City of Piedmont
COUNCIL AGENDA REPORT

DATE: March 20, 2023

TO: Mayor and Council

FROM: Sara Lillevand, City Administrator

SUBJECT: Consideration of the Acceptance of the 2021-2022 Audited Financial Statements

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RECOMMENDATION

Review and accept the City's independent auditor's reports for 2021-2022:

a) Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022
b) Measure B Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022
c) Measure BB Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022
d) Measure F Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022

BACKGROUND

The City's independent auditor, Mann-Urrutia-Nelson CPAs & Associates, LLP (MUN), has completed the audit of the City's financial statements and provided auditor's reports for the fiscal year ended June 30, 2022. The Finance Department is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The Audit Committee, consisting of Vice Mayor Betsy Andersen and Councilmember Conna McCarthy, met with the audit partner and City staff on March 13, 2023 to discuss the auditor's financial report and recommendations regarding internal control.

The Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022 contains a number of sections. These include the Independent Auditor's Report, Management's Discussion and Analysis, individual financial statements, Notes to the Basic Financial Statements, and the Required Supplemental Information. The audit partner from MUN will be available at the March 20, 2023 City Council meeting to answer any questions.

DISCUSSION

The audit addresses the City's general financial statements and the Measure B, Measure BB, and Measure F sales tax special revenue funds. The audits found no exception to conformance with generally accepted accounting principles and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General.

MUN opined that the general purpose financial statements present fairly, in all material ways, the City's financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2022. The audited financial statements include the statement of net position, statement of activities and changes in net position, balance sheets, statements of revenues, expenditures, and changes in fund balances, and statements of cash flows.

In summary, the City received a clean audit opinion, with no material weaknesses, no significant deficiencies, nor any compliance exceptions. For an overview of the Annual Financial Statements and Independent Auditor's Report, see the Management's Discussion and Analysis beginning on page 4 of the report

By: Michael Szczech, Finance Director

ATTACHMENTS

A. Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022
B. Auditor's Letter on Compliance and Internal Control
C. Measure B Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022
D. Measure BB Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022
E. Measure F Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2022
F. Appropriations Limit Calculation as of June 30, 2023
G. Management Letter
H. Letter Communicating with Those Charged with Governance

City of Piedmont

Financial Statements

and

Independent Auditor's Report

For the Year Ended

June 30, 2022

CITY OF PIEDMONT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mann, Urrutia, Nelson CPA's

Sacramento, California
March 13, 2023

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

The Management's Discussion and Analysis (MD&A) provides an overview of the City of Piedmont's activities and financial performance for the fiscal year ended June 30, 2022. To obtain a complete picture of the City's financial condition, this narrative overview and analysis should be read in conjunction with the accompanying Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Government-wide

- Net position is defined as the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources. As of June 30, 2022, the City's government-wide net position amounted to a positive balance of $53,507,393. This represents an increase of $7,551,073 from the June 30, 2021 balance of $45,956,320.
    - Governmental activities of $42,546,922 accounts for 80% of total net position.
    - Business-type activities of $10,960,471 accounts for 20% of total net position.
- Deferred Outflows of Resources represent a consumption of net position or fund balance that applies to a future period. Of the $10,778,291 in Deferred Outflows of Resources, $4,176,329 includes contribution payments made to CalPERS during fiscal year 2021-22, as well as changes in the net pension liability totaling $4,281,547 and changes in the net pension asset - police & fire totaling $791,113. As allowed by GASB No. 68, the CalPERS measurement date is June 30, 2021 and contributions subsequent to the measurement date are reflected as a deferred outflow. The remaining $1,529,302 in Deferred Outflows of Resources relates to changes in the Net OPEB liability.
- Deferred Inflows of Resources represent an acquisition of net position or fund balance that applies to a future period and amounts to $19,529,532. The deferred Inflows include deferrals due to changes in the net pension liability and net OPEB liability and deferrals related to leases. Notes 3, 8, 9 and 10 discuss the impacts of these changes to net position.
- Net position increased by $7,551,073 due to the following factors:
    - Net investment in capital assets increased $1,722,658 to $43,966,299 due to the following:
        - Governmental activities increased by $1,329,841 due primarily to the capital improvement of streets and sidewalks, which were greater than annual depreciation.
        - Business-type activities increased $392,817 due primarily to additions to the aquatics construction in progress and the purchase of sewer related heavy equipment, offset by depreciation.
    - Unrestricted net position increased by $5,274,977 to $2,007,606 due to the following:
        - Total revenues from governmental activities increased $1,780,000 to $38,221,000 primarily due to an increase in Charges for Services primarily due to the increase in recreational programs as COVID-19 health restrictions waned and increased property tax receipts.
        - Decrease in pension liabilities.
        - Offset by:
            - Increased personnel related expenses primarily due to salary, wage, and benefit increases per collective bargaining agreements.
    - As of June 30, 2022, capital assets, net of depreciation, amount to $51,066,877 and are reported in the Statement of Net Position.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Fund level

- Governmental fund balances increased $2,387,811 to $29,901,008. Of this amount, the unassigned fund balance was $7,363,489, a decrease of $78,807 from the prior year.
- Enterprise fund net position decreased $462,730 to $10,960,471. Of this amount, net investment in capital assets totaled $11,846,201, an increase of $392,817 from the prior year.

Fiduciary funds

- The trust funds net position decreased $4,244,804 to $25,597,392. The trust funds represent the police and fire pension plan and OPEB for $14,766,141 and $10,831,251, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include administration, public works, public safety, and recreation. The business-type activities of the City include sewer and aquatics. The government-wide financial statements can be found on pages 15 - 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Piedmont can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. The City also reports Equipment Replacement and Facilities Maintenance funds as major funds. Data for these funds are also presented separately. Data from the other thirteen governmental funds are combined and aggregated on the above mentioned statements. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17 - 20 of the report.

Proprietary funds

The City maintains two different types of proprietary funds, enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Piedmont uses an enterprise fund to account for its sewer and aquatic activity. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Piedmont's various functions. The City uses internal service funds to account for its insurance activity. The Sewer and Aquatic Funds are included within the *business-type activities* and Internal Service Funds have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 21 - 24 of this report.

Fiduciary funds

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

The basic fiduciary fund financial statements can be found on pages 25 - 26 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 - 67 of this report.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* consisting of budgetary comparison schedules for the General Fund, pension required schedules, and OPEB required schedules. Required supplementary information can be found on pages 68 - 76 of this report.

Other information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 79 - 106 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Piedmont, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $53,507,393 at the close of the most recent year.

GASB No. 68 has a material impact on the City's financial statements, since it sets standards for measuring and recognizing assets, liabilities, and impact to net position, as well as, expands the note disclosures regarding the City's pension systems. GASB No. 68 requires the City to include pension assets of the Police & Fire Pension Trust and the liabilities of the City's CalPERS pension in the financial statements. The impact is shown in the negative unrestricted net position in the table below.

GASB No. 75 has a material impact on the City's financial statements, since it sets standards for measuring and recognizing assets, liabilities, and impact to net position, as well as, expands the note disclosures regarding the City's OPEB plan. GASB No. 75 requires the City to include the liabilities of the City's OPEB plan in the financial statements. The impact is shown in the negative unrestricted net position in the table below.

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Statement of Net Position
As of June 30, 2022 and 2021
(in thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2022	2021	Net Change	2022	2021	Net Change	2022	2021	Net Change
ASSETS									
Current and other assets	$ 38,819	$ 33,145	$ 5,674	$ 25,650	$ 2,539	$ 23,111	$ 64,469	$ 35,684	$ 28,785
Noncurrent assets	45,561	46,576	(1,015)	18,947	17,655	1,292	64,508	64,231	277
Total Assets	84,380	79,721	4,659	44,597	20,194	24,403	128,977	99,915	29,062
Deferred Outflows of Resources	10,249	8,868	1,381	529	521	8	10,778	9,389	1,389
LIABILITIES									
Long-term liabilities	25,962	39,277	(13,315)	31,720	7,895	23,825	57,682	47,172	10,510
Other liabilities	7,368	4,447	2,921	1,668	887	781	9,036	5,334	3,702
Total Liabilities	33,330	43,724	(10,394)	33,388	8,782	24,606	66,718	52,506	14,212
Deferred Inflows of Resources	18,752	10,333	8,419	778	510	268	19,530	10,843	8,687
NET POSITION									
Net investment in capital assets	32,120	30,790	1,330	11,846	11,453	393	43,966	42,244	1,722
Restricted	7,534	6,980	554	-	-	-	7,534	6,980	554
Unrestricted	2,893	(3,237)	6,130	(886)	(30)	(856)	2,007	(3,267)	5,274
Total Net Position	$ 42,547	$ 34,533	$ 8,014	$ 10,960	$ 11,423	$ (463)	$ 53,507	$ 45,957	$ 7,550

At the end of the fiscal year, the City is able to report a positive net position for Governmental and Business-type Activities and as a whole. The change in net position is mentioned in the financial highlight section above.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Changes in Net Position
For the Years Ended June 30, 2022 and 2021
(in thousands)

	Governmental Activities			Business-Type Activities		
	2022	2021	Net Change	2022	2021	Net Change
REVENUES:						
Program revenues						
Charges for services	$ 6,963	$ 4,673	$ 2,290	$ 2,801	$ 2,749	$ 52
Operating grants and contributions	2,887	2,561	326	-	-	-
General revenues						
Taxes and fees	28,913	28,303	610	-	-	-
Investment earnings	(930)	740	(1,670)	(502)	15	(517)
Other revenue	388	388	-	-	-	-
Transfers	-	(224)	224	-	224	(224)
Total Revenues	38,221	36,441	1,780	2,299	2,988	(689)
EXPENSES:						
Administration	3,359	3,706	(347)	-	-	-
Public works	5,546	4,679	867	-	-	-
Street improvement	678	805	(127)	-	-	-
Safety: police	6,376	6,571	(195)	-	-	-
Safety: fire	6,175	6,946	(771)	-	-	-
Recreation	4,880	3,497	1,383	-	-	-
NonDepartmental	3,193	2,876	317	-	-	-
Sewer	-	-	-	1,837	1,668	169
Aquatics	-	-	-	925	232	693
Total Expenses	30,207	29,080	1,127	2,762	1,900	862
Change in net position	8,014	7,361	653	(463)	1,088	(1,551)
Net position - beginning	34,533	27,173	7,360	11,423	10,335	1,088
Net position - ending	$ 42,547	$ 34,534	$ 8,013	$ 10,960	$ 11,423	$ (463)

Governmental Activities. On a full accrual basis, governmental activities increased the City of Piedmont's net position by $8,013,803 primarily due to increased tax revenues and charges for services.

Business-type Activities. Business-type activities decreased the City of Piedmont's net position due to debt service expenditures related to the issuance of GO bonds for the construction of the new community pool, unrealized investment losses, and the accelerated depreciation of the old community pool.

Financial Analysis of the Government's Funds

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

Governmental funds.

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $29,901,008, an increase of $2,387,811 compared with the prior year. A total of $7,363,489, approximately 25%, constitutes unassigned General Fund balance.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance and unassigned fund balance of the General Fund were $11,476,529 and $7,363,489, respectively. As a measure of the General Fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to total fund expenditures. Total fund balance and unassigned fund balance are 37% and 24% of total General Fund expenditures, respectively. During the current fiscal year, the fund balance of the City's general fund increased by $272,047.

General Fund revenues totaled $34,964,871, an increase of $1,032,524 from the prior year. The primary reasons for this change are:

- Service charge revenue increased $1,202,241 from the prior year primarily due to an increase in recreational programming as COVID-19 health restrictions waned and higher planning and building charges as construction/remodeling activity increased.
- Property tax revenues increased $781,050 to $16,223,543 due to the standard maximum 2% annual assessment increase and supplemental receipts for the increase in the assessed annual valuation of homes sold.

Offset by:

- Real Property Transfer Tax revenue decreased by $305,445 as the real estate market weakened after a record year of home sales.

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
2012-13	155	$1,582,243	$3,186,001
2013-14	168	$1,839,248	$4,001,012
2014-15	154	$1,971,270	$3,901,252
2015-16	120	$1,836,197	$3,117,999
2016-17	127	$2,138,872	$3,522,078
2017-18	132	$2,278,523	$3,845,198
2018-19	122	$2,424,600	$3,819,816
2019-20	108	$2,574,599	$3,602,634
2020-21	170	$2,847,358	$6,286,601
2020-21	152	$3,090,990	$5,981,156

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

General fund expenditures totaled $30,777,605, an increase of $4,038,002 from the prior year. The increase is due primarily to the following:

- Administration expenses decreased $93,892 primarily due to:
  - $117,000 decrease in costs related to collective bargaining as all labor contracts were finalized in fiscal year 2020-2021.
  - $50,000 decrease in recruiting costs as all top level positions were filled in the prior year.
  - As fiscal year 221-22 was not an election year, there was a $45,000 decrease in election related expenses.
  - Offset by:
    - $95,000 increase in legal and consulting expenses primarily related to human resource policy issues.
- Public Works expenses increased $1,314,432 primarily due to:
  - Consulting expenses increased approximately $530,000 to assist with the Housing Element and various planning and building department projects.
  - $478,000 increase in personnel related expenses due to increases in salary and pension related costs.
  - The City incurred an additional $260,000 in third party costs to assist in working through a large building permit backlog caused by increased volume.
- Police expenses increased $784,508 primarily due to:
  - $423,000 increase in personnel related expenses due to salary increases and pension related costs.
  - Contract services costs increased $206,000 as both the automated license plate readers and body camera programs were converted to long-term maintenance contracts. Previously, the units were replaced when needed and paid from the equipment replacement fund.
- Fire expenses increased $823,754 primarily due to higher personnel related costs, including salary, overtime, benefits, and pension costs. In addition, operating costs increased due to training and contract services.
- Recreation expenses increased $891,317 as recreation programs and facility rentals returned to a normal pre-COVID-19 state. This increase was more than offset by the revenue generated from the increased activity.
- Non-Departmental expenses increased $317,883 primarily due to:
  - $242,000 increase in Workers' Compensation and General Liability premiums and claim payments.
  - $100,000 of ARPA receipts were used to aid the Piedmont Unified School District in their COVID-19 program.
  - $96,000 increase in retiree medical insurance premiums due to an increase in benefits and the number of retiree's.
- Offset by:
  - $117,000 decline in Unemployment Insurance payments as previously furloughed recreation employees returned to work.

Equipment Replacement Fund

The Equipment Replacement Fund is used to replace the capital assets of the City. The fund balance of the Equipment Replacement Fund increased $994,492 to $4,091,592. The City Council authorized transfers from the General Fund and Projects and Services Fund to the Equipment Replacement Fund for $1,361,390 to fund necessary future capital needs.

Purchases during the fiscal year totaled $338,711. Major items include the implementation and upgrading of the City's various operating systems, including an upgraded system which tracks permitting activity, business licenses, and real estate taxes; a GIS system; and a safety timekeeping system. In addition, two safety vehicles were purchased.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Facilities Maintenance Fund

The Facilities Maintenance Fund is used to maintain the City's facilities, primarily its buildings and parks. The fund balance of the Facilities Maintenance Fund increased $982,876 to $10,322,584. The City Council authorized transfers from the General Fund, Projects and Services Fund and Schoolmates Program Fund to Facilities Maintenance Fund for $2,840,854 to fund necessary future capital.

The Facilities Maintenance Fund expenditures totaled $1,749,267 and included approximately $937,000 for the repair and/or replacement of sidewalks, $124,000 to resurface tennis courts, and the remainder for various repairs, maintenance and improvements to the City's parks and municipal buildings, primarily the Community Hall and City Hall.

Proprietary Funds

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

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 $920,078 to $12,141,692. This total increase offsets the net capital improvements of the sewer system which increased $61,676 to $17,355,404. The unrestricted net position of the Sewer Fund increased $165,685 to $295,491.

The City Council approved loans to the Sewer Fund for $800,000 from the Equipment Replacement Fund and the Facilities Maintenance Fund. The funds are to assist in the completion of rehabilitating the sewer system to cover costs related to design documents so that they can be submitted to apply for a State Water Resources Control Board loan to reimburse for design and construction costs.

Aquatics Fund

The Aquatics Fund is used to account for the operations of the Piedmont Community Pool. The net position of the Aquatics Fund decreased $1,382,808 to $(1,181,221). The pool closed on March 16, 2020 due to COVID-19 County health orders and remains closed to date.

Internal Service Fund

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's original budget of $30,390,242 increased $885,000 to the final amended budget of $31,275,242. The additional appropriations consisted primarily of public safety personnel costs and planning and building consulting services.

The General Fund's actual expenditures of $30,777,605 was less than the final amended budget of $31,275,242.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's total capital assets for its governmental and business-type activities as of June 30, 2022 amount to $51,066,877 (net of accumulated depreciation). Capital assets include land, construction-in-progress, buildings, equipment, and infrastructure. 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 $2,621,316 from $48,445,561 to $51,066,877.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 5,683	$ 5,683	$ -	$ -	$ 5,683	$ 5,683
Construction in progress	485	210	1,591	-	2,076	210
Buildings & improvements	2,733	2,718	-	362	2,733	3,080
Vehicles	1,786	2,009	1,010	493	2,796	2,502
Property and equipment	1,308	1,613	-	-	1,308	1,613
Infrastructure	20,125	18,556	16,346	16,801	36,471	35,357
Total	$ 32,120	$ 30,789	$ 18,947	$ 17,656	$ 51,067	$ 48,445

Additional information on the City of Piedmont's capital assets can be found in Note 5 on pages 47 - 48 of this report.

Long-term Debt

At the end of the current fiscal year, the City had total long-term outstanding debt of $30,679,379, a decrease of $(24,477,459) from the prior fiscal year. The City has sewer loans outstanding for Phase I, Phase II, Phase III, Phase IV, and Phase V of the sewer rehabilitation project with the State of California Water Resources Control Board.

At June 30, 2022, the City's governmental and business-type activities had total long-term debts and obligations as scheduled below.

Type of Indebtedness	Outstanding June 30, 2022	Outstanding June 30, 2021
Business-type Activities		
Sewer Loan - Phase I	$ 140,959	$ 278,614
Sewer Loan - Phase II	273,270	404,927
Sewer Loan - Phase III	461,284	607,609
Sewer Loan - Phase IV	1,007,069	1,102,372
Sewer Loan - Phase V	3,626,621	3,808,398
2021 General Obligation Bonds	25,170,176	-
Total Business-type Activities	30,679,379	6,201,920
Total Outstanding Debt	$ 30,679,379	$ 6,201,920

Additional information about the City's long-term debt can be found in Note 6 on pages 48 - 52 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General Fund

Approximately 70 percent of the City's general revenue sources are property related. The largest portion is property tax revenue, which accounts for approximately 66% of property related revenue. This revenue source has historically been relatively stable, even during periods of economic recession. The average annual growth rate of property tax revenue over the past twenty years is 5.2%. There has not been a year of negative growth over this time frame. In FY 2022-23 property tax revenue is projected to increase 7.0% over FY 2021-22 levels based on the estimated assessed valuations provided by Alameda County.

One of the critical sources of General Fund revenue is the voter approved parcel tax which represents approximately 7% of the General Fund revenues and provides discretionary funding to maintain essential services. In March 2020, Piedmont voters approved a four-year extension of the parcel tax at the current level, plus a maximum annual increase limited to the lower of the Consumer Price Index or 4%. The tax will be imposed from July 1, 2021 through June 30, 2025.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Another critical source of General Fund revenue is the real property transfer tax, which is realized when homes are sold. The City's real estate market has been remarkably healthy throughout the COVID-19 pandemic. The past two years have generated record Transfer Tax receipts, $6.3 million in FY 2020-21 and $6.0 million in FY 2021-22. These receipts represented approximately 17% of General Fund revenues in each of the years. In comparison, the next highest level of receipts was $4.0 million in FY 2013-14. There is no guarantee this favorable trend will continue. Real property transfer tax is an area the City monitors closely as tax receipts will fluctuate since they are dependent on the strength of the real estate market in Piedmont. The economy is now facing serious headwinds with rising inflation and interest rates. This has caused an increase in mortgage rates which can adversely affect the real estate market. This may have a detrimental impact on our transfer tax receipts. Given this, it is prudent to continue treating this revenue source in a conservative manner. We have budgeted $3.4 million for FY 2022-23, which is a 28% decline from the average of the past 5 years.

The City's salary and benefit costs represent approximately 65% of the General Fund. Four-year employee agreements have been finalized for all bargaining units and unrepresented employees for the period July 1, 2021 through June 30, 2025. The agreements provide for salary increases, resets employee contributions for medical benefits, and capped the percentage amount the employees contribute to the CalPERS pension plan. This was necessary to remain competitive in the local labor market and will not adversely affect the City's financial position.

Pension costs and retiree medical costs continue to rise at a faster pace than revenue despite the various measures taken beginning in 2013 to contain these costs, including elimination of employer paid member pension contributions, employee cost sharing of pension costs, and the restructuring of postretirement health insurance benefits. We have budgeted pension and retiree medical expenses at $4.9 million compared to $4.3 million actual last year, an increase of $0.6 million or 14%.

In May 2018, the City established a Pension Rate Stabilization Fund with an initial contribution of $2.0 million. We partnered with the Public Agency Retirement Services (PARS) to establish a Section 115 Trust. The trust will allow us to smooth the effect of rising pension costs which are expected to more than double over the next ten years. Through the deposit of funds into the Section 115 Trust Program, the City could expect to earn a rate of return greater than what would be attained through the City's investment with the State of California Local Agency Investment Fund (LAIF).

An additional $750,000 was transferred into the trust in November 2018 and $1.0 million in November 2021. These additional contributions were in response to the lower than expected investment results at CalPERS in FY 2019-20 and the effect of the changes in their amortization policy. Amortization periods for the Unfunded Accrued Liability have been shortened from 30 years to 20 years, which lowers our overall liability, but increases annual payments. The City closely monitors its pension liability to assure adequate funding is available to meet these rising costs.

As a general practice, in years when revenues exceed budget estimates, the City Council prudently treats the surplus as "onetime" revenue and has directed the funds to address facility maintenance, equipment replacement, and underfunded liabilities. This practice is and will continue to be extremely important to the long-term health of the City, especially when considering an expanded definition of "facilities maintenance" to include such critical civic infrastructure as our streets, sidewalks, storm drains and parks. In FY 2021-22, revenues in excess of the budgeted amount were transferred to the Facilities Maintenance and Equipment Replacement Funds.

Sewer Fund

On August 4, 2014, the United States Environmental Protection Agency (EPA) issued a negotiated Consent Decree (CD). The CD is intended to provide an expanded period of time (21 years) to allow the City to rehabilitate the sewer systems in order to substantially reduce the amount of infiltration and inflow (I&I) in the EBMUD system. The City has divided the project into seven phases. The City has completed Phases I through V. The State Water Resources Control Board (SWRCB) has reimbursed the City for the majority of the costs incurred for all phases by providing funding through low interest rate loans. The City expects to begin design work on Phase VI during FY 2022-23.

REQUESTS FOR INFORMATION

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

CITY OF PIEDMONT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	$ 30,535,053	$ 3,308,250	$ 33,843,303
Restricted cash and investments (Note 2)	4,037,966	22,959,581	26,997,547
Accounts receivable	2,829,802	142,453	2,972,255
Interest receivable	58,376	40,072	98,448
Leases receivable (Note 3)	482,595	-	482,595
Prepaid expenses	75,074	-	75,074
Internal balances	800,000	(800,000)	-
Capital assets (Note 5):			
Land and construction in progress	6,167,830	1,591,375	7,759,205
Depreciable, net of accumulated depreciation	25,952,268	17,355,404	43,307,672
Total capital assets	32,120,098	18,946,779	51,066,877
Net pension asset (Note 9)	13,441,262	-	13,441,262
Total Assets	84,380,226	44,597,135	128,977,361
DEFERRED OUTFLOWS OF RESOURCES			
2022 pension contributions (Note 8)	4,010,996	165,333	4,176,329
Changes in the net pension liability (Note 8)	4,026,453	255,094	4,281,547
Changes in the net pension asset - police & fire (Note 9)	791,113	-	791,113
Changes in the net OPEB liability (Note 10)	1,420,412	108,890	1,529,302
Total Deferred Outflows of Resources	10,248,974	529,317	10,778,291
LIABILITIES			
Cash overdraft	1,916,170	-	1,916,170
Accounts payable	1,011,821	407,382	1,419,203
Accrued wages and benefits	537,580	120	537,700
Accrued interest payable	-	315,852	315,852
Deposit payable	623,319	-	623,319
Unearned revenue	2,241,707	-	2,241,707
Compensated absences (Note 6):			
Due within one year	702,202	44,406	746,608
Due in more than one year	286,328	18,107	304,435
Claims payable (Note 12):			
Due within one year	335,519	-	335,519
Due in more than one year	765,748	-	765,748
Net OPEB liability (Note 10):			
Due in more than one year	8,166,872	798,486	8,965,358
Long-term liabilities (Note 6):			
Due within one year	-	900,478	900,478
Due in more than one year	-	29,778,901	29,778,901
Net pension liability (Note 8):			
Due in more than one year	16,743,199	1,124,530	17,867,729
Total Liabilities	33,330,465	33,388,262	66,718,727
DEFERRED INFLOWS OF RESOURCES			
Leases (Note 3)	475,408	-	475,408
Changes in the net pension liability (Note 8)	13,553,470	460,718	14,014,188
Changes in the net OPEB liability (Note 10)	4,722,935	317,001	5,039,936
Total Deferred Inflows of Resources	18,751,813	777,719	19,529,532
NET POSITION			
Net investment in capital assets	32,120,098	11,846,201	43,966,299
Restricted for:			
Community development	1,654,910	-	1,654,910
Public safety	473,816	-	473,816
Recreation	573,705	-	573,705
Street improvement	793,091	-	793,091
Section 115 pension trust	4,037,966	-	4,037,966
Unrestricted	2,893,336	(885,730)	2,007,606
Total Net Position	$ 42,546,922	$ 10,960,471	$ 53,507,393

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total Primary Government**
PRIMARY GOVERNMENT							
Governmental activities:							
Administration	$ 3,358,733	$ 1,221,392	$ 371,762	$ -	$ (1,765,579)	$ -	$ (1,765,579)
Public works	5,545,491	1,345,702	1,726,732	-	(2,473,057)	-	(2,473,057)
Street improvement	677,812	-	-	-	(677,812)	-	(677,812)
Public safety: police services	6,376,226	217,300	164,309	-	(5,994,617)	-	(5,994,617)
Public safety: fire services	6,175,106	301,944	509,945	-	(5,363,217)	-	(5,363,217)
Recreation	4,880,147	3,876,564	114,361	-	(889,222)	-	(889,222)
Nondepartmental	3,193,414	-	-	-	(3,193,414)	-	(3,193,414)
Total governmental activities	30,206,929	6,962,902	2,887,109	-	(20,356,918)	-	(20,356,918)
Business-type activities:							
Sewer	1,836,543	2,801,437	-	-	-	964,894	964,894
Aquatic	925,375	-	-	-	-	(925,375)	(925,375)
Total business-type activities	2,761,918	2,801,437	-	-	-	39,519	39,519
Total primary government	$ 32,968,847	$ 9,764,339	$ 2,887,109	$ -	(20,356,918)	39,519	(20,317,399)
General revenues:							
Taxes:							
Property tax					16,223,543	-	16,223,543
Sales tax					243,447	-	243,447
Franchise tax					577,096	-	577,096
Utility users tax					1,260,438	-	1,260,438
Real property transfer tax					5,981,156	-	5,981,156
Business license and rental tax					639,921	-	639,921
Parcel tax					2,424,624	-	2,424,624
Paramedic tax					69,502	-	69,502
Motor vehicle license fee					1,493,280	-	1,493,280
Investment earnings					(930,246)	(502,249)	(1,432,495)
Other revenues					387,960	-	387,960
Total general revenues (loss)					28,370,721	(502,249)	27,868,472
Change in net position					8,013,803	(462,730)	7,551,073
Net position - July 1, 2021					34,533,119	11,423,201	45,956,320
Net position - June 30, 2022					$ 42,546,922	$ 10,960,471	$ 53,507,393

CITY OF PIEDMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Equipment Replacement	Facilities Maintenance	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 10,847,355	$ 3,525,827	$ 10,152,209	$ 3,876,824	$ 28,402,215
Restricted cash and investments	4,037,966	-	-	-	4,037,966
Receivables:					
Accounts	2,270,044	-	-	559,758	2,829,802
Interest	30,152	4,604	18,014	5,606	58,376
Leases	482,595	-	-	-	482,595
Prepaid expenses	75,074	-	-	-	75,074
Advances to other funds	-	600,000	200,000	-	800,000
Total Assets	$ 17,743,186	$ 4,130,431	$ 10,370,223	$ 4,442,188	$ 36,686,028
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Cash overdraft	$ 1,748,170	$ -	$ -	$ 168,000	$ 1,916,170
Accounts payable	654,320	38,839	47,639	250,038	990,836
Accrued wages and benefits	525,000	-	-	12,580	537,580
Deposits payable	623,319	-	-	-	623,319
Unearned revenue	2,240,440	-	-	1,267	2,241,707
Total Liabilities	5,791,249	38,839	47,639	431,885	6,309,612
DEFERRED INFLOWS OF RESOURCES					
Leases	475,408	-	-	-	475,408
Total Deferred Inflows of Resources	475,408	-	-	-	475,408
FUND BALANCES					
Nonspendable	75,074	600,000	200,000	-	875,074
Restricted	4,037,966	-	-	3,918,426	7,956,392
Assigned	-	3,491,592	10,122,584	91,877	13,706,053
Unassigned	7,363,489	-	-	-	7,363,489
Total Fund Balances	11,476,529	4,091,592	10,322,584	4,010,303	29,901,008
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 17,743,186	$ 4,130,431	$ 10,370,223	$ 4,442,188	$ 36,686,028

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balances of governmental funds	$ 29,901,008
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of $38,659,887.	32,120,098
Net pension asset related to the police and fire pension plan is not a current financial resource and therefore not reported in the funds.	13,441,262
Deferred outflows related to the 2022 pension contributions were made subsequent to the measurement date.	4,010,996
Deferred outflows related to changes in the net pension liability and net pension asset are not reported in the governmental funds.	4,817,566
Deferred outflows related to changes in the net OPEB liability are not reported in the governmental funds.	1,420,412
Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.	
Compensated absences	(988,530)
Net pension liability	(16,743,199)
Net OPEB liability	(8,166,872)
Deferred inflows related to changes in the net pension liability and asset	(13,553,470)
Deferred inflows related to changes in the net OPEB liability	(4,722,935)
Internal service funds are used by management to charge costs of certain activities such as insurance and employee benefits to individual government funds. The assets and liabilities of the internal service funds are included in the governmental activities of the Statement of Net Position.	
Cash and investments	2,132,838
Accounts payable	(20,985)
Claims payable	(1,101,267)
Net position of governmental activities	$ 42,546,922

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Equipment Replacement	Facilities Maintenance	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	$ 16,223,543	$ -	$ -	$ -	$ 16,223,543
Sales tax	243,447	-	-	-	243,447
Franchise tax	577,096	-	-	-	577,096
Utility users tax	1,260,438	-	-	-	1,260,438
Real property transfer tax	5,981,156	-	-	-	5,981,156
Business license and rental tax	639,921	-	-	-	639,921
Gas tax	-	-	-	495,969	495,969
Licenses and permits	766,034	-	-	-	766,034
Intergovernmental	2,608,811	-	-	909,124	3,517,935
Use of money and property	(114,735)	(28,187)	(108,711)	(32,935)	(284,568)
Current service charges	4,180,225	-	-	1,158,323	5,338,548
Measure B tax	-	-	-	432,302	432,302
Parcel tax	2,424,624	-	-	-	2,424,624
Contributions and donations	27,991	-	-	188,336	216,327
Other revenues	146,320	-	-	241,640	387,960
Total Revenues	34,964,871	(28,187)	(108,711)	3,392,759	38,220,732
EXPENDITURES					
Current:					
Administration	3,489,246	43,587	44,472	-	3,577,305
Public works	5,784,643	-	7,728	60,591	5,852,962
Street improvement	-	-	-	204,879	204,879
Public safety:					
Police services	7,314,969	-	17,074	29,941	7,361,984
Fire services	7,699,046	-	12,972	-	7,712,018
Recreation	3,296,287	-	263,756	753,765	4,313,808
Nondepartmental	3,193,414	-	-	-	3,193,414
Capital outlay	-	295,124	1,403,265	1,918,162	3,616,551
Total Expenditures	30,777,605	338,711	1,749,267	2,967,338	35,832,921
Excess (Deficiency) of Revenues over Expenditures	4,187,266	(366,898)	(1,857,978)	425,421	2,387,811
OTHER FINANCING SOURCES (USES)					
Transfers in	45,622	1,361,390	2,840,854	-	4,247,866
Transfers out	(3,960,841)	-	-	(287,025)	(4,247,866)
Total Other Financing Sources (Uses)	(3,915,219)	1,361,390	2,840,854	(287,025)	-
Net Change in Fund Balances	272,047	994,492	982,876	138,396	2,387,811
Fund Balances - July 1, 2021	11,204,482	3,097,100	9,339,708	3,871,907	27,513,197
Fund Balances - June 30, 2022	$ 11,476,529	$ 4,091,592	$ 10,322,584	$ 4,010,303	$ 29,901,008

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	$ 2,387,811
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	3,540,792
Depreciation expense	(2,210,951)
Compensated absences expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.	5,987
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Pension expense related to deferred outflows and inflows of resources	2,723,147
Other postemployment benefits	1,567,017
Change in net position of governmental activities	$ 8,013,803

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities			Governmental Activities
	Sewer Fund	**Aquatic Fund**	**Total**	**Internal Service Funds**
ASSETS				
Current Assets				
Cash and investments	$ 3,223,588	$ 84,662	$ 3,308,250	$ 2,132,838
Receivables:				
Accounts, net	142,453	-	142,453	-
Interest	8,974	31,098	40,072	-
Total Current Assets	3,375,015	115,760	3,490,775	2,132,838
Non Current Assets				
Restricted cash and investments	-	22,959,581	22,959,581	-
Capital assets, nondepreciable	-	1,591,375	1,591,375	-
Capital assets, net	17,355,404	-	17,355,404	-
Total Non-Current Assets	17,355,404	24,550,956	41,906,360	-
Total Assets	20,730,419	24,666,716	45,397,135	2,132,838
DEFERRED OUTFLOWS OF RESOURCES				
Changes in the net pension liability	408,228	12,199	420,427	-
Changes in the net OPEB liability	101,507	7,383	108,890	-
Total Deferred Outflows of Resources	509,735	19,582	529,317	-
LIABILITIES				
Current Liabilities				
Accounts payable	154,597	252,785	407,382	20,985
Interest payable	72,102	243,750	315,852	-
Accrued wages and benefits	-	120	120	-
Long-term liabilities - current	900,478	-	900,478	-
Compensated absences - current	44,406	-	44,406	-
Claims payable - current	-	-	-	335,519
Total Current Liabilities	1,171,583	496,655	1,668,238	356,504
Non-Current Liabilities				
Advances from other funds	800,000	-	800,000	-
Long-term liabilities - noncurrent	4,608,725	25,170,176	29,778,901	-
Compensated absences - noncurrent	18,107	-	18,107	-
Claims payable - noncurrent	-	-	-	765,748
Net pension liability	1,048,596	75,934	1,124,530	-
Net OPEB liability	736,651	61,835	798,486	-
Total Non-Current Liabilities	7,212,079	25,307,945	32,520,024	765,748
Total Liabilities	8,383,662	25,804,600	34,188,262	1,122,252
DEFERRED INFLOWS OF RESOURCES				
Changes in the net pension liability	455,057	5,661	460,718	-
Changes in the net OPEB liability	259,743	57,258	317,001	-
Total Deferred Inflows of Resources	714,800	62,919	777,719	-
NET POSITION				
Net investment in capital assets	11,846,201	-	11,846,201	-
Unrestricted	295,491	(1,181,221)	(885,730)	1,010,586
Total Net Position	$ 12,141,692	$ (1,181,221)	$ 10,960,471	$ 1,010,586

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities			Governmental Activities
	Sewer Fund	**Aquatic Fund**	**Total**	**Internal Service Funds**
OPERATING REVENUES				
Charges for services	$ 2,801,437	$ -	$ 2,801,437	$ -
Total Operating Revenue	2,801,437	-	2,801,437	-
OPERATING EXPENSES				
Contract and professional services	466,661	5,031	471,692	-
Services and supplies	56,585	9,298	65,883	-
Salaries and benefits	606,593	47,121	653,714	-
Insurance and claims expense	-	-	-	1,975,314
Depreciation	604,670	361,576	966,246	-
Total Operating Expenses	1,734,509	423,026	2,157,535	1,975,314
Operating Income (Loss)	1,066,928	(423,026)	643,902	(1,975,314)
NON-OPERATING REVENUES (EXPENSES)				
Interest income (loss)	(44,816)	(457,433)	(502,249)	-
Interest expense	(102,034)	(502,349)	(604,383)	-
Other income (expense)	-	-	-	1,975,314
Total Non-Operating Revenues (Expenses)	(146,850)	(959,782)	(1,106,632)	1,975,314
Change in net position	920,078	(1,382,808)	(462,730)	-
Net Position - July 1, 2021	11,221,614	201,587	11,423,201	1,010,586
Net Position - June 30, 2022	$ 12,141,692	$ (1,181,221)	$ 10,960,471	$ 1,010,586

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities			Governmental Activities
	Sewer Fund	Aquatic Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 2,798,686	$ -	$ 2,798,686	$ -
Claims and premium paid	-	-	-	(1,991,248)
Cash paid to suppliers	(413,688)	(50,375)	(464,063)	-
Cash paid to employees	(784,367)	210,993	(573,374)	-
Net Cash Provided by (Used for) Operating Activities	1,600,631	160,618	1,761,249	(1,991,248)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Other income	-	-	-	1,975,314
Net Cash Provided by Non-Capital Financing Activities	-	-	-	1,975,314
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond proceeds	-	25,277,818	25,277,818	-
Acquisition of capital assets	(666,346)	(1,591,375)	(2,257,721)	-
Principal paid on long-term debt	(692,717)	-	(692,717)	-
Interest paid on long-term debt	(110,848)	(366,241)	(477,089)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,469,911)	23,320,202	21,850,291	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	(48,183)	(488,275)	(536,458)	-
Net Cash Used for Investing Activities	(48,183)	(488,275)	(536,458)	-
Net Increase (Decrease) in Cash and Cash Equivalents	82,537	22,992,545	23,075,082	(15,934)
Cash and Cash Equivalents - July 1, 2021	3,141,051	51,698	3,192,749	2,148,772
Cash and Cash Equivalents - June 30, 2022	$ 3,223,588	$ 23,044,243	$ 26,267,831	$ 2,132,838
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and investments	$ 3,223,588	$ 84,662	$ 3,308,250	$ 2,132,838
Restricted cash and investments	-	22,959,581	22,959,581	-
Cash and Cash Equivalents - June 30, 2022	$ 3,223,588	$ 23,044,243	$ 26,267,831	$ 2,132,838

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities			Governmental Activities
	Sewer Fund	Aquatic Fund	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income (Loss)	$ 1,066,928	$ (423,026)	$ 643,902	$ (1,975,314)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	604,670	361,576	966,246	-
Pension and OPEB expense	(181,752)	34	(181,718)	-
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(2,751)	-	(2,751)	-
Increase (decrease) in:				
Accounts payable	109,558	225,322	334,880	5,192
Claims payable	-	-	-	(21,126)
Accrued wages	-	(3,288)	(3,288)	-
Compensated absences	3,978	-	3,978	-
Net Cash Provided by (Used for) Operating Activities	$ 1,600,631	$ 160,618	$ 1,761,249	$ (1,991,248)

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Police and Fire Pension Plan Trust	OPEB Trust	Custodial Fund 2017 Undergrounding Refunding Bond Fund
ASSETS			
Restricted cash (Note 2)	$ -	$ -	$ 385,080
Restricted investments (Note 2)	14,760,036	10,831,251	-
Accounts receivable	-	-	919
Interest receivable	6,105	-	-
Total Assets	14,766,141	10,831,251	385,999
NET POSITION			
Restricted for:			
Police and fire pension	14,766,141	-	-
OPEB	-	10,831,251	-
Individuals, organizations, and other governments	-	-	385,999
Total Net Position	$ 14,766,141	$ 10,831,251	$ 385,999

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Police and Fire Pension Plan Trust	OPEB Trust	Custodial Fund 2017 Undergrounding Refunding Bond Fund
ADDITIONS			
Assessments	$ -	$ -	$ 353,454
Contributions from employees	-	73,106	-
Investment income:			
Net increase (decrease) in fair value of investments	(2,643,922)	(1,728,188)	-
Interest and dividends	324,271	-	-
Net investment income	(2,319,651)	(1,728,188)	-
Total Additions	(2,319,651)	(1,655,082)	353,454
DEDUCTIONS			
Pension benefits paid	184,495	-	-
Administrative expenses	85,576	-	12,199
Debt service:			
Principal	-	-	243,363
Interest	-	-	99,197
Total Deductions	270,071	-	354,759
Change in Fiduciary Net Position	(2,589,722)	(1,655,082)	(1,305)
Fiduciary Net Position - July 1, 2021	17,355,863	12,486,333	387,304
Fiduciary Net Position - June 30, 2022	$ 14,766,141	$ 10,831,251	$ 385,999

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Piedmont is a residential community located in the East Bay Hills, approximately ten miles east of San Francisco, California. The City was incorporated as a municipal corporation in 1907; population at June 30, 2022 was approximately 11,107.

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, 2022, the City's staff was comprised of 92 full-time employees who were responsible for the following City-provided services:

Public Safety - The City employs 19 sworn and 9 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 40 full-time and 5 part-time employees.

In addition, the City employs approximately 316 seasonal recreational personnel.

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

A. The Reporting Entity

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

B. Basis of Presentation

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

Government-wide Financial Statements:

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

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds (not included in government-wide statements)

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Equipment Replacement Fund - This fund is used to account for the accumulation of resources used for the replacement of capital assets used by governmental funds.

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

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources, generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

D. Property Taxes

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

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Cash and Investments

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

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

F. Accounts and Interest Receivables

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

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

G. Prepaid Expenses

Payments for services that will benefit periods beyond June 30, 2022 are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital Assets

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

I. Compensated Absences

A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2022. Compensated absences include vacation pay and compensated time off. The City's liability for compensated absences is recorded at the City-wide level in the Statement of Net Position for governmental activities or in the proprietary funds as appropriate.

J. Long-Term Liabilities

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

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Pensions

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

L. Section 115 Trust

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

M. Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 - June 30, 2022

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources recorded for the City relate to the City's defined benefit pension plan, the police and fire pension plan, and the OPEB plan. See Notes 8, 9, and 10.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources recorded for the City relate to the City's defined benefit pension plan and OPEB plan and leases. See Notes 8 and 10.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Interfund Transactions

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

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

P. Equity Classifications

Government-wide Financial Statements

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

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

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

a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

d. Assigned - Amounts that are constrained by the City Council's intent to be used for specific purposes through a resolution, but are neither restricted or committed. The City Council assigns fund balances for specific purposes by resolution adopting the annual budget for the upcoming fiscal year, or by an amending budget resolution during the fiscal year.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

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

Q. Leases

Lessor

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

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

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

- The City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is 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. 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.

S. 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.

T. 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.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Implementation of Governmental Accounting Standards Board Statements

Effective July 1, 2021, the City implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City adopted this accounting guidance for its June 30, 2022 year-end. See Notes 3 and 17 for additional details.

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires interest costs incurred before the end of a construction period be recognized as an expense in the period in which the costs is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The City adopted this accounting guidance for its June 30, 2022 year-end. There was no impact to the City's financial position as a result of adoption.

Government Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The City adopted this accounting guidance for its June 30, 2022 year-end. There was no impact to the City's financial position as a result of adoption.

Government Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The City adopted this accounting guidance for its June 30, 2022 year-end. There was no impact to the City's financial position as a result of adoption.

Government Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a partial component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The City adopted this accounting guidance for its June 30, 2022 year-end. There was no impact to the City's financial position as a result of adoption.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2022 or later. The City has not determined the effects, if any, on the financial statements.

Governmental Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 99

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 100

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

Government Accounting Standards Board Statement No. 101

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

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2022 were classified in the accompanying financial statements as follows:

	Cash and Investments	Restricted Cash and Investments	Total
Governmental activities	$ 30,535,053	$ 4,037,966	$ 34,573,019
Business-type activities	3,308,250	22,959,581	26,267,831
Total government-wide cash and investments	33,843,303	26,997,547	60,840,850
Fiduciary activities	-	25,976,367	25,976,367
Total cash and investments	$ 33,843,303	$ 52,973,914	$ 86,817,217

Cash and investments were carried at fair value as of June 30, 2022 and consisted of the following:

Cash on hand	$ 900
Cash in banks	547,785
Total cash	548,685
U.S. agency securities	23,925,139
Certificates of deposit	7,945,586
Local Agency Investment Fund (LAIF)	24,768,554
Held in Trust:	
Equity mutual funds	10,831,251
Fixed income securities	8,467,274
Domestic equities	8,339,418
Money market funds	1,991,310
Total investments	86,268,532
Total cash and investments	$ 86,817,217

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investments of the City

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

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

Investments Authorized by the Police and Fire Pension Board

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

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

Authorized investments include the following:

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

Other investments are also permissible upon Board approval.

Investments Authorized by the OPEB Trust Fund

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

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

Asset Class	Minimum	Target	Maximum
Equity	25%	60%	75%
Fixed Income	25%	40%	75%

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

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

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

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

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

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, 2022:

	Fair Value Measurements Using			
Investments	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
U.S. agency securities	$ -	$ 23,925,139	$ -	$ 23,925,139
Certificates of deposit	-	7,945,586	-	7,945,586
Held in Trust:				
Equity mutual funds	10,831,251	-	-	10,831,251
Fixed income securities	-	8,467,274	-	8,467,274
Domestic equities	8,339,418	-	-	8,339,418
Money market funds	1,991,310	-	-	1,991,310
Total	$ 21,161,979	$ 40,337,999	$ -	$ 61,499,978

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 $24,768,554 is not subject to valuation on a recurring basis.

Disclosure Relating to Interest Rate Risk

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the City's investments (including investments held in trust) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2022:

	Remaining Maturity			
Investments	12 months or less	1-5 years	More than 5 years	Fair Value
Police and Fire Pension Trust Fund:				
Fixed income securities	$ 4,429,308	$ -	$ -	$ 4,429,308
Domestic equities	8,339,418	-	-	8,339,418
Money market funds	1,991,310	-	-	1,991,310
Total Police and Fire Pension Trust Fund	14,760,036	-	-	14,760,036
OPEB Trust Fund:				
Equity mutual funds	10,831,251	-	-	10,831,251
Total OPEB Trust Fund	10,831,251	-	-	10,831,251
City and Custodial Funds:				
Fixed income securities	4,037,966	-	-	4,037,966
Certificates of deposit	3,445,245	4,500,341	-	7,945,586
U.S. agency securities	1,958,980	21,966,159	-	23,925,139
Local Agency Investment Fund	24,768,554	-	-	24,768,554
Total City and Custodial Funds	34,210,745	26,466,500	-	60,677,245
Total Investments	$ 59,802,032	$ 26,466,500	$ -	$ 86,268,532

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, 2022.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

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

Investment Type	Total	Rating as of Fiscal Year End S&P	Moody's
Police and Fire Pension Trust Fund:			
Fixed income securities	$ 4,429,308	Not rated	Not rated
Domestic equities	8,339,418	Not rated	Not rated
Money market funds	1,991,310	Not rated	Not rated
OPEB Trust Fund			
Equity mutual funds	10,831,251	Not rated	Not rated
City and Custodial Funds			
Fixed income securities	4,037,966	Not rated	Not rated
Certificates of deposit	7,945,586	Not rated	Not rated
U.S. agency securities	23,925,139	AA+	Aaa
Local Agency Investment Fund	24,768,554	Not rated	Not rated
	$ 86,268,532		

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, 2022, that represent 5 percent or more of total City investments are as follows:

Issuer	Investment Type	Amount
Federal Home Loan Banks	Government agency securities	$ 18,299,507

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, 2022, the carrying amount of the City's deposits was $547,785 and the bank balances were $768,338, of which $343,627 was insured by FDIC coverage limits.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Allocation of Interest Income Among Funds

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

NOTE 3: LEASES RECEIVABLE

The City is reporting leases receivable of $482,595 at June 30, 2022. For the year ended June 30, 2022, the City reported lease revenue of $81,005 and interest revenue of $9,718 related to lease payments received.

Buildings

- On July 19, 2021, the City entered into an agreement with Piedmont Educational Foundation for the lease of a portion of a building. The lease has a term of 4.5 years and the lease receivable was discounted to a net present value at July 19, 2021 using 2.5% interest rate.

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

Cell Tower Sites

- On August 10, 2016, the City entered into an amendment to the microcell site lease agreement with New Cingular Wireless PCS, LLC. The terms of this agreement include base monthly payments of $1,200 increasing annually by 4% over the base rent paid during the precious 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%.

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, 2022, the balance of the deferred inflow of resources was $475,408.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4: INTERFUND TRANSACTIONS

Advances to/from Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance in applicable governmental funds to indicate they are not in spendable form. The composition of advances to/from other funds as of June 30, 2022 was as follows:

Receivable Fund	Payable Fund	Description	Amount
Proprietary 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	$ 800,000

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

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2022 were as follows:

Transfer From	Transfer To	Description of Transfer	Amount
Major Governmental Funds			
General Fund	Equipment Replacement	Funding for capital outlay	$ 1,360,841
	Facilities Maintenance	Funding for capital outlay	2,600,000
		Total Major Governmental Interfund Transfers	$ 3,960,841
Non-Major Governmental Funds			
Projects and Services	General Fund	City-wide beautification	$ 38,255
Projects and Services	Equipment Replacement	Capital projects	549
Projects and Services	Facilities Maintenance	Capital projects	232,745
Schoolmates Program	Facilities Maintenance	Capital projects	8,109
Measure D Fund	General Fund	Administrative cost recovery	7,367
		Total Non- Major Governmental Interfund Transfer	$ 287,025

Intra-fund Transfers between Funds

Intra-fund transfers are not presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds as they are presented on a net basis. Intrafund transfers during the year ended June 30, 2022 consisted of a transfer between the General Fund and the Traffic Safety fund for $20,000, a transfer between the Aquatics fund and the Aquatics Bond fund for $24,418,577 and a transfer between the Aquatics Bond fund and the Aquatics Capital Assets fund for $1,591,375.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5: CAPITAL ASSETS

Governmental Activities:

	Balance at July 1, 2021	Additions	Retirements	Transfers	Balance at June 30, 2022
Capital assets not being depreciated					
Land	$ 5,683,095	$ -	$ -	$ -	$ 5,683,095
Construction-in-progress	209,842	312,789	-	(37,896)	484,735
Total capital assets not being depreciated	5,892,937	312,789	-	(37,896)	6,167,830
Capital assets being depreciated					
Buildings and improvements	4,827,986	290,659	-	37,896	5,156,541
Vehicles	4,002,747	95,651	(176,151)	-	3,922,247
Property and equipment	5,223,072	91,957	(99,487)	-	5,215,542
Infrastructure	47,961,251	2,749,736	(393,162)	-	50,317,825
Total capital assets being depreciated	62,015,056	3,228,003	(668,800)	37,896	64,612,155
Less accumulated depreciation					
Buildings and improvements	(2,109,593)	(313,585)	-	-	(2,423,178)
Vehicles	(1,993,407)	(319,235)	176,151	-	(2,136,491)
Property and equipment	(3,609,851)	(397,445)	99,487	-	(3,907,809)
Infrastructure	(29,404,885)	(1,180,686)	393,162	-	(30,192,409)
Total accumulated depreciation	(37,117,736)	(2,210,951)	668,800	-	(38,659,887)
Total capital assets being depreciated, net	24,897,320	1,017,052	-	37,896	25,952,268
Total Capital Assets, net	$ 30,790,257	$ 1,329,841	$ -	$ -	$ 32,120,098

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

Governmental Activities:

Administration	$ 173,067
Public works	103,414
Street improvement	472,933
Public safety - police	280,997
Public safety - fire	253,313
Recreation	927,227
Total governmental activities depreciation expense	$ 2,210,951

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	Balance at July 1, 2021	Additions	Retirements	Balance at June 30, 2022
Capital assets not being depreciated				
Construction-in-progress	$ -	$ 1,591,375	$ -	$ 1,591,375
Total capital assets not being depreciated	-	1,591,375	-	1,591,375
Capital assets being depreciated				
Building and improvements	579,916	-	-	579,916
Vehicles	1,233,873	666,346	(111,756)	1,788,463
Infrastructure	22,758,708	-	-	22,758,708
Total capital assets being depreciated	24,572,497	666,346	(111,756)	25,127,087
Less accumulated depreciation				
Building and improvements	(218,340)	(361,576)	-	(579,916)
Vehicles	(740,885)	(149,491)	111,756	(778,620)
Infrastructure	(5,957,968)	(455,179)	-	(6,413,147)
Total accumulated depreciation	(6,917,193)	(966,246)	111,756	(7,771,683)
Total capital assets being depreciated, net	17,655,304	(299,900)	-	17,355,404
Total Capital Assets, net	$ 17,655,304	$ 1,291,475	$ -	$ 18,946,779

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

Business-type Activities:

Sewer	$ 604,670
Aquatics	361,576
Total business-type activities depreciation expense	$ 966,246

NOTE 6: LONG-TERM LIABILITIES

Governmental activities long-term liabilities issued and outstanding at June 30, 2022 were comprised of the following:

Type of Indebtedness	Outstanding June 30, 2022
Compensated absences	$ 988,530
Total governmental activities	$ 988,530

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Business-type activities long-term liabilities issued and outstanding at June 30, 2022 were comprised of the following:

Type of Indebtedness	Maturity	Interest Rates	Authorized and Issued	Outstanding June 30, 2022
Sewer Rehab Loan - Phase I	2022	2.40%	$ 2,266,920	$ 140,959
Sewer Rehab Loan - Phase II	2023	2.50%	2,211,812	273,270
Sewer Rehab Loan - Phase III	2025	2.50%	2,512,708	461,284
Sewer Rehab Loan - Phase IV	2031	1.00%	1,900,188	1,007,069
Sewer Rehab Loan - Phase V	2037	1.70%	4,397,000	3,626,621
2021 General Obligation Bonds	2051	5.00%	19,500,000	19,500,000
Premium on bonds				5,670,176
Compensated absences				62,513
Total business-type activities				$ 30,741,892

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2022:

	Balance at July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Governmental Activities:					
Other liabilities:					
Compensated absences	$ 994,517	$ 867,717	$ (873,704)	$ 988,530	$ 702,202
Total Governmental Activities	$ 994,517	$ 867,717	$ (873,704)	$ 988,530	$ 702,202

	Balance at July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Business-type Activities					
Sewer Rehab Loan - Phase I	$ 278,614	$ -	$ (137,655)	$ 140,959	$ 140,959
Sewer Rehab Loan - Phase II	404,927	-	(131,657)	273,270	134,948
Sewer Rehab Loan - Phase III	607,609	-	(146,325)	461,284	149,980
Sewer Rehab Loan - Phase IV	1,102,372	-	(95,303)	1,007,069	96,258
Sewer Rehab Loan - Phase V	3,808,398	-	(181,777)	3,626,621	185,739
2021 General Obligation Bonds	-	19,500,000	-	19,500,000	-
Premium on bonds	-	5,777,818	(107,642)	5,670,176	192,594
Total loans payable	6,201,920	25,277,818	(800,359)	30,679,379	900,478
Other liabilities:					
Compensated absences	58,535	54,872	(50,894)	62,513	44,406
Total Business-type Activities	$ 6,260,455	$ 25,332,690	$ (851,253)	$ 30,741,892	$ 944,884

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

A description of the long-term liabilities at June 30, 2022 follows:

A. Governmental Activities

Compensated Absences

At June 30, 2022, compensated absences totaled $988,530, of which $702,202 was recorded as a current liability and the non-current portion totaled $286,328. For governmental activities, compensated absences are liquidated by the general fund.

B. Business-type Activities

Sewer Rehabilitation Loan - Phase I

In August 2001, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for a sewer rehabilitation project (Phase I). Funds are drawn on the agreement as work is completed up to a maximum amount of $2,226,920 plus any construction period interest. The loan accrues interest at a rate of 2.4 percent annually. Principal and interest payments are due in 20 annual installments with the first payment due one year after completion of the project. The project was completed in July 2002 and the first principal installment was paid in July 2003. Final payment is due July 2022.

Sewer Rehabilitation Loan - Phase II

In October 2003, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for a sewer rehabilitation project (Phase II). Funds are drawn on the agreement as work is completed up to a maximum amount of $2,211,812 plus any construction period interest. The loan accrues interest at a rate of 2.5 percent annually. Principal and interest payments are due in 20 annual installments with the first payment due one year after completion of the project. The project was completed in December 2003 and the first principal installment was paid in December 2004. Final payment is due December 2023. Net revenues, defined as all sewer enterprise fund revenues less operations and maintenance costs (excluding depreciation and amortization expenses), are pledged for future debt service.

Sewer Rehabilitation Loan - Phase III

In September 2004, the City entered into a loan agreement with the State of California Water Resources Control Board to provide funding for a sewer rehabilitation project (Phase III). Funds are drawn on the agreement as work is completed up to a maximum amount of $2,512,708 plus any construction period interest. The loan accrues interest at a rate of 2.5 percent annually. Principal and interest payments are due in 20 annual installments with the first payment due one year after completion of the project. The project was completed in May 2005 and the first principal installment was paid in May 2006. Final payment is due May 2025. Net revenues, defined as all sewer enterprise fund revenues less operations and maintenance costs (excluding depreciation and amortization expenses), are pledged for future debt service.

Sewer Rehabilitation Loan - Phase IV

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

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:

For the Year Ending June 30	Principal	Interest	Total
2023	$ 707,884	$ 93,455	$ 801,339
2024	578,170	78,829	656,999
2025	447,874	67,344	515,218
2026	294,548	59,157	353,705
2027	298,861	54,844	353,705
2028 - 2032	1,561,363	207,162	1,768,525
2033 - 2037	1,137,229	99,656	1,236,885
2038 - 2042	483,274	12,336	495,610
Total	$ 5,509,203	$ 672,783	$ 6,181,986

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:

For the Year Ending June 30	Principal	Interest	Total
2023	$ -	$ 975,000	$ 975,000
2024	305,000	967,375	1,272,375
2025	320,000	951,750	1,271,750
2026	340,000	935,250	1,275,250
2027	355,000	917,875	1,272,875
2028 - 2032	2,080,000	4,295,500	6,375,500
2033 - 2037	2,660,000	3,705,750	6,365,750
2038 - 2042	3,415,000	2,950,375	6,365,375
2043 - 2047	4,390,000	1,979,750	6,369,750
2048 - 2052	5,635,000	732,875	6,367,875
Total	$ 19,500,000	$ 18,411,500	$ 37,911,500

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

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

For the Year Ending June 30	Principal	Interest	Total
2023	$ 707,884	$ 1,068,455	$ 1,776,339
2024	883,170	1,046,204	1,929,374
2025	767,874	1,019,094	1,786,968
2026	634,548	994,407	1,628,955
2027	653,861	972,719	1,626,580
2028 - 2032	3,641,363	4,502,662	8,144,025
2033 - 2037	3,797,229	3,805,406	7,602,635
2038 - 2042	3,898,274	2,962,711	6,860,985
2043 - 2047	4,390,000	1,979,750	6,369,750
2048 - 2052	5,635,000	732,875	6,367,875
Total	$ 25,009,203	$ 19,084,283	$ 44,093,486

NOTE 7: ASSESSMENT DEBT WITHOUT CITY COMMITMENT

In December 2017, the City administered the issuance of the City of Piedmont Reassessment District No. 2017-1 Limited Obligation Refunding Bonds in the principal amount of $3,917,261. The proceeds from the issuance of the bonds were used to refund the Dudley/Blair Underground Utility Assessment District bonds, the Wildwood/Crocker Underground Utility Assessment District bonds and the Piedmont Hills Underground Assessment District bonds and to pay the costs of issuance of the bonds. At June 30, 2022, the outstanding principal of the bond issue was $3,005,595. 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.

NOTE 8: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (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, 2022 are summarized as follows:

	Miscellaneous		
Hire Date	Tier I Prior to January 1, 2013	Tier II Prior to January 1, 2013	Tier III (PEPRA) On or After January 1, 2013
Benefit Formula	3.0% @ 60	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	60 and up	62 and up
Monthly Benefits, as a % of Eligible Compensation	2.0% to 3.0%	2.0%	2.0%
Required Employee Contribution Rates	8.000%	7.000%	6.750%
Required Employer Contribution Rates *	42.64%	9.28%	7.87%

	Safety		
Hire Date	Tier I Prior to January 1, 2013	Tier II Prior to January 1, 2013	Tier III (PEPRA) On or After January 1, 2013
Benefit Formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	50 and up	57 and up
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.0%	2.70%
Required Employee Contribution Rates	9.000%	9.000%	13.750%
Required Employer Contribution Rates *	70.48%	20.42% (police) 20.53% (fire)	14.45% (police) 14.19% (fire)

* The required employer contribution rate includes the normal cost rate plus the employer unfunded liability.

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, 2022 were $4,176,329.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

As of June 30, 2022, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $17,867,729.

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.28998%
Proportion - June 30, 2021	0.33038%
Change - Increase (Decrease)	0.04040%

For the year ended June 30, 2022, the City recognized pension expense of $2,432,854. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Made Subsequent to Measurement Date	$ 4,176,329	$ -
Differences between Employer's Contributions and Proportionate Share of Contributions	-	2,066,777
Differences between Expected and Actual Experience	2,775,221	-
Change in Employer's Proportion	1,506,326	-
Differences between Projected and Actual Investment Earnings	-	11,947,411
Total	$ 8,457,876	$ 14,014,188

$4,176,329 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, 2023. 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,	
2023	$ (1,797,063)
2024	(2,065,735)
2025	(2,577,284)
2026	(3,292,559)

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% net of pension plan investment expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter.

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on CalPERS website.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Changes in Assumptions

For the measurement period June 30, 2021, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)

(a) An expected inflation of 2.0% used for this period
(b) An expected inflation of 2.92% used for this period

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% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability (Asset)	$ 35,433,634	$ 17,867,729	$ 3,408,416

Pension Plan Fiduciary Net Position

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

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

A. General Information about the Pension Plan

Plan Description

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

As of June 30, 2022, the Plan covers 10 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%.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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

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 1/3% x FAS for each year of service greater than 25 but less than 30 years. The maximum benefit is 66 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 1/3% x FAS for each year of service greater than 25 but less than 30 years. The maximum benefit is 66 2/3% of pay. Benefits are payable for participant's lifetime with 50% of the benefit payable to eligible spouse or minor children upon the death of the participant.

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

B. Net Pension Liability (Asset)

The City's net pension liability (asset) is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of the Plan is based on a valuation as of June 30, 2022. A summary of principal assumptions and methods used to determine the net pension liability (asset) follows.

Actuarial Assumptions

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

Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
Salary Increases	2.00%
Investment Rate of Return	5.50% net of pension plan investment expenses
Mortality	
Service retirements and beneficiaries	California PERS mortality table for healthy recipients (based on CalPERS 2000-2019 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2021.
Disability retirements	California PERS mortality table for work-related disabled retirees (based on CalPERS 2000-2019 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2021.

Changes of Assumptions

In fiscal year 21/22, the discount rate was increased from 5.00% to 5.50% and the mortality improvement scale was updated to Scale MP-2021. In fiscal year 20/21, the general inflation rate was lowered from 2.75% to 2.5% and the long-term rate of return was lowered from 6% to 5.5% based on capital market assumption review and the lower inflation rate. In fiscal year 2019/20, the mortality improvement scale was updated to Scale MP-2019.

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 1115% funded ratio and the average age of the group (84).

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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

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 4.5%	Current Discount Rate 5.5%	1% Increase 6.5%
Net pension liability (asset)	$ (13,357,536)	$ (13,441,262)	$ (13,515,870)

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, 2021	$ 1,617,359	$ 17,403,329	$ (15,785,970)
Changes in the year:			
Interest	83,881	-	83,881
Net investment income	-	(2,452,693)	2,452,693
Differences between expected and actual experience	(168,860)	-	(168,860)
Changes of assumptions	(23,006)	-	(23,006)
Benefit payments	(184,495)	(184,495)	-
Net changes	(292,480)	(2,637,188)	2,344,708
Balance at June 30, 2022	$ 1,324,879	$ 14,766,141	$ (13,441,262)

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

For the year ended June 30, 2022, the City recognized pension expense/(credit) of $(1,033,458). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	$ 791,113	$ -
Total	$ 791,113	$ -

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,	
2023	$ 14,663
2024	34,580
2025	60,908
2026	680,962

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10: OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

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

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 Retire under CalPERS directly from City service • Premium is paid up to active cap of Kaiser Region 1 Premium (based on coverage level) on PEMHCA Unequal Method • Active cap is based on 2021 Kaiser Bay Area premiums plus 50% of subsequent annual premium changes • Maximum yearly increase $100/month (formerly unequal method). • 2022 Monthly Retiree Caps are $835.35, $1,670.70 and $1,847.26 for Single, Dual and Family coverages respectively • Members contribute $50 semi-monthly
Tier 2	• Eligibility: Retire directly from the City under CalPERS Hired on or after May 1, 2018 or January 1, 2018 depending on the MOU group Retire under CalPERS directly from City service Disability retirement • PEMHCA minimum benefit is paid monthly ($149/month in 2022, $151/month in 2023)
Other	• The City pays Kaiser Single Non-Medicare rate for 2 retirees hired before October 1, 1984 with special agreements. The retiree currently under 65 will stop benefiting upon reaching age 65; the payments for the other retiree will continue for life since she is not Medicare eligible. • No dental, vision, or life benefits

Employees Covered

As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	96
Inactive employees currently receiving benefits	70
Inactive employees entitled to, but not yet receiving benefits	15
Total	181

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Contributions

Following is a summary of the City's contribution policy:
- The City contributes the pay-as-you go cost.
- The City reimburses itself from the OPEB trust for a level % of OPEB cash benefit payments beginning Fiscal Year End 2030.
- The Police and Fire Pension Plan assets are transferred to the OPEB trust once the Police and Fire Pension Plan no longer has participants. Thereafter all OPEB benefits are paid from the OPEB trust.

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost, level percentage of payroll
Expected Long Term Rate of Return on Investments	• 5.75% at June 30, 2022 • 5.75% at June 30, 2021
20-Year Municipal Bond (Bond Buyer 20-Bond GO)	• 3.54% at June 30, 2022 • 2.16% at June 30, 2021
Discount Rate	• 5.47% at June 30, 2022 • 5.22% at June 30, 2021
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 - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 • Medicare: Kaiser: 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Non-Kaiser: 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increases	Increase 4% annually
Participation at Retirement	• Currently covered (Tier 1): 95% • Currently covered (Tier 2): 60% (eligible for PEMHCA minimum only)
Coverage at Retirement	• 80% elect 2-party coverage at retirement • Miscellaneous - 20% have family coverage until age 65 • Safety - 35% have family coverage until age 65

Changes of Assumptions

In Fiscal Year 2021/22, the discount rate was increased from 5.22% to 5.47% based on the municipal bond rate as of the measurement date, participation and coverage at retirement assumptions were updated, newer CalPERS 2000-2019 Experience Study used for demographic assumptions, decreased inflation, medical trend, PEMHCA trend and salary increases, and mortality improvement scale updated to Scale MP-2021.

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 5.47 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%	.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, 2021	$ 21,407,055	$ 12,486,333	$ 8,920,722
Service cost	753,579	-	753,579
Interest cost	1,132,005	-	1,132,005
Actual vs. expected experience	(1,626,456)	-	(1,626,456)
Changes of benefit terms	247,347	-	247,347
Assumption changes	(1,167,485)	-	(1,167,485)
Contributions - employer	-	951,525	(951,525)
Contributions - employee	-	73,106	(73,106)
Net investment income	-	(1,728,188)	1,728,188
Benefit payments	(949,436)	(949,436)	-
Administrative expenses	-	(2,089)	2,089
Net change	(1,610,446)	(1,655,082)	44,636
Balance at June 30, 2022	$ 19,796,609	$ 10,831,251	$ 8,965,358

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, 2022:

	1% Decrease (4.47%)	Current Discount Rate (5.47%)	1% Increase (6.47%)
Net OPEB Liability	$ 11,405,349	$ 8,965,358	$ 6,941,784

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 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 6.50% decreasing to 3.75%, Medicare 5.65% decreasing to 3.75%), for measurement period ended June 30, 2022:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$ 6,990,003	$ 8,965,358	$ 11,401,907

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense/(credit) of $743,430. As of fiscal year ended June 30, 2022, 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	$ -	$ 2,637,878
Changes in assumptions	958,860	2,402,058
Net difference between projected and actual earnings on plan investments	570,442	-
Total	$ 1,529,302	$ 5,039,936

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

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2023	$ (1,633,277)
2024	(943,276)
2025	(666,635)
2026	158,745
2027	(426,191)

NOTE 11: FUND BALANCE

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

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11: FUND BALANCE (CONTINUED)

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
JUNE 30, 2022

NOTE 11: FUND BALANCE (CONTINUED)

As of June 30, 2022, fund balances were comprised of the following:

	General Fund	Equipment Replacement	Facilities Maintenance	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenses	$ 75,074	$ -	$ -	$ -	$ 75,074
Advances	-	600,000	200,000	-	800,000
Total Nonspendable	75,074	600,000	200,000	-	875,074
Restricted					
Projects and services	-	-	-	1,229,213	1,229,213
Street projects	-	-	-	464,455	464,455
Schoolmates program	-	-	-	573,705	573,705
Measure D	-	-	-	52,703	52,703
Measure B sales tax	-	-	-	212,550	212,550
Measure BB sales tax	-	-	-	422,904	422,904
COPS	-	-	-	431,492	431,492
Measure F	-	-	-	116,086	116,086
Athletic facility preservation	-	-	-	372,994	372,994
Abandoned vehicle	-	-	-	42,324	42,324
Section 115 Trust	4,037,966	-	-	-	4,037,966
Total Restricted	4,037,966	-	-	3,918,426	7,956,392
Assigned					
Capital improvement	-	-	-	65,522	65,522
Equipment replacement	-	3,491,592	-	-	3,491,592
Facilities maintenance	-	-	10,122,584	-	10,122,584
Sidewalk repair	-	-	-	26,355	26,355
Total Assigned	-	3,491,592	10,122,584	91,877	13,706,053
Unassigned	7,363,489	-	-	-	7,363,489
Total Fund Balance	$ 11,476,529	$ 4,091,592	$ 10,322,584	$ 4,010,303	$ 29,901,008

NOTE 12: RISK MANAGEMENT

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

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

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 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 mount up to $29,000,000. The City has a deductible or uninsured liability of up to $10,000 per claim. Once the City's deductible is met, BCJPIA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2022, the City contributed $1,063,074 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, 2022, the City contributed $487,678 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, 2022:

	General Liability		Workers' Compensation		Total	
	2022	2021	2022	2021	2022	2021
Beginning balance	$ 117,393	$ 91,221	$ 1,005,000	$ 990,000	$ 1,122,393	$ 1,081,221
Incurred claims	40,273	130,943	384,290	195,495	424,563	326,438
Claims paid	(70,399)	(104,771)	(375,290)	(180,495)	(445,689)	(285,266)
Ending Balance	$ 87,267	$ 117,393	$ 1,014,000	$ 1,005,000	$ 1,101,267	$ 1,122,393
Current portion	$ 34,863	$ 40,422	$ 300,656	$ 281,965	$ 335,519	$ 322,387

NOTE 13: PARCEL TAX

The City of Piedmont is required by the Municipal Code to refund or reduce subsequent taxes regarding any excess of the ending General Fund unencumbered fund balance over 25 percent of that year's General Fund expenditures. This calculation applies only to the City's General Fund and excludes the Deposits and Bonds, Traffic Safety, and Pension Rate Stabilization Trust Funds which are combined into the General Fund for financial reporting purposes. The unencumbered General Fund balance at June 30, 2022 did not exceed the 25 percent of expenditures limitation.

	Amount
General fund expenditures	$ 30,777,181
Fund balance limitation, 25% of expenditures	7,694,295
Unencumbered General fund balance at year end	7,402,731
Amount below fund balance limitation	$ (291,564)

CITY OF PIEDMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14: EXCESS EXPENDITURES AND TRANSFERS OUT OVER APPROPRIATIONS

The following funds incurred expenditures and transfers out in excess of appropriations in the following amounts for the year ended June 30, 2022:

Fund	Excess Expenditures and Transfers Out
General Fund	$ 2,487,363
Projects and Services	271,549
Measure B Sales Tax	147,313
Athletic Facility Preservation	22,838
Capital Improvement	169,126
Miscellaneous Grant Funds	22,000

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

NOTE 15: CONTINGENCIES AND COMMITMENTS

Grant Awards

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

Litigation

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

Contracts

At June 30, 2022, the City had construction contracts outstanding of approximately $3,902,604 related to various construction projects.

Public Health Emergency

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 3, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation of certain financial statement line items such as investments, accounts receivable, accounts payable, and accrued expenses to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported on the financial statements are properly valued as of June 30, 2022. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to the financial condition of the City.

NOTE 16: SUBSEQUENT EVENT

Community Pool Construction

In December 2022, the City signed a contract for $21,700,000 for construction of the new pool facilities and related areas.

Management has evaluated subsequent events through March 13, 2023, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

NOTE 17: CHANGE IN ACCOUNTING PRINCIPLE

For June 30, 2022, the City implemented GASB Statement No. 87, *Leases*. These changes were incorporated in the financial statements, but had no effect on the beginning net position of the governmental activities or the General Fund, since the deferred inflows of resources equaled the amount of the lease receivable.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PIEDMONT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Property taxes	$ 15,927,000	$ 15,927,000	$ 16,223,543	$ 296,543
Sales tax	200,000	200,000	243,447	43,447
Franchise tax	555,000	555,000	577,096	22,096
Utility users tax	1,105,000	1,105,000	1,260,438	155,438
Real property transfer tax	2,800,000	2,800,000	5,981,156	3,181,156
Business licenses and rental tax	580,000	580,000	639,921	59,921
Licenses and permits	495,000	495,000	766,034	271,034
Intergovernmental	1,742,000	1,742,000	2,608,811	866,811
Use of money and property	425,000	425,000	(114,735)	(539,735)
Charges for services	3,161,500	3,161,500	4,180,225	1,018,725
Parcel tax	2,422,000	2,422,000	2,424,624	2,624
Contribution and donations	15,000	15,000	27,991	12,991
Other revenues	273,527	273,527	146,320	(127,207)
Total Revenues	29,701,027	29,701,027	34,964,871	5,263,844
EXPENDITURES				
Current:				
Administration	3,794,299	3,794,299	3,489,246	305,053
Public works	6,293,888	6,573,888	5,784,643	789,245
Public safety:				
Police services	7,297,674	7,412,674	7,314,969	97,705
Fire services	7,222,094	7,712,094	7,699,046	13,048
Recreation	2,686,816	2,686,816	3,296,287	(609,471)
Nondepartmental	3,095,471	3,095,471	3,193,414	(97,943)
Total Expenditures	30,390,242	31,275,242	30,777,605	497,637
Excess (deficiency) of revenues over expenditures	(689,215)	(1,574,215)	4,187,266	4,766,207
OTHER FINANCING SOURCES (USES)				
Transfers in	855,000	855,000	45,622	(809,378)
Transfers out	(975,841)	(975,841)	(3,960,841)	(2,985,000)
Total Other Financing Sources (Uses)	(120,841)	(120,841)	(3,915,219)	(3,794,378)
Net change in fund balance	$ (810,056)	$ (1,695,056)	272,047	$ 971,829
Fund balance - July 1, 2021			11,204,482	
Fund balance - June 30, 2022			$ 11,476,529	

CITY OF PIEDMONT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2022

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 nonmajor special revenue fund or the Capital Improvement and Miscellaneous Grants nonmajor capital projects funds.

Budgetary Controls

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

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Prepared for the City's Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan
As of June 30, 2022
Last 10 Years *

	Measurement Period							
	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.33038 %	0.28998 %	0.27862 %	0.27018 %	0.26200 %	0.25701 %	0.24111 %	0.24773 %
Proportionate share of the net pension liability	$ 17,867,729	$ 31,550,977	$ 28,550,576	$ 26,035,468	$ 25,982,764	$ 22,238,992	$ 16,549,792	$ 15,419,642
Covered payroll	$ 11,098,592	$ 10,804,215	$ 10,517,384	$ 10,265,025	$ 9,471,727	$ 9,305,356	$ 9,157,966	$ 8,752,938
Proportionate share of the net pension liability as a percentage of covered payroll	160.99 %	292.02 %	271.46 %	253.63 %	274.32 %	238.99 %	180.71 %	176.17 %
Plan fiduciary net position as a percentage of the total pension liability	88.29 %	75.10 %	75.30 %	75.30 %	73.29 %	74.06 %	78.40 %	79.82 %

Notes to Schedule:

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

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

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Prepared for the City's Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan
As of June 30, 2022
Last 10 Years *

	Fiscal Year-End							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 4,176,329	$ 3,776,944	$ 3,367,402	$ 2,920,619	$ 2,521,862	$ 2,295,957	$ 2,072,601	$ 1,934,849
Contributions in relation to the actuarially determined contributions	4,176,329	3,776,944	3,367,402	2,920,619	2,521,862	2,295,957	2,072,601	1,934,849
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 10,824,143	$ 11,098,592	$ 10,804,215	$ 10,517,384	$ 10,265,025	$ 9,471,727	$ 9,305,356	$ 9,157,966
Contributions as a percentage of covered payroll	38.58 %	34.03 %	31.17 %	27.77 %	24.57 %	24.24 %	22.27 %	21.13 %

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

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POLICE AND FIRE PENSION (CLOSED) PLAN
Last 10 Years *

	Fiscal Year-End				
	2022	2021	2020	2019	2018
Total Pension Liability					
Interest	$ 83,881	$ 93,213	$ 97,631	$ 104,393	$ 112,356
Differences between expected and actual experience	(168,860)	-	25,239	-	74,556
Change of assumptions	(23,006)	46,239	(15,617)	-	(93,912)
Benefit payments, including refunds of employee contributions	(184,495)	(151,293)	(210,488)	(223,674)	(227,770)
Net change in total pension liability	(292,480)	(11,841)	(103,235)	(119,281)	(134,770)
Total pension liability - beginning	1,617,359	1,629,200	1,732,435	1,851,716	1,986,486
Total pension liability - ending (a)	$ 1,324,879	$ 1,617,359	$ 1,629,200	$ 1,732,435	$ 1,851,716
Plan Fiduciary Net Position					
Net investment income	$ (2,452,693)	$ 3,914,153	$ 902,277	$ 833,644	$ 649,249
Benefit payments	(184,495)	(151,293)	(210,488)	(223,674)	(227,770)
Administrative expenses	-	-	(1,350)	(12,000)	(3,405)
Net change in plan fiduciary net position	(2,637,188)	3,762,860	690,439	597,970	418,074
Plan fiduciary net position - beginning	17,403,329	13,640,469	12,950,030	12,352,060	11,933,986
Plan fiduciary net position - ending (b)	$ 14,766,141	$ 17,403,329	$ 13,640,469	$ 12,950,030	$ 12,352,060
Plan's net pension liability (asset) - ending (a)-(b)	$ (13,441,262)	$ (15,785,970)	$ (12,011,269)	$ (11,217,595)	$ (10,500,344)
Fiduciary net position as a percentage of total pension liability	1,115 %	1,076 %	837 %	748 %	667 %
Covered employee payroll	$ -	$ -	$ -	$ -	$ -
Net pension liability as percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POLICE AND FIRE PENSION (CLOSED) PLAN (CONTINUED)
Last 10 Years *

	Fiscal Year-End			
	2017	2016	2015	2014
Total Pension Liability				
Interest	$ 119,038	$ 141,412	$ 148,653	$ 156,380
Differences between expected and actual experience	-	(270,454)	-	-
Change of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(233,036)	(251,005)	(287,175)	(283,192)
Net change in total pension liability	(113,998)	(380,047)	(138,522)	(126,812)
Total pension liability - beginning	2,100,484	2,480,531	2,619,053	2,745,865
Total pension liability - ending (a)	$ 1,986,486	$ 2,100,484	$ 2,480,531	$ 2,619,053
Plan Fiduciary Net Position				
Net investment income	$ 1,321,041	$ (539,063)	$ 213,159	$ 1,837,733
Benefit payments	(233,036)	(251,005)	(287,175)	(283,192)
Administrative expenses	(7,183)	(2,025)	-	-
Net change in plan fiduciary net position	1,080,822	(792,093)	(74,016)	1,554,541
Plan fiduciary net position - beginning	10,853,164	11,645,257	11,719,273	10,164,732
Plan fiduciary net position - ending (b)	$ 11,933,986	$ 10,853,164	$ 11,645,257	$ 11,719,273
Plan's net pension liability (asset) - ending (a)-(b)	$ (9,947,500)	$ (8,752,680)	$ (9,164,726)	$ (9,100,220)
Fiduciary net position as a percentage of total pension liability	601 %	517 %	469 %	447 %
Covered employee payroll	$ -	$ -	$ -	$ -
Net pension liability as percentage of covered employee payroll	N/A	N/A	N/A	N/A

CITY OF PIEDMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POLICE AND FIRE PENSION (CLOSED) PLAN (CONTINUED)
Last 10 Years *

Employer Actuarially Determined Contribution for fiscal year June 30, 2022:

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

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

* Fiscal year 2014 was the 1st year of implementation of GASB 67, therefore only nine years are shown.

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 754	$ 675	$ 948	$ 944	$ 1,179
Interest	1,132	1,155	1,225	1,155	1,361
Changes of benefit terms	247	-	-	-	(1,104)
Actual vs. expected experience	(1,626)	-	(1,743)	-	(4,473)
Changes in assumptions	(1,168)	1,331	(2,620)	355	(2,016)
Benefit payments	(949)	(832)	(772)	(641)	(562)
Net change in total OPEB liability	(1,610)	2,329	(2,962)	1,813	(5,615)
Total OPEB liability, beginning	21,407	19,078	22,040	20,227	25,842
Total OPEB liability, ending (a)	$ 19,797	$ 21,407	$ 19,078	$ 22,040	$ 20,227
Plan fiduciary net position					
Contributions - employer	$ 952	$ 834	$ 774	$ 642	$ 1,028
Contributions - employee	73	97	89	161	-
Net investment income	(1,728)	2,886	580	597	441
Benefit payments	(949)	(832)	(772)	(641)	(562)
Administrative expenses	(2)	(2)	(2)	(1)	(2)
Net change in plan fiduciary net position	(1,654)	2,983	669	758	905
Plan fiduciary net position, beginning	12,486	9,503	8,834	8,076	7,171
Plan fiduciary net position, ending (b)	$ 10,832	$ 12,486	$ 9,503	$ 8,834	$ 8,076
Net OPEB liability, ending (a) - (b)	$ 8,965	$ 8,921	$ 9,575	$ 13,206	$ 12,151
Plan fiduciary net position as a percentage of the total OPEB liability	54.72 %	58.33 %	49.81 %	40.08 %	39.93 %
Covered-employee payroll	$ 13,657	$ 13,111	$ 12,373	$ 11,344	$ 11,022
Net OPEB liability as a percentage of covered-employee payroll	65.64 %	68.04 %	77.39 %	116.41 %	110.24 %

Notes to Schedule:

Changes of assumptions: 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 five years are shown. Additional years' information will be displayed as it becomes available.

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

	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 951	$ 834	$ 774	$ 642	$ 1,028
Contributions in relation to the ADC	(951)	(834)	(774)	(642)	(1,028)
Contribution deficiency (excess)**	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 13,657	$ 13,111	$ 12,373	$ 11,344	$ 11,022
Contributions as a percentage of covered-employee payroll	6.96 %	6.36 %	6.26 %	5.66 %	9.33 %

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

COMBINING FINANCIAL STATEMENTS, SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION

CITY OF PIEDMONT
EQUIPMENT REPLACEMENT - MAJOR CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ -	$ -	$ (28,187)	$ (28,187)
Total Revenues	-	-	(28,187)	(28,187)
EXPENDITURES				
Current:				
Administrative	291,812	291,812	43,587	248,225
Capital outlay	1,407,000	1,407,000	295,124	1,111,876
Total Expenditures	1,698,812	1,698,812	338,711	1,360,101
Excess (deficiency) of revenues over expenditures	(1,698,812)	(1,698,812)	(366,898)	1,331,914
OTHER FINANCING SOURCES (USES)				
Transfers in	360,841	360,841	1,361,390	1,000,549
Total Other Financing Sources (Uses)	360,841	360,841	1,361,390	1,000,549
Net change in fund balance	$ (1,337,971)	$ (1,337,971)	994,492	$ 2,332,463
Fund balance - July 1, 2021			3,097,100	
Fund balance - June 30, 2022			$ 4,091,592	

CITY OF PIEDMONT
FACILITIES MAINTENANCE - MAJOR CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ -	$ -	$ (108,711)	$ (108,711)
Total Revenues	-	-	(108,711)	(108,711)
EXPENDITURES				
Current:				
Administration	150,000	150,000	44,472	105,528
Public works	55,000	55,000	7,728	47,272
Public safety - police services	315,000	315,000	17,074	297,926
Public safety - fire services	40,000	40,000	12,972	27,028
Recreation	1,020,500	1,020,500	263,756	756,744
Capital outlay	990,000	990,000	1,403,265	(413,265)
Total Expenditures	2,570,500	2,570,500	1,749,267	821,233
Excess (deficiency) of revenues over expenditures	(2,570,500)	(2,570,500)	(1,857,978)	712,522
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	600,000	2,840,854	2,240,854
Total Other Financing Sources (Uses)	600,000	600,000	2,840,854	2,240,854
Net change in fund balance	$ (1,970,500)	$ (1,970,500)	982,876	$ 2,953,376
Fund balance - July 1, 2021			9,339,708	
Fund balance - June 30, 2022			$ 10,322,584	

NON-MAJOR 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 the gas tax.

Schoolmates Program - accounts for the operation of the before- and after-school child care program for elementary school age children operated by the Piedmont Recreation Department.

Projects and Services - accounts for the Private Contribution Fund. The Private Contribution Fund is used to account for all citizen and other private contributions and donations to the City.

Measure D - accounts for surcharges collected for the continuation and expansion of municipal recycling programs.

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

Measure B Sales Tax - accounts for a tax approved by Alameda County voters in November 2000 to provide programmatic pass-through funds for bicycle and pedestrian paths & safety improvements, mass transit, paratransit, and local streets and roads projects.

Measure BB Sales Tax - accounts for a tax approved by Alameda County voters in November 2014 to provide for the direct funding for local street projects and bicycle and pedestrian projects based on population and road mileage.

COPS - accounts for revenues and expenditures of the State of California funded Supplemental Law Enforcement Services grant.

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

Athletic Facility Preservation - accounts for funds to be used for repairing, refurnishing, and replacing City athletic facilities.

Tobacco Grant - accounts for Prop. 56 grant funds to be used to promote a healthier California by reducing illegal sales and marketing of cigarettes and tobacco products, including e-cigarettes, to minors.

CAPITAL PROJECT FUNDS

Capital Improvement - accounts for the City's major capital projects.

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

Miscellaneous Grant Funds - established to record and track revenues received from various State, Federal and miscellaneous grants restricted for specific capital projects as approved by the granting source.

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	Special Revenue Funds				
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle
ASSETS					
Cash and investments	$ 515,122	$ 587,331	$ 1,229,213	$ 44,653	$ 41,086
Receivables:					
Accounts	47,921	-	-	7,991	1,148
Interest	979	1,292	-	59	90
Total Assets	$ 564,022	$ 588,623	$ 1,229,213	$ 52,703	$ 42,324
LIABILITIES					
Cash overdraft	$ -	$ -	$ -	$ -	$ -
Accounts payable	99,567	1,071	-	-	-
Accrued wages and benefits	-	12,580	-	-	-
Unearned revenue	-	1,267	-	-	-
Total Liabilities	99,567	14,918	-	-	-
FUND BALANCES					
Restricted	464,455	573,705	1,229,213	52,703	42,324
Assigned	-	-	-	-	-
Total Fund Balances	464,455	573,705	1,229,213	52,703	42,324
Total Liabilities and Fund Balances	$ 564,022	$ 588,623	$ 1,229,213	$ 52,703	$ 42,324

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2022

	Special Revenue Funds				
	Measure B Sales Tax	Measure BB Sales Tax	COPS	Measure F	Athletic Facility Preservation
ASSETS					
Cash and investments	$ 250,277	$ 195,281	$ 408,769	$ 108,346	$ 404,974
Receivables:					
Accounts	6,164	277,291	43,732	7,511	-
Interest	729	402	863	229	858
Total Assets	$ 257,170	$ 472,974	$ 453,364	$ 116,086	$ 405,832
LIABILITIES					
Cash overdraft	$ -	$ -	$ -	$ -	$ -
Accounts payable	44,620	50,070	21,872	-	32,838
Accrued wages and benefits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	44,620	50,070	21,872	-	32,838
FUND BALANCES					
Restricted	212,550	422,904	431,492	116,086	372,994
Assigned	-	-	-	-	-
Total Fund Balances	212,550	422,904	431,492	116,086	372,994
Total Liabilities and Fund Balances	$ 257,170	$ 472,974	$ 453,364	$ 116,086	$ 405,832

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2022

	Capital Projects			
	Capital Improvement	Sidewalk Repair	Misc. Grant Funds	**Total Non-major Governmental Funds**
ASSETS				
Cash and investments	$ 65,417	$ 26,355	$ -	$ 3,876,824
Receivables:				
Accounts	168,000	-	-	559,758
Interest	105	-	-	5,606
Total Assets	$ 233,522	$ 26,355	$ -	$ 4,442,188
LIABILITIES				
Cash overdraft	$ 168,000	$ -	$ -	$ 168,000
Accounts payable	-	-	-	250,038
Accrued wages and benefits	-	-	-	12,580
Unearned revenue	-	-	-	1,267
Total Liabilities	168,000	-	-	431,885
FUND BALANCES				
Restricted	-	-	-	3,918,426
Assigned	65,522	26,355	-	91,877
Total Fund Balances	65,522	26,355	-	4,010,303
Total Liabilities and Fund Balances	$ 233,522	$ 26,355	$ -	$ 4,442,188

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle
REVENUES					
Gas tax	$ 495,969	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	3,443
Use of money and property	(4,654)	(5,842)	-	(297)	(539)
Current service charges	-	1,101,085	-	-	-
Measure B tax	-	-	-	-	-
Contributions and donations	-	-	152,016	-	-
Other revenues	-	-	-	59,129	-
Total Revenues	491,315	1,095,243	152,016	58,832	2,904
EXPENDITURES					
Current:					
Public works	38,429	-	-	14,916	-
Street improvements	204,879	-	-	-	-
Public safety:					
Police services	-	-	-	-	-
Recreation	-	698,927	-	-	-
Capital outlay	277,480	-	-	-	-
Total Expenditures	520,788	698,927	-	14,916	-
Excess (Deficiency) of Revenues over Expenditures	(29,473)	396,316	152,016	43,916	2,904
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(8,109)	(271,549)	(7,367)	-
Total Other Financing Sources (Uses)	-	(8,109)	(271,549)	(7,367)	-
Net change in fund balances	(29,473)	388,207	(119,533)	36,549	2,904
Fund balances - July 1, 2021	493,928	185,498	1,348,746	16,154	39,420
Fund balances - June 30, 2022	$ 464,455	$ 573,705	$ 1,229,213	$ 52,703	$ 42,324

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Measure B Sales Tax	Measure BB Sales Tax	COPS	Measure F	Athletic Facility Preservation
REVENUES					
Gas tax	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	675,426	164,309	43,946	-
Use of money and property	(6,504)	(2,892)	(5,331)	(1,227)	(4,996)
Current service charges	-	-	-	-	57,238
Measure B tax	432,302	-	-	-	-
Contributions and donations	-	-	-	-	36,320
Other revenues	-	-	-	-	-
Total Revenues	425,798	672,534	158,978	42,719	88,562
EXPENDITURES					
Current:					
Public works	-	-	-	-	-
Street improvements	-	-	-	-	-
Public safety:					
Police services	-	-	29,941	-	-
Recreation	-	-	-	-	32,838
Capital outlay	520,618	722,313	228,625	-	-
Total Expenditures	520,618	722,313	258,566	-	32,838
Excess (Deficiency) of Revenues over Expenditures	(94,820)	(49,779)	(99,588)	42,719	55,724
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net change in fund balances	(94,820)	(49,779)	(99,588)	42,719	55,724
Fund balances - July 1, 2021	307,370	472,683	531,080	73,367	317,270
Fund balances - June 30, 2022	$ 212,550	$ 422,904	$ 431,492	$ 116,086	$ 372,994

CITY OF PIEDMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Capital Projects			
	Capital Improvement	Sidewalk Repair	Misc. Grant Funds	**Total Non-major Governmental Funds**
REVENUES				
Gas tax	$ -	$ -	$ -	$ 495,969
Intergovernmental	-	-	22,000	909,124
Use of money and property	(653)	-	-	(32,935)
Current service charges	-	-	-	1,158,323
Measure B tax	-	-	-	432,302
Contributions and donations	-	-	-	188,336
Other revenues	168,000	14,511	-	241,640
Total Revenues	167,347	14,511	22,000	3,392,759
EXPENDITURES				
Current:				
Public works	-	7,246	-	60,591
Street improvements	-	-	-	204,879
Public safety:				
Police services	-	-	-	29,941
Recreation	-	-	22,000	753,765
Capital outlay	169,126	-	-	1,918,162
Total Expenditures	169,126	7,246	22,000	2,967,338
Excess (Deficiency) of Revenues over Expenditures	(1,779)	7,265	-	425,421
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(287,025)
Total Other Financing Sources (Uses)	-	-	-	(287,025)
Net change in fund balances	(1,779)	7,265	-	138,396
Fund balances - July 1, 2021	67,301	19,090	-	3,871,907
Fund balances - June 30, 2022	$ 65,522	$ 26,355	$ -	$ 4,010,303

CITY OF PIEDMONT
STREETS PROJECTS - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Gas tax	$ 516,000	$ 516,000	$ 495,969	$ (20,031)
Use of money and property	-	-	(4,654)	(4,654)
Total Revenues	516,000	516,000	491,315	(24,685)
EXPENDITURES				
Current:				
Public works	-	-	38,429	(38,429)
Street improvements	420,000	420,000	204,879	215,121
Capital outlay	900,000	900,000	277,480	622,520
Total Expenditures	1,320,000	1,320,000	520,788	799,212
Net change in fund balance	$ (804,000)	$ (804,000)	(29,473)	$ 774,527
Fund balance - July 1, 2021			493,928	
Fund balance - June 30, 2022			$ 464,455	

CITY OF PIEDMONT
SCHOOLMATES PROGRAM - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ -	$ -	$ (5,842)	$ (5,842)
Charges for services	754,740	754,740	1,101,085	346,345
Total Revenues	754,740	754,740	1,095,243	340,503
EXPENDITURES				
Current:				
Recreation	742,946	742,946	698,927	44,019
Total Expenditures	742,946	742,946	698,927	44,019
Excess (deficiency) of revenues over expenditures	11,794	11,794	396,316	384,522
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(8,109)	(8,109)
Total Other Financing Sources (Uses)	-	-	(8,109)	(8,109)
Net change in fund balance	$ 11,794	$ 11,794	388,207	$ 376,413
Fund balance - July 1, 2021			185,498	
Fund balance - June 30, 2022			$ 573,705	

CITY OF PIEDMONT
PROJECTS AND SERVICES - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Contributions and donations	$ -	$ -	$ 152,016	$ 152,016
Total Revenues	-	-	152,016	152,016
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(271,549)	(271,549)
Total Other Financing Sources (Uses)	-	-	(271,549)	(271,549)
Net change in fund balance	$ -	$ -	(119,533)	$ (119,533)
Fund balance - July 1, 2021			1,348,746	
Fund balance - June 30, 2022			$ 1,229,213	

*The City did not adopt a budget for the Projects and Services Fund for the year ended June 30, 2022.

CITY OF PIEDMONT
MEASURE D - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ -	$ -	$ (297)	$ (297)
Other revenues	35,000	35,000	59,129	24,129
Total Revenues	35,000	35,000	58,832	23,832
EXPENDITURES				
Current:				
Public works	35,000	35,000	14,916	20,084
Total Expenditures	35,000	35,000	14,916	20,084
Excess (deficiency) of revenues over expenditures	-	-	43,916	43,916
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(7,367)	(7,367)
Total Other Financing Sources (Uses)	-	-	(7,367)	(7,367)
Net change in fund balance	$ -	$ -	36,549	$ 36,549
Fund balance - July 1, 2021			16,154	
Fund balance - June 30, 2022			$ 52,703	

CITY OF PIEDMONT
ABANDONED VEHICLE - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original*	**Final***	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Intergovernmental	$ -	$ -	$ 3,443	$ 3,443
Use of money and property	-	-	(539)	(539)
Total Revenues	-	-	2,904	2,904
EXPENDITURES				
Current:				
Public safety	8,500	8,500	-	8,500
Total Expenditures	8,500	8,500	-	8,500
Net change in fund balance	$ (8,500)	$ (8,500)	2,904	$ 11,404
Fund balance - July 1, 2021			39,420	
Fund balance - June 30, 2022			$ 42,324	

CITY OF PIEDMONT
MEASURE B SALES TAX - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ -	$ -	$ (6,504)	$ (6,504)
Measure B tax	357,698	357,698	432,302	74,604
Total Revenues	357,698	357,698	425,798	68,100
EXPENDITURES				
Current:				
Capital outlay	760,000	760,000	520,618	239,382
Total Expenditures	760,000	760,000	520,618	239,382
Net change in fund balance	$ (402,302)	$ (402,302)	(94,820)	$ 307,482
Fund balance - July 1, 2021			307,370	
Fund balance - June 30, 2022			$ 212,550	

CITY OF PIEDMONT
MEASURE BB SALES TAX - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Intergovernmental	$ 545,833	$ 545,833	$ 675,426	$ 129,593
Use of money and property	-	-	(2,892)	(2,892)
Total Revenues	545,833	545,833	672,534	126,701
EXPENDITURES				
Current:				
Capital outlay	575,000	575,000	722,313	(147,313)
Total Expenditures	575,000	575,000	722,313	(147,313)
Net change in fund balance	$ (29,167)	$ (29,167)	(49,779)	$ (20,612)
Fund balance - July 1, 2021			472,683	
Fund balance - June 30, 2022			$ 422,904	

CITY OF PIEDMONT
COPS - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Intergovernmental	$ 100,000	$ 100,000	$ 164,309	$ 64,309
Use of money and property	-	-	(5,331)	(5,331)
Total Revenues	100,000	100,000	158,978	58,978
EXPENDITURES				
Current:				
Public safety: police services	54,750	286,081	29,941	256,140
Capital outlay	100,000	345,000	228,625	116,375
Total Expenditures	154,750	631,081	258,566	372,515
Net change in fund balance	$ (54,750)	$ (531,081)	(99,588)	$ 431,493
Fund balance - July 1, 2021			531,080	
Fund balance - June 30, 2022			$ 431,492	

CITY OF PIEDMONT
MEASURE F - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Intergovernmental	$ 40,000	$ 40,000	$ 43,946	$ 3,946
Use of money and property	-	-	(1,227)	(1,227)
Total Revenues	40,000	40,000	42,719	2,719
EXPENDITURES				
Current:				
Capital outlay	55,000	55,000	-	55,000
Total Expenditures	55,000	55,000	-	55,000
Net change in fund balance	$ (15,000)	$ (15,000)	42,719	$ 57,719
Fund balance - July 1, 2021			73,367	
Fund balance - June 30, 2022			$ 116,086	

CITY OF PIEDMONT
ATHLETIC FACILITY PRESERVATION - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ -	$ -	$ (4,996)	$ (4,996)
Charges for services	40,000	40,000	57,238	17,238
Contributions and donations	-	-	36,320	36,320
Total Revenues	40,000	40,000	88,562	48,562
EXPENDITURES				
Current:				
Recreation	10,000	10,000	32,838	(22,838)
Total Expenditures	10,000	10,000	32,838	(22,838)
Net change in fund balance	$ 30,000	$ 30,000	55,724	$ 25,724
Fund balance - July 1, 2021			317,270	
Fund balance - June 30, 2022			$ 372,994	

CITY OF PIEDMONT
TOBACCO GRANT - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Intergovernmental	$ 190,000	$ 190,000	$ -	$ (190,000)
Total Revenues	190,000	190,000	-	(190,000)
EXPENDITURES				
Current:				
Public safety - police services	191,090	191,090	-	191,090
Total Expenditures	191,090	191,090	-	191,090
Net change in fund balance	$ (1,090)	$ (1,090)	-	$ 1,090
Fund balance - July 1, 2021			-	
Fund balance - June 30, 2022			$ -	

CITY OF PIEDMONT
CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ -	$ -	$ (653)	$ (653)
Other revenues	-	-	168,000	168,000
Total Revenues	-	-	167,347	167,347
EXPENDITURES				
Current:				
Capital outlay	-	-	169,126	(169,126)
Total Expenditures	-	-	169,126	(169,126)
Net change in fund balance	$ -	$ -	(1,779)	$ (1,779)
Fund balance - July 1, 2021			67,301	
Fund balance - June 30, 2022			$ 65,522	

*The City did not adopt a budget for the Capital Improvement Fund for the year ended June 30, 2022.

CITY OF PIEDMONT
SIDEWALK REPAIR - CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Other revenues	$ 10,000	$ 10,000	$ 14,511	$ 4,511
Total Revenues	10,000	10,000	14,511	4,511
EXPENDITURES				
Current:				
Public works	10,000	10,000	7,246	2,754
Total Expenditures	10,000	10,000	7,246	2,754
Net change in fund balance	$ -	$ -	7,265	$ 7,265
Fund balance - July 1, 2021			19,090	
Fund balance - June 30, 2022			$ 26,355	

CITY OF PIEDMONT
MISC. GRANT FUNDS - CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2021 - 2022 Budgeted Amounts			
	Original*	**Final***	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Intergovernmental	$ -	$ -	$ 22,000	$ 22,000
Total Revenues	$ -	$ -	$ 22,000	$ 22,000
EXPENDITURES				
Current:				
Recreation	-	-	22,000	(22,000)
Total Expenditures	-	-	22,000	(22,000)
Net change in fund balance	$ -	$ -	-	$ -
Fund balance - July 1, 2021			-	
Fund balance - June 30, 2022			$ -	

*The City did not adopt a budget for the Capital Improvement Fund for the year ended June 30, 2022.

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 the operations of the City departments that generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position. However, internal service funds are still presented separately in the fund financial statements.

CITY OF PIEDMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	Governmental Activities - Internal Service Funds		
	Workers' Compensation	**Insurance Liabilities**	**Total Internal Service Funds**
ASSETS			
Current Assets			
Cash and investments	$ 1,766,575	$ 366,263	$ 2,132,838
Total Current Assets	1,766,575	366,263	2,132,838
Total Assets	1,766,575	366,263	2,132,838
LIABILITIES			
Current Liabilities			
Accounts payable	3,906	17,079	20,985
Claims payable - current	300,656	34,863	335,519
Total Current Liabilities	304,562	51,942	356,504
Non-Current Liabilities			
Claims payable	713,344	52,404	765,748
Total Non-Current Liabilities	713,344	52,404	765,748
Total Liabilities	1,017,906	104,346	1,122,252
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, 2022

	Governmental Activities - Internal Service Funds		
	Workers' Compensation	**Insurance Liabilities**	**Total Internal Service Funds**
OPERATING EXPENSES			
Insurance and claims expenses	$ 871,967	$ 1,103,347	$ 1,975,314
Total Operating Expenses	871,967	1,103,347	1,975,314
Operating Loss	(871,967)	(1,103,347)	(1,975,314)
NON-OPERATING REVENUES (EXPENSES)			
Other income	871,968	1,103,346	1,975,314
Total Non-Operating Revenues	871,968	1,103,346	1,975,314
Change in net position	1	(1)	-
Net Position - July 1, 2021	748,668	261,918	1,010,586
Net Position - June 30, 2022	$ 748,669	$ 261,917	$ 1,010,586

CITY OF PIEDMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities - Internal Service Funds		
	Workers' Compensation	**Insurance Liabilities**	**Total Internal Service Funds**
CASH FLOWS FROM OPERATING ACTIVITIES			
Claims and premiums paid	$ (867,354)	$ (1,123,894)	$ (1,991,248)
Net Cash Used for Operating Activities	(867,354)	(1,123,894)	(1,991,248)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Other income	871,968	1,103,346	1,975,314
Net Cash Provided by Non-Capital Financing Activities	871,968	1,103,346	1,975,314
Net Increase in Cash and Cash Equivalents	4,614	(20,548)	(15,934)
Cash and Cash Equivalents - July 1, 2021	1,761,961	386,811	2,148,772
Cash and Cash Equivalents - June 30, 2022	$ 1,766,575	$ 366,263	$ 2,132,838
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Operating Loss	$ (871,967)	$ (1,103,347)	$ (1,975,314)
Changes in assets and liabilities:			
Increase (decrease) in:			
Accounts payable	(4,387)	9,579	5,192
Claims payable	9,000	(30,126)	(21,126)
Net Cash Used for Operating Activities	$ (867,354)	$ (1,123,894)	$ (1,991,248)

GENERAL FUND

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

GENERAL FUND

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

Deposits and Bonds - accounts for the receipt and use of deposits held by the City.

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

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

CITY OF PIEDMONT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2022

	General	Deposits and Bonds	Traffic Safety	Pension Rate Stabilization	Total General Fund
ASSETS					
Cash and investments	$ 8,427,008	$ 635,218	$ 36,959	$ -	$ 9,099,185
Restricted cash and investments	-	-	-	4,037,966	4,037,966
Receivables:					
Accounts	2,269,674	-	370	-	2,270,044
Interest	30,152	-	-	-	30,152
Leases	482,595	-	-	-	482,595
Prepaid expenses	75,074	-	-	-	75,074
Total Assets	$ 11,284,503	$ 635,218	$ 37,329	$ 4,037,966	$ 15,995,016
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 638,384	$ 14,439	$ 1,497	$ -	$ 654,320
Accrued wages and benefits	525,000	-	-	-	525,000
Deposits payable	2,540	620,779	-	-	623,319
Unearned revenue	2,240,440	-	-	-	2,240,440
Total Liabilities	3,406,364	635,218	1,497	-	4,043,079
DEFERRED INFLOWS OF RESOURCES					
Leases	475,408	-	-	-	475,408
Total Deferred Inflows of Resources	475,408	-	-	-	475,408
FUND BALANCES					
Nonspendable	75,074	-	-	-	75,074
Restricted	-	-	-	4,037,966	4,037,966
Unassigned	7,327,657	-	35,832	-	7,363,489
Total Fund Balances	7,402,731	-	35,832	4,037,966	11,476,529
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,284,503	$ 635,218	$ 37,329	$ 4,037,966	$ 15,995,016

CITY OF PIEDMONT
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Deposits and Bonds	Traffic Safety	Pension Rate Stabilization	Total General Fund
REVENUES					
Property tax	$ 16,223,543	$ -	$ -	$ -	$ 16,223,543
Sales tax	243,447	-	-	-	243,447
Franchise tax	577,096	-	-	-	577,096
Utility users tax	1,260,438	-	-	-	1,260,438
Real property transfer tax	5,981,156	-	-	-	5,981,156
Business license and rental tax	639,921	-	-	-	639,921
Licenses and permits	766,034	-	-	-	766,034
Intergovernmental	2,608,811	-	-	-	2,608,811
Use of money and property	514,510	-	6	(629,251)	(114,735)
Current service charges	4,180,225	-	-	-	4,180,225
Parcel tax	2,424,624	-	-	-	2,424,624
Contributions and donations	-	-	27,991	-	27,991
Other revenues	146,320	-	-	-	146,320
Total Revenues	35,566,125	-	27,997	(629,251)	34,964,871
EXPENDITURES					
Current:					
Administration	3,489,246	-	-	-	3,489,246
Public works	5,784,643	-	-	-	5,784,643
Public safety:					
Police services	7,314,545	-	424	-	7,314,969
Fire services	7,699,046	-	-	-	7,699,046
Recreation	3,296,287	-	-	-	3,296,287
Nondepartmental	3,193,414	-	-	-	3,193,414
Total Expenditures	30,777,181	-	424	-	30,777,605
Excess (Deficiency) of Revenues over Expenditures	4,788,944	-	27,573	(629,251)	4,187,266
OTHER FINANCING SOURCES (USES)					
Transfers in	65,622	-	-	-	65,622
Transfers out	(3,960,841)	-	(20,000)	-	(3,980,841)
Total Other Financing Sources (Uses)	(3,895,219)	-	(20,000)	-	(3,915,219)
Net Change in Fund Balances	893,725	-	7,573	(629,251)	272,047
Fund Balances - July 1, 2021	6,509,006	-	28,259	4,667,217	11,204,482
Fund Balances - June 30, 2022	$ 7,402,731	$ -	$ 35,832	$ 4,037,966	$ 11,476,529

OTHER REPORTS

MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mann, Urrutia, Nelson CPA's

Sacramento, California
March 13, 2023

CITY OF PIEDMONT

MEASURE B FUND

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2022

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CA 95833

CITY OF PIEDMONT
MEASURE B FUND
FOR THE YEAR ENDED JUNE 30, 2022

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GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Piedmont
Piedmont, California

Opinion

We have audited the accompanying financial statements of the Measure B Fund of the City of Piedmont (the City) as of and for the year ended June 30, 2022 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Fund of the City of Piedmont, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Piedmont, 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 opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure B Fund and do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2022, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Responsibilities of Management for the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Piedmont'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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maas, Urutia, Nolan CPA's

Sacramento, California
December 22, 2022

CITY OF PIEDMONT
MEASURE B FUND
BALANCE SHEET
JUNE 30, 2022

	Streets and Roads	Bike and Pedestrian	Total
ASSETS			
Cash and investments (Note 3)	$ 236,754	$ 13,523	$ 250,277
Other receivables	5,675	489	6,164
Accrued interest receivable	525	204	729
TOTAL ASSETS	$ 242,954	$ 14,216	$ 257,170
LIABILITIES			
Accounts payable	$ 44,620	$ -	$ 44,620
TOTAL LIABILITIES	44,620	-	44,620
FUND BALANCE			
Restricted for Measure B programs & projects	198,334	14,216	212,550
TOTAL FUND BALANCE	198,334	14,216	212,550
TOTAL LIABILITIES AND FUND BALANCE	$ 242,954	$ 14,216	$ 257,170

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
MEASURE B FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

	Streets and Roads	Bike and Pedestrian	Total
REVENUES			
Measure B pass-through revenue			
Pass-through allocation	$ 397,991	$ 34,311	$ 432,302
Interest income (loss)	(6,048)	(456)	(6,504)
Total Revenues	391,943	33,855	425,798
EXPENDITURES			
Public works	489,478	31,140	520,618
Total Expenditures	489,478	31,140	520,618
NET CHANGE IN FUND BALANCE	(97,535)	2,715	(94,820)
FUND BALANCE - BEGINNING OF YEAR	295,869	11,501	307,370
FUND BALANCE - END OF YEAR	$ 198,334	$ 14,216	$ 212,550

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
MEASURE B FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: BACKGROUND - MEASURE B

Under Measure B, approved by the voters of Alameda County in 1986 and 2000, the City receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures. These measures were adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid by property taxes, but rather, would be used for additional projects and programs.

Projects funded by Measure B during the year were as follows:

Street Resurfacing - To improve, repair, and overlay cities streets.

Bike and Pedestrian - To provide sidewalk and ADA improvements and to implement the bikeway network.

The pool of funds held by the County is allocated among the cities in the County, based on the cities' populations and the number of roads within their city limits for other transportation-related projects. Funds allocated for streets and roads; bike lanes and pedestrian lanes are recorded as a special revenue fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Measure B Fund of the City of Piedmont, California are included as separate special revenue and capital project funds in the basic financial statements of the City.

The financial statements are intended to present the financial position and results of operations of only transactions recorded under the Measure B Fund. The fund itself is included in the financial statements of the City.

B. Basis of Presentation

The Measure B Fund's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. 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.

All governmental funds are reported using the *current financial resources* measurement focus and the modified *accrual* basis of accounting. Revenues are recorded when measurable and available and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

D. Use of Estimates

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

CITY OF PIEDMONT
MEASURE B FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 3: CASH AND INVESTMENTS

The Measure B fund participates in the City's cash and investment pool. See the City's Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

NOTE 4: COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs did not require a Single Audit during the year ended June 30, 2022. However, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of financial statement line items to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the Measure B Fund's financial statements are properly valued as of June 30, 2022. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to Measure B Fund's financial position that have yet to be determined.

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INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Measure B Fund

Opinion on Measure B Fund

We have audited the Measure B Fund of the City of Piedmont's (the City) compliance with the types of requirements described in the *Master Program Funding Agreement* between the City and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect to the Measure B Fund for the year ended June 30, 2022.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on the Measure B Fund for the year ended June 30, 2022.

Basis for Opinion on Measure B Fund

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements specified in the *Master Programs Funding Agreement* between the City and ACTC. Our responsibilities under those standards and the requirements specified in the *Master Programs Funding Agreement* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Piedmont and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Piedmont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements as specified in the *Master Programs Funding Agreement* between the City and the ACTC.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Master Programs Funding Agreement* between the City and the ACTC will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Measure B Fund.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Master Programs Funding Agreement* between the City and the ACTC, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Master Programs Funding Agreement* between the City and the ACTC, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Master Programs Funding Agreement*. Accordingly, this report is not suitable for any other purpose.

Maze, Martia, Nolan CPA's

Sacramento, California
December 22, 2022

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

To the City Council of
the City of Piedmont
City of 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 Measure B Fund of the City of Piedmont (the "Fund"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mann, Urrutia, Nelson CPA's

Sacramento, California
December 22, 2022

CITY OF PIEDMONT

MEASURE BB FUND

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2022

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CA 95833

CITY OF PIEDMONT
MEASURE BB FUND
FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Piedmont
Piedmont, California

Opinion

We have audited the accompanying financial statements of the Measure BB Fund of the City of Piedmont (the City) as of and for the year ended June 30, 2022 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure BB Fund of the City of Piedmont, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Piedmont, 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 opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure BB Fund and do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2022, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Responsibilities of Management for the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Piedmont'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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates CPA's

Sacramento, California
December 22, 2022

CITY OF PIEDMONT
MEASURE BB FUND
BALANCE SHEET
JUNE 30, 2022

	Streets and Roads	Bike and Pedestrian	Total
ASSETS			
Cash and investments (Note 3)	$ 195,281	$ -	$ 195,281
Due from Bike & Pedestrian	7,576	-	7,576
Other receivables	257,994	19,297	277,291
Accrued interest receivable	402	-	402
TOTAL ASSETS	$ 461,253	$ 19,297	$ 480,550
LIABILITIES			
Accounts payable	$ 38,867	$ 11,203	$ 50,070
Due to Streets & Roads	-	7,576	7,576
TOTAL LIABILITIES	38,867	18,779	57,646
FUND BALANCE			
Restricted for Measure BB capital projects	422,386	518	422,904
TOTAL FUND BALANCE	422,386	518	422,904
TOTAL LIABILITIES FUND BALANCE	$ 461,253	$ 19,297	$ 480,550

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
MEASURE BB FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

	Streets and Roads	Bike and Pedestrian	Total
REVENUES			
Measure BB pass-through revenue			
Pass-through allocation	$ 628,422	$ 47,004	$ 675,426
Interest income (loss)	(2,892)	-	(2,892)
Total Revenues	625,530	47,004	672,534
EXPENDITURES			
Public works	642,002	80,311	722,313
Total Expenditures	642,002	80,311	722,313
NET CHANGE IN FUND BALANCE	(16,472)	(33,307)	(49,779)
FUND BALANCE - BEGINNING OF YEAR	438,858	33,825	472,683
FUND BALANCE - END OF YEAR	$ 422,386	$ 518	$ 422,904

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
MEASURE BB FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: BACKGROUND - MEASURE BB

Measure BB is a tax that was approved by the voters of Alameda County in November 2014, which implemented a 30 year Transportation Expenditure Plan. The measure extended Measure B which was the original 0.5 percent transportation sales tax approved in 2000 from ending April 1, 2022 to April 1, 2045 and increased the tax by 0.5 percent. This resulted in a 1 percent total sales tax in the County dedicated to transportation expenses. The City receives a portion of the proceeds to be used for transportation-related expenditures. The Measure BB Fund accounts for the direct funding from the measure for local street projects and bicycle and pedestrian projects based on population and road mileage provided by the additional 0.5 percent.

Projects funded by Measure BB during the year were as follows:

Street Resurfacing - To improve, repair, and overlay cities streets.

Bike and Pedestrian - To provide sidewalk and ADA improvements and to implement the bikeway network.

The pool of funds held by the County is allocated among the cities in the County, based on the cities' populations and the number of roads within their city limits for other transportation-related projects. Funds allocated for streets and roads, bike lanes and pedestrian lanes are recorded as a special revenue fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Measure BB Fund of the City of Piedmont, California are included as separate special revenue and capital project funds in the basic financial statements of the City.

The financial statements are intended to present the financial position, results of operations and cash flows of only transactions recorded under the Measure BB Fund. The fund itself is included in the financial statements of the City.

B. Basis of Presentation

The Measure BB Fund's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. 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.

All governmental funds are reported using the *current financial resources* measurement focus and the modified *accrual* basis of accounting. Revenues are recorded when measurable and available and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

D. Use of Estimates

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

CITY OF PIEDMONT
MEASURE BB FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 3: CASH AND INVESTMENTS

The Measure BB fund participates in the City's cash and investment pool. See the City's Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

NOTE 4: COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs did not require a Single Audit during the year ended June 30, 2022. However, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of financial statement line items to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the Measure BB Fund's financial statements are properly valued as of June 30, 2022. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to Measure BB Fund's financial position that have yet to be determined.

MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

INDEPENDENT AUDITOR'S REPORT ON MEASURE BB COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

To the City Council
City of Piedmont
Piedmont, California

Report on Compliance for Measure BB Fund

Opinion on Measure BB Fund

We have audited the Measure BB Fund of the City of Piedmont's (the City) compliance with the types of requirements described in the *Master Program Funding Agreement* between the City and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect to the Measure BB Fund for the year ended June 30, 2022.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on the Measure BB Fund for the year ended June 30, 2022.

Basis for Opinion on Measure BB Fund

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements specified in the *Master Programs Funding Agreement* between the City and ACTC. Our responsibilities under those standards and the requirements specified in the *Master Programs Funding Agreement* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Piedmont and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Piedmont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements as specified in the *Master Programs Funding Agreement* between the City and the ACTC.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Master Programs Funding Agreement* between the City and the ACTC will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Measure BB Fund.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Master Programs Funding Agreement* between the City and the ACTC, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Master Programs Funding Agreement* between the City and the ACTC, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Master Programs Funding Agreement*. Accordingly, this report is not suitable for any other purpose.

Mann, Urrutia, Nelson CPA's

Sacramento, California
December 22, 2022

MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure BB Fund of the City of Piedmont (the "Fund"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mann, Urrutia, Nelson CPA's

Sacramento, California
December 22, 2022

CITY OF PIEDMONT

MEASURE F FUND

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2022

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CA 95833

CITY OF PIEDMONT
MEASURE F FUND
FOR THE YEAR ENDED JUNE 30, 2022

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MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Piedmont
Piedmont, California

Opinion

We have audited the accompanying financial statements of the Measure F Fund of the City of Piedmont (the City) as of and for the year ended June 30, 2022 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure F Fund of the City of Piedmont, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Piedmont, 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 opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure F Fund and do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2022, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Responsibilities of Management for the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Piedmont'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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze, Martin, Nelson CPA's

Sacramento, California
December 22, 2022

CITY OF PIEDMONT
MEASURE F FUND
BALANCE SHEET
JUNE 30, 2022

	Local Road Improvement and Repair Program
ASSETS	
Cash and investments (Note 3)	$ 108,346
Other receivables	7,511
Accrued Interest receivable	229
TOTAL ASSETS	$ 116,086
FUND BALANCE	
Restricted for Measure F capital projects	$ 116,086
TOTAL FUND BALANCE	116,086
TOTAL LIABILITIES AND FUND BALANCE	$ 116,086

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
MEASURE F FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

	Local Road Improvement and Repair Program
REVENUES	
Measure F pass-through revenue	
Pass-through allocation	$ 43,946
Interest income (loss)	(1,227)
Total Revenues	42,719
EXPENDITURES	
Total Expenditures	-
CHANGE IN FUND BALANCE	42,719
FUND BALANCE - BEGINNING OF YEAR	73,367
FUND BALANCE - END OF YEAR	$ 116,086

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
MEASURE F FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: BACKGROUND - MEASURE F

The Measure F Alameda County Vehicle Registration Fee (Measure F) was approved by the voters in November 2010, with 63 percent of the vote. The fee will generate about $10.7 million per year by a $10 per year vehicle registration fee. The collection of the $10 per year vehicle registration fee started in the first week of May 2011. The goal of Measure F is to sustain the County's transportation network and reduce traffic congestion and vehicle related pollution. The program includes the following four categories of projects:

- Local Road Improvement and Repair Program (60 percent)
- Transit for Congestion Relief (25 percent)
- Local Transportation Technology (10 percent)
- Pedestrian and Bicyclist Access and Safety Program (5 percent)

The Alameda County Transportation Commission administers the program and distributes an equitable share of funds among the four planning areas of the county over successive five year cycles. Geographic equity will be measured by a formula, weighted 50 percent by population of the planning area and 50 percent of registered vehicles of the planning area.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Measure F Fund of the City of Piedmont, California (City) are included as a separate capital project fund in the basic financial statements of the City.

The accompanying financial statements are intended to present the financial position and results of operations of only transactions recorded under the Measure F Fund. The fund itself is included in the financial statements of the City.

B. Basis of Presentation

The Measure F Fund's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. 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.

All governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Revenues are recorded when measurable and available and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

D. Description of Fund

The accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts. The City uses special revenue funds to account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

CITY OF PIEDMONT
MEASURE F FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Estimates

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

NOTE 3: CASH AND INVESTMENTS

The Measure F fund participates in the City's cash and investment pool. See the City's Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

NOTE 4: COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs did not require a Single Audit during the year ended June 30, 2022. However, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of financial statement line items to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the Measure F Fund's financial statements are properly valued as of June 30, 2022. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to Measure F Fund's financial position that have yet to be determined.

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INDEPENDENT AUDITOR'S REPORT ON MEASURE F COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

To the City Council
City of Piedmont
Piedmont, California

Report on Compliance for Measure F Fund

Opinion on Measure F Fund

We have audited the Measure F Fund of the City of Piedmont's (the City) compliance with the types of requirements described in the *Master Program Funding Agreement* between the City and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect to the Measure F Fund for the year ended June 30, 2022.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on the Measure F Fund for the year ended June 30, 2022.

Basis for Opinion on Measure F Fund

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements specified in the *Master Programs Funding Agreement* between the City and ACTC. Our responsibilities under those standards and the requirements specified in the *Master Programs Funding Agreement* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Piedmont and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Piedmont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements as specified in the *Master Programs Funding Agreement* between the City and the ACTC.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Master Programs Funding Agreement* between the City and the ACTC will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Measure F Fund.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Master Programs Funding Agreement* between the City and the ACTC, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Master Programs Funding Agreement* between the City and the ACTC, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Master Programs Funding Agreement*. Accordingly, this report is not suitable for any other purpose.

Maze. Martia, Nelson CPA's

Sacramento, California
December 22, 2022

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

To the City Council 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 Measure F Fund of the City of Piedmont (the "Fund"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mann, Urrutia, Nelson CPA's

Sacramento, California
December 22, 2022

CITY OF PIEDMONT
APPROPRIATIONS LIMIT CALCULATION
AS OF JUNE 30, 2023

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the Appropriations Limit Calculation of the City of Piedmont (the City) as of June 30, 2023. The City's management is responsible for the Appropriations Limit Calculation.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution. Additionally, the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. The report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the completed internal calculations and compared the limit and annual adjustment factors included in those calculations to the limit and annual adjustment factors that were adopted by a resolution of the City Council. We compared the population and inflation options included in the aforementioned calculations to those that were selected by a recorded vote of the City Council.

   Finding: No exceptions were noted as a result of our procedures.

2. For the Appropriations Limit Calculation, we added the June 30, 2022 appropriation limit to the annual permitted adjustments and agreed the resulting amount to the June 30, 2023 appropriations limit.

   Finding: No exceptions were noted as a result of our procedures

3. We compared current year information presented in the appropriations limit calculation to supporting worksheets.

   Finding: No exceptions were noted as a result of our procedures.

4. We compared the June 30, 2022 appropriations limit presented in the appropriations limit calculation to the prior year appropriations limit adopted by the City Council during the prior year.

   Finding: No exceptions were noted as a result of our procedures.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Appropriations Limit Calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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WWW.MUNCPAS.COM

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIIIB of the California Constitution.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

Mann. Urrutia, Nelson CPA's

Sacramento, California
March 13, 2023

CITY OF PIEDMONT
APPROPRIATIONS LIMIT CALCULATION
JUNE 30, 2023

	Amount	Source
Total revised prior year's appropriation limit (at June 30, 2022)	$ 28,391,461	
Revised prior year's Measure Y voter approved increase	(2,422,000)	
A. Revised prior year's appropriations limit (at June 30, 2022)	25,969,461	
B. Adjustment factors for the current fiscal year:		
1. Population change	0.9938	* State Finance
2. Inflation (per capita personal income change)	1.0755	* State Finance
Total adjustment	1.0688	* (B1 x B2)
C. Annual adjustment	1,786,699	A x (B - 1)
D. Other Adjustments		
Lost responsibility (-)	-	
Transfer to fees (-)	-	
Voter Approved Increase (+)	2,522,000	
Assumed Responsibility (+)	-	
	2,522,000	
E. Total adjustments	4,308,699	C+D
F. Current year's appropriations limit (at June 30, 2023)	$ 30,278,160	A+E

* Rounded to the nearest ten thousandth

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March 13, 2023

To the City Council and Management
of the City of Piedmont

In planning and performing our audit of the financial statements of the City of Piedmont (the City) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 13, 2023, on the financial statements of the City of Piedmont.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The City of Piedmont's responses to the findings identified in our audit are described in the accompanying attachment. The City of Piedmont's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

Mann, Urrutia, Nelson CPA's

Mann, Urrutia, Nelson CPAs & Associates LLP

City of Piedmont

Summary of Control Deficiencies

June 30, 2022

Internal Controls - Payroll

During our review of internal controls over payroll, we noted there is no formally documented review or reconciliation between the direct deposits and checks paid and the payroll register. We recommend the City implement a process to reconcile the amount of the direct deposits and checks paid to the payroll register by someone other than the payroll clerk and that documentation of this reconciliation and review be maintained.

Management's Response:

Management agrees. Staff will implement the following procedures:

1. The Finance Director will review and approve the semi-monthly payroll register. Approval will be via email and such email will be maintained on the finance network in the appropriate payroll folder.
2. The City Accountant will reconcile the semi-monthly payroll register to the payroll bank statements. The reconciliation will be saved to the finance network in the appropriate payroll folder.

Capital Assets

During our review of the City's capital asset schedules, we noted the construction in progress (CIP) in the Aquatics fund was not correctly capitalized. We recommend the City reconcile the supporting CIP schedules to the general ledger as part of the capital assets reconciliation.

Management's Response:

Management agrees. As part of our capital assets closing process, all Construction-in-Progress accounts will be reconciled to the general ledger.

City of Piedmont

Status of Prior Year Findings

June 30, 2022

Capital Assets

During our review of the City's capital asset schedules, we noted the following:

- The City incorrectly recorded current year capital asset additions in the sewer fund as a direct adjustment to fund balance.
- The City incorrectly recorded a current year capital asset transfer from a governmental fund and to a business-type fund as a direct adjustment to fund balance.
- Accumulated depreciation and current year depreciation expense were understated as the City did not record depreciation for current year capital asset additions.
- Current year street paving additions on the capital asset schedule, City Asset Report, and general ledger were overstated and required adjustment.
- The capital asset schedule reported prior year disposals rather than the current year disposals.
- The construction in progress schedule provided as part of the capital asset schedule included incorrect beginning balances.

The implementation of the new ERP system in FY 2020/21 may have contributed to the issues noted above. However, some of the issues are a result of the City's process for recording certain transactions and data entry errors in the manual capital asset schedules. With the implementation of the new ERP system, we recommend the City review the various capital asset reports contained within the system and work with the system vendor, if necessary, to determine if the capital asset information can be obtained directly from the system and reduce the manual data entry on an excel spreadsheet. We further recommend the City use contra asset, transfers, and/or capital contribution accounts when recording the transfer of capital assets between funds.

Status: Implemented

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March 13, 2023

To the City Council and Management
City of Piedmont
120 Vista Avenue
Piedmont, CA 94611

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 (the City) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 17, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* in 2022. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Depreciation – based on the City's capitalization policy.

Lease receivable and deferred inflows of resources – based on the present value of payments to be received.

Workers' compensation and general liability claims – based on known claim information and loss history.

Net pension liability, net pension asset (closed plan), net other post-employment benefits (OPEB) liability – based on actuarial valuations.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Attachment A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The material misstatements in attachment B were detected as a result of audit procedures and were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 13, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis; the budgetary comparison schedules for the general fund and major special revenue funds; and the required GASB pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the non-major funds combining financial statements and budgetary comparison schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City of Piedmont and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Mann, Urrutia, Nelson CPA's

Mann, Urrutia, Nelson CPAs & Associates, LLP

Attachment A

CITY OF PIEDMONT
SUMMARY OF PASSED AUDIT ADJUSTMENTS
June 30, 2022

	Effect - Increase (Decrease)				
Description	**Assets & Deferred Outflows**	**Liabilities & Deferred Inflows**	**Equity**	**Revenue**	**Expenses**
Current Year Differences					
To record additional accrued interest payable on GO bonds	$ -	$ 76,617	$ -	$ -	$ 76,617
Total Income Statement Effect				$ -	$ 76,617
Balance Sheet Effect	$ -	$ 76,617	$ -		

Attachment B

CITY OF PIEDMONT
SUMMARY OF AUDIT ADJUSTMENTS
June 30, 2022

	Effect - Increase (Decrease)				
Description	**Assets & Deferred Outflows**	**Liabilities & Deferred Inflows**	**Equity**	**Revenue**	**Expense**
Current Year Differences					
To correct capital assets	$ -	$ -	$ (3,540,791)	$ -	$ (3,540,791)
To correct entries related to bond issuance	(25,277,818)	-	-	(910,887)	24,366,931
To true-up pension contributions subsequent to measurement date	156,725	-	-	-	(156,725)
To correct net OPEB liability	269,705	(1,425,249)			(1,694,954)
To record new pool CIP expenses	1,591,375	-	-	-	(1,591,375)
Total Income Statement Effect				$ (910,887)	$17,383,086
Balance Sheet Effect	$ (23,260,013)	$ (1,425,249)	$ (3,540,791)		