\$ 145,422	\$ 688,998	\$ -	\$ 19,988	\$ 3,599,375	\$ 700,022	\$ 12,001,585
-	7,673	-	-	-	-	-	256,042
3,535	1,050	4,904	-	-	20,610	3,621	76,906
-	-	-	-	-	600,000	200,000	800,000
<u>\$ 254,069</u>	<u>\$ 154,145</u>	<u>\$ 693,902</u>	<u>\$ -</u>	<u>\$ 19,988</u>	<u>\$ 4,219,985</u>	<u>\$ 903,643</u>	<u>\$ 13,134,533</u>
\$ 37,656	\$ -	\$ -	\$ -	\$ -	\$ 454,443	\$ 333,222	\$ 1,286,784
-	-	-	-	-	-	-	13,473
-	-	-	22,946	-	-	-	22,946
<u>37,656</u>	<u>-</u>	<u>-</u>	<u>22,946</u>	<u>-</u>	<u>454,443</u>	<u>333,222</u>	<u>1,323,203</u>
-	-	-	-	-	-	-	-
216,413	154,145	693,902	-	-	-	-	7,478,325
-	-	-	-	19,988	3,765,542	570,421	4,355,951
-	-	-	(22,946)	-	-	-	(22,946)
<u>216,413</u>	<u>154,145</u>	<u>693,902</u>	<u>(22,946)</u>	<u>19,988</u>	<u>3,765,542</u>	<u>570,421</u>	<u>11,811,330</u>
<u>\$ 254,069</u>	<u>\$ 154,145</u>	<u>\$ 693,902</u>	<u>\$ -</u>	<u>\$ 19,988</u>	<u>\$ 4,219,985</u>	<u>\$ 903,643</u>	<u>\$ 13,134,533</u>

City of Piedmont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2025

	Special Revenue Funds					
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle	Measure BB Sales Tax
REVENUES:						
Gas tax	\$ 596,475	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	2,610	1,071,479
Use of money and property	7,163	107,648	-	3,293	2,809	104,827
Current service charges	-	1,772,646	-	-	-	-
Contributions and donations	-	-	277,814	-	-	-
Other revenues	-	-	-	30,164	-	-
Total revenues	603,638	1,880,294	277,814	33,457	5,419	1,176,306
EXPENDITURES:						
Current:						
Administration	-	-	-	-	-	-
Public works	-	-	-	6,076	-	-
Street improvement	450,145	-	-	-	-	-
Public Safety:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Recreation	-	1,081,783	-	-	-	-
Capital outlay	-	-	-	-	-	186,453
Total expenditures	450,145	1,081,783	-	6,076	-	186,453
REVENUES OVER (UNDER)						
EXPENDITURES	153,493	798,511	277,814	27,381	5,419	989,853
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(28,313)	(840,514)	(36,511)	-	-
Total other financing sources (uses)	-	(28,313)	(840,514)	(36,511)	-	-
Net change in fund balances	153,493	770,198	(562,700)	(9,130)	5,419	989,853
FUND BALANCES:						
Beginning of year	246,688	1,786,350	1,210,293	61,930	52,114	1,709,357
End of year	\$ 400,181	\$ 2,556,548	\$ 647,593	\$ 52,800	\$ 57,533	\$ 2,699,210

Special Revenue Funds			Capital Projects				Total Nonmajor
COPS	Measure F	Athletic Facility Preservation	Capital Improvement	Sidewalk Repair	Equipment Replacement	Facilities Maintenance	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 596,475
134,335	44,441	-	-	-	-	-	1,252,865
22,136	5,848	32,588	-	-	157,438	19,193	462,943
-	-	82,588	-	-	-	-	1,855,234
-	-	39,400	-	-	-	-	317,214
-	-	-	-	-	-	-	30,164
156,471	50,289	154,576	-	-	157,438	19,193	4,514,895
-	-	-	-	-	41,677	46,913	88,590
-	-	-	-	-	-	39,496	45,572
-	-	-	-	-	-	-	450,145
42,176	-	-	-	-	-	39,418	81,594
-	-	-	-	-	-	46,137	46,137
-	-	36,984	-	-	-	403,136	1,521,903
107,104	-	-	-	-	930,781	410,227	1,634,565
149,280	-	36,984	-	-	972,458	985,327	3,868,506
7,191	50,289	117,592	-	-	(815,020)	(966,134)	646,389
-	-	-	-	-	850,000	1,158,827	2,008,827
(211,846)	-	-	-	-	-	-	(1,117,184)
(211,846)	-	-	-	-	850,000	1,158,827	891,643
(204,655)	50,289	117,592	-	-	34,980	192,693	1,538,032
421,068	103,856	576,310	(22,946)	19,988	3,730,562	377,728	10,273,298
\$ 216,413	\$ 154,145	\$ 693,902	\$ (22,946)	\$ 19,988	\$ 3,765,542	\$ 570,421	\$ 11,811,330

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Streets Projects - Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Gas tax	\$ 599,500	\$ 599,500	\$ 596,475	\$ (3,025)
Use of money and property	(142,000)	(142,000)	7,163	149,163
Total revenues	457,500	457,500	603,638	146,138
EXPENDITURES:				
Current:				
Street improvement	440,000	440,000	450,145	(10,145)
Total expenditures	440,000	440,000	450,145	(10,145)
REVENUES OVER (UNDER)	17,500	17,500	153,493	135,993
EXPENDITURES				
Net change in fund balances	\$ 17,500	\$ 17,500	153,493	\$ 135,993
FUND BALANCES:				
Beginning of year			246,688	
End of year			\$ 400,181	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Schoolmates Program - Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 40,000	\$ 40,000	\$ 107,648	\$ 67,648
Current service charges	1,431,000	1,481,000	1,772,646	291,646
Total revenues	1,471,000	1,521,000	1,880,294	359,294
EXPENDITURES:				
Current:				
Recreation	1,443,344	1,466,698	1,081,783	384,915
Total expenditures	1,443,344	1,466,698	1,081,783	384,915
REVENUES OVER (UNDER)				
EXPENDITURES	27,656	54,302	798,511	744,209
OTHER FINANCING SOURCES (USES):				
Transfers out	(27,000)	(32,000)	(28,313)	3,687
Total other financing sources (uses)	(27,000)	(32,000)	(28,313)	3,687
Net change in fund balances	\$ 656	\$ 22,302	770,198	\$ 747,896
FUND BALANCES:				
Beginning of year			1,786,350	
End of year			\$ 2,556,548	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Measure D - Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 3,293	\$ 2,293
Other revenues	35,000	35,000	30,164	(4,836)
Total revenues	36,000	36,000	33,457	(2,543)
EXPENDITURES:				
Current:				
Public works	36,500	36,500	6,076	30,424
Total expenditures	36,500	36,500	6,076	30,424
REVENUES OVER (UNDER)				
EXPENDITURES	(500)	(500)	27,381	27,881
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(20,000)	(36,511)	(16,511)
Total other financing sources (uses)	-	(20,000)	(36,511)	(16,511)
Net change in fund balances	\$ (500)	\$ (20,500)	(9,130)	\$ 11,370
FUND BALANCES:				
Beginning of year			61,930	
End of year			\$ 52,800	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Measure BB Sales Tax - Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,125,000	\$ 1,125,000	\$ 1,071,479	\$ (53,521)
Use of money and property	25,000	25,000	104,827	79,827
Total revenues	1,150,000	1,150,000	1,176,306	26,306
EXPENDITURES:				
Capital outlay	1,125,000	1,825,000	186,453	1,638,547
Total expenditures	1,125,000	1,825,000	186,453	1,638,547
REVENUES OVER (UNDER)				
EXPENDITURES	25,000	(675,000)	989,853	1,664,853
Net change in fund balances	\$ 25,000	\$ (675,000)	989,853	\$ 1,664,853
FUND BALANCES:				
Beginning of year			1,709,357	
End of year			\$ 2,699,210	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

COPS - Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ -	\$ 100,000	\$ 134,335	\$ 34,335
Use of money and property	10,000	10,000	22,136	12,136
Total revenues	10,000	110,000	156,471	46,471
EXPENDITURES:				
Current:				
Public safety:				
Police services	320,000	115,000	42,176	72,824
Capital outlay	60,000	60,000	107,104	(47,104)
Total expenditures	380,000	175,000	149,280	25,720
REVENUES OVER (UNDER)				
EXPENDITURES	(370,000)	(65,000)	7,191	72,191
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(240,000)	(211,846)	28,154
Total other financing sources (uses)	-	(240,000)	(211,846)	28,154
Net change in fund balances	\$ (370,000)	\$ (305,000)	(204,655)	\$ 100,345
FUND BALANCES:				
Beginning of year			421,068	
End of year			\$ 216,413	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Measure F - Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 44,441	\$ 4,441
Use of money and property	1,000	1,000	5,848	4,848
Total revenues	41,000	41,000	50,289	9,289
EXPENDITURES:				
Capital outlay	40,000	40,000	-	40,000
Total expenditures	40,000	40,000	-	40,000
REVENUES OVER (UNDER)				
EXPENDITURES	1,000	1,000	50,289	49,289
Net change in fund balances	\$ 1,000	\$ 1,000	50,289	\$ 49,289
FUND BALANCES:				
Beginning of year			103,856	
End of year			\$ 154,145	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Athletic Facility Preservation - Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 32,588	\$ 22,588
Current service charges	68,000	68,000	82,588	14,588
Contributions and donations	30,000	30,000	39,400	9,400
Total revenues	108,000	108,000	154,576	46,576
EXPENDITURES:				
Current:				
Recreation	42,000	42,000	36,984	5,016
Total expenditures	42,000	42,000	36,984	5,016
REVENUES OVER (UNDER)				
EXPENDITURES	66,000	66,000	117,592	51,592
Net change in fund balances	\$ 66,000	\$ 66,000	117,592	\$ 51,592
FUND BALANCES:				
Beginning of year			576,310	
End of year			\$ 693,902	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Equipment Replacement - Capital Projects

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 85,000	\$ 85,000	\$ 157,438	\$ 72,438
Total revenues	85,000	85,000	157,438	72,438
EXPENDITURES:				
Current:				
Administration	54,840	54,840	41,677	13,163
Public safety:				
Police services	12,000	-	-	-
Capital outlay	1,528,335	1,076,335	930,781	145,554
Total expenditures	1,595,175	1,131,175	972,458	158,717
REVENUES OVER (UNDER)				
EXPENDITURES	(1,510,175)	(1,046,175)	(815,020)	231,155
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	850,000	850,000
Total other financing sources (uses)	-	-	850,000	850,000
Net change in fund balances	\$ (1,510,175)	\$ (1,046,175)	34,980	\$ 1,081,155
FUND BALANCES:				
Beginning of year			3,730,562	
End of year			<u>\$ 3,765,542</u>	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Facilities Maintenance - Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 15,000	\$ 15,000	\$ 19,193	\$ 4,193
Total revenues	15,000	15,000	19,193	4,193
EXPENDITURES:				
Current:				
Administration	23,000	23,000	46,913	(23,913)
Public works	68,000	68,000	39,496	28,504
Public safety:				
Police services	21,000	21,000	39,418	(18,418)
Fire services	13,000	13,000	46,137	(33,137)
Recreation	257,500	257,500	403,136	(145,636)
Capital outlay	700,000	700,000	410,227	289,773
Total expenditures	1,082,500	1,082,500	985,327	97,173
REVENUES OVER (UNDER)				
EXPENDITURES	(1,067,500)	(1,067,500)	(966,134)	101,366
OTHER FINANCING SOURCES (USES):				
Transfers in	1,132,000	882,000	1,158,827	276,827
Total other financing sources (uses)	1,132,000	882,000	1,158,827	276,827
Net change in fund balances	\$ 64,500	\$ (185,500)	192,693	\$ 378,193
FUND BALANCES:				
Beginning of year			377,728	
End of year			\$ 570,421	

City of Piedmont

Internal Service Funds

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

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

This page intentionally left blank

City of Piedmont
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Workers' Compensation	Insurance Liabilities	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 2,213,969	\$ 545,840	\$ 2,759,809
Total current assets	2,213,969	545,840	2,759,809
Total assets	2,213,969	545,840	2,759,809
LIABILITIES			
Current liabilities:			
Accounts payable	94,300	47,923	142,223
Claims payable - current	128,708	306,323	435,031
Total current liabilities	223,008	354,246	577,254
Noncurrent liabilities:			
Claims payable	1,242,292	(70,323)	1,171,969
Total noncurrent liabilities	1,242,292	(70,323)	1,171,969
Total liabilities	1,465,300	283,923	1,749,223
NET POSITION			
Unrestricted	748,669	261,917	1,010,586
Total net position	\$ 748,669	\$ 261,917	\$ 1,010,586

City of Piedmont
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2025

	Workers' Compensation	Insurance Liabilities	Totals
OPERATING REVENUES:			
Total operating revenues	\$ -	\$ -	\$ -
OPERATING EXPENSES:			
Insurance and claims expense	1,446,324	1,862,704	3,309,028
Total operating expenses	1,446,324	1,862,704	3,309,028
Operating income (loss)	(1,446,324)	(1,862,704)	(3,309,028)
NONOPERATING REVENUES (EXPENSES):			
Other income (expense)	1,446,324	1,862,704	3,309,028
Total nonoperating revenues (expenses)	1,446,324	1,862,704	3,309,028
Income before contributions and transfers	-	-	-
CONTRIBUTIONS AND TRANSFERS:			
Total contributions and transfers	-	-	-
Change in net position	-	-	-
NET POSITION:			
Beginning of year	748,669	261,917	1,010,586
End of year	\$ 748,669	\$ 261,917	\$ 1,010,586

City of Piedmont
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2025

	Workers' Compensation	Insurance Liabilities	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Claims and premiums paid	\$ (1,303,916)	\$ (1,830,529)	\$ (3,134,445)
Net cash provided by (used in) operating activities	(1,303,916)	(1,830,529)	(3,134,445)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Other income	1,446,324	1,862,704	3,309,028
Net cash provided by (used in) noncapital financing activities	1,446,324	1,862,704	3,309,028
Net cash flows	142,408	32,175	174,583
CASH AND INVESTMENTS - Beginning of year	2,071,561	513,665	2,585,226
CASH AND INVESTMENTS - End of year	\$ 2,213,969	\$ 545,840	\$ 2,759,809
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,446,324)	\$ (1,862,704)	\$ (3,309,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Increase (decrease) in accounts payable	44,408	47,521	91,929
Increase (decrease) in claims payable	98,000	(15,346)	82,654
Net cash provided by (used in) operating activities	\$ (1,303,916)	\$ (1,830,529)	\$ (3,134,445)

This page intentionally left blank

City of Piedmont General Fund

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

General Fund

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

Deposits and Bonds

Accounts for the receipt and use of deposits held by the City.

Traffic Safety

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

Pension Rate Stabilization

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

This page intentionally left blank

City of Piedmont
Combining Balance Sheet
General Fund
June 30, 2025

	General Fund	Deposits and Bonds	Traffic Safety	Pension Rate Stabilization	Total General Fund
ASSETS					
Cash and investments	\$ 8,494,329	\$ 419,002	\$ 43,513	\$ -	\$ 8,956,844
Restricted cash and investments	-	-	-	5,218,407	5,218,407
Receivables:					
Accounts receivable	2,356,955	-	313	-	2,357,268
Interest receivable	119,730	-	-	-	119,730
Leases receivable	152,934	-	-	-	152,934
Prepaid expenses	102,760	-	-	-	102,760
Due from other funds	22,946	-	-	-	22,946
Total assets	\$ 11,249,654	\$ 419,002	\$ 43,826	\$ 5,218,407	\$ 16,930,889
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,325,217	\$ 2,185	\$ 1,825	\$ -	\$ 1,329,227
Accrued wages and benefits	672,954	-	-	-	672,954
Deposits payable	2,540	416,817	-	-	419,357
Unearned revenue	1,796,484	-	-	-	1,796,484
Total liabilities	3,797,195	419,002	1,825	-	4,218,022
Deferred Inflows of Resources:					
Leases	158,616	-	-	-	158,616
Total deferred inflows of resources	158,616	-	-	-	158,616
Fund Balances:					
Nonspendable	102,760	-	-	-	102,760
Restricted	-	-	-	5,218,407	5,218,407
Unassigned	7,191,083	-	42,001	-	7,233,084
Total fund balances	7,293,843	-	42,001	5,218,407	12,554,251
Total liabilities, deferred inflows of resources and fund balances	\$ 11,249,654	\$ 419,002	\$ 43,826	\$ 5,218,407	\$ 16,930,889

City of Piedmont

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

General Fund

For the year ended June 30, 2025

	General Fund	Deposits and Bonds	Traffic Safety	Pension Rate Stabilization	Total General Fund
REVENUES:					
Property tax	\$ 18,920,860	\$ -	\$ -	\$ -	\$ 18,920,860
Sales tax	219,837	-	-	-	219,837
Franchise tax	600,913	-	-	-	600,913
Utility users tax	1,547,283	-	-	-	1,547,283
Real property transfer tax	4,515,282	-	-	-	4,515,282
Business license and rental tax	717,965	-	-	-	717,965
Licenses and permits	872,697	-	-	-	872,697
Intergovernmental	4,064,241	-	-	-	4,064,241
Use of money and property	1,030,299	-	41	420,375	1,450,715
Current service charges	5,543,832	-	-	-	5,543,832
Parcel tax	2,690,645	-	-	-	2,690,645
Contributions and donations	-	-	56,745	-	56,745
Other revenues	288,356	-	-	-	288,356
Total revenues	41,012,210	-	56,786	420,375	41,489,371
EXPENDITURES:					
Current:					
Administration	4,918,153	-	-	-	4,918,153
Public works	6,681,048	-	-	-	6,681,048
Public safety:					
Police services	8,388,904	-	16,530	-	8,405,434
Fire services	8,916,369	-	-	-	8,916,369
Recreation	4,193,032	-	-	-	4,193,032
Nondepartmental	4,193,520	-	-	-	4,193,520
Capital outlay	473,410	-	-	-	473,410
Debt service - principal	432,291	-	-	-	432,291
Total expenditures	38,196,727	-	16,530	-	38,213,257
REVENUES OVER (UNDER)					
EXPENDITURES	2,815,483	-	40,256	420,375	3,276,114
OTHER FINANCING SOURCES (USES)					
Transfers in	1,211,356	-	-	-	1,211,356
Transfers out	(5,260,207)	-	(40,000)	-	(5,300,207)
Total other financing sources (uses)	(4,048,851)	-	(40,000)	-	(4,088,851)
Net change in fund balances	(1,233,368)	-	256	420,375	(812,737)
FUND BALANCES:					
Beginning of year	8,527,211	-	41,745	4,798,032	13,366,988
End of year	\$ 7,293,843	\$ -	\$ 42,001	\$ 5,218,407	\$ 12,554,251

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 15, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

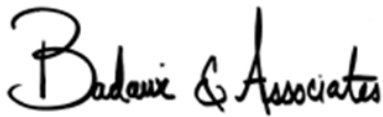
To the Honorable Mayor and Members of City Council
of the City of Piedmont
Piedmont, California
Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Emeryville, California
January 15, 2026

City of Piedmont
Schedule of Findings
For the year ended June 30, 2025

Current Year Findings

A. Financial Statement Audit Finding

None reported.

Prior Year Findings

A. Financial Statement Audit Finding

2024-001: Information Technology Control (Significant Deficiency)

Criteria:

The City is responsible for an effective internal control system for software applications that involve financial transactions.

Condition:

As part of our audit, we noted the following matters related to the City's general information technology controls across critical applications, such as Caselle in the Finance Division, Community Pass in the Recreation Department, and ComDev in the Planning and Building Department:

1. User Provisioning and Termination Process

The lack of a formal process for granting and revoking access to the aforementioned applications increases the risk of inappropriate access, particularly when employees join, leave, or change roles. Without formal procedures, there is no guarantee that user access is appropriately managed, monitored, and terminated in a timely manner, potentially leaving sensitive data vulnerable to misuse.

2. Password Security in ComDev

The current version of the ComDev application does not enforce password requirements that align with minimum or best industry practices. This oversight weakens the security posture of the system, exposing it to higher risks of unauthorized access and potential data breaches.

3. Segregation of Duties (SOD) Risk

The Finance Director is currently designated as the super user with admin-level access to all the aforementioned applications. This role concentration creates a conflict of interest and introduces segregation of duties (SOD) risks, as the individual responsible for overseeing financial activities also has the ability to configure and manage the applications. This overlap between administrative and financial duties can lead to unauthorized changes to financial data or the system, circumventing critical controls that are meant to protect the integrity of financial reporting.

Prior Year Findings, Continued

A. Financial Statement Audit Finding, Continued

2024-001: Information Technology Control (Significant Deficiency), Continued

4. Absence of SOC Report Evaluations

There is no evidence that management or the IT contractor performs SOC (System and Organization Controls) report evaluations over the control objectives, audit opinions, and complementary user entity controls for the SaaS applications in use. Without a thorough evaluation of the relevant SOC reports, management cannot be assured that third-party service providers are maintaining the necessary security and control measures to safeguard data and operations.

Cause:

The City's internal controls for financial transactions involving its software applications are not comprehensive and raise the concern of inappropriate access.

Effect:

The identified issues create multiple vulnerabilities, including unauthorized access, potential data breaches, and inadequate security controls. The lack of a formalized access management process and the absence of industry-standard password protections expose the City to a higher likelihood of data compromise. The concentration of admin-level access with the Finance Director creates a significant risk of conflicts of interest, which could result in manipulation or misuse of sensitive financial information. Moreover, failure to review SOC reports means that management cannot ensure that their third-party service providers maintain adequate controls to protect critical data.

Recommendation:

1. **Implement a formal user provisioning and termination process for all aforementioned applications**, ensuring that access is granted, modified, and revoked in a timely and controlled manner. This should include role-based access controls (RBAC) and a mechanism to ensure that no users retain access after their employment or role changes.
2. **Update the ComDev application** to enforce strong password policies, aligning with best industry practices for password length, complexity, and expiration.
3. **Limit admin-level access** to the IT team or designated control owners who are independent of financial operations to mitigate SOD risks. Conduct a comprehensive review of access permissions to ensure that users have only the necessary privileges to perform their job functions.
4. **Implement a process for evaluating SOC reports** for all relevant SaaS providers, ensuring that their controls meet the City's security and compliance requirements. Management should evaluate the SOC reports at least annually or whenever there are significant changes in the service providers' systems or controls.

City of Piedmont
Schedule of Findings
For the year ended June 30, 2025

Prior Year Findings, Continued

A. Financial Statement Audit Finding, Continued

2024-001: Information Technology Control (Significant Deficiency), Continued

Management Response:

Terminations: By August 30, 2025, the City will deny all access for terminated employees by setting the account to inactive, locking the account, and enabling the deny access option to ensure proper access control.

Passwords: The City will work with the its IT team to develop a plan to address the establishment of 4-digit passwords. Since this change will impact all users and require update to existing passwords, the City will develop a plan for implementation no later than December 30, 2025.

Admin Level - Finance Director: The City will work with its IT team to develop a plan consistent with Caselle's recommendation and that will address the segregation of duties conflict by the end of December 2025.

Status:

Implemented.