

City of Piedmont
COUNCIL AGENDA REPORT

DATE: April 7, 2025

TO: Mayor and Council

FROM: Rosanna Bayon Moore, City Administrator

SUBJECT: Consideration of the Acceptance of the 2023-2024 Audited Financial Statements

RECOMMENDATION

Review and accept the City's independent auditor's reports for 2023-2024:

- a) Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024 and Auditor's Letter on Compliance and Internal Control
- b) Measure BB Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024
- c) Measure F Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024
- d) Appropriations Limit Calculation as of June 30, 2025
- e) Letter Communicating with Those Charged with Governance

BACKGROUND

The City's independent auditor, Badawi & Associates, has completed the audit of the City's financial statements and provided the auditor's reports for the fiscal year ended June 30, 2024. Badawi & Associates was selected through a formal procurement process and this is the first year of a multi-year contract. 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 Mayor Betsy Smegal Andersen and Vice Mayor Conna McCarthy, met with the audit partner Ahmed Badawi and City staff on April 3, 2025, to discuss the auditor's financial report and report on internal controls.

The Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024, contains several sections. These include the Independent Auditor's Report, Management's Discussion and Analysis, Basic financial statements by fund type, Notes to the Basic Financial Statements, and the Required Supplemental Information.

DISCUSSION

The audit addresses the City's general financial statements and the 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.

Badawi & Associates 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, 2024. 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: Lisa Malek-Zadeh, Interim Finance Director

ATTACHMENTS

- A. Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024 and Auditor's Letter on Compliance and Internal Control
- B. Measure BB Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024
- C. Measure F Program Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024
- D. Appropriations Limit Calculation as of June 30, 2025
- E. Letter Communicating with Those Charged with Governance

City of Piedmont

Financial Statements
and
Independent Auditor's Report
For the Year Ended
June 30, 2024



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City of Piedmont
Basic Financial Statements
For the year ended June 30, 2024

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Basic Financial Statements
For the year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

To the Honorable Mayor and Members
of the City Council of the City of Piedmont
Piedmont, California
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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules for the General Fund and required pension and other post-employment benefit information on pages 5-14 and 89-103, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

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

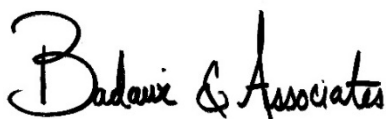
Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is stylized, with a large, looped "B" at the beginning.

Badawi & Associates, CPAs
Berkeley, California
March 26, 2025

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CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

The Management's Discussion and Analysis (MD&A) provides an overview of the City of Piedmont's activities and financial performance for the fiscal year ending June 30, 2024. The narrative overview and analysis should be read with the accompanying Basic Financial Statements to get an overall picture of the City's financial health.

FINANCIAL HIGHLIGHTS

Government-wide

- Net position is defined as the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources. As of June 30, 2024, the City's government-wide net position amounted to a positive balance of \$71,468,144. This represents an increase of \$7,192,735 from the June 30, 2023, balance of \$64,275,409
 - Governmental activities represent \$53,330,529 accounts for 75% of the total net position.
 - Business-type activities represent \$18,137,615 accounts for 25% of the total net position.
- Deferred Outflows of Resources represent a consumption of net position or fund balance that applies to a future period. Of the \$18,470,588 in Deferred Outflows of Resources, \$4,588,090 includes contribution payments made to CalPERS during fiscal year 2023-24, as well as changes in the net pension liability totaling \$12,882,914. As allowed by GASB No. 68, the CalPERS measurement date is June 30, 2023, and contributions after the measurement date are reflected as a deferred outflow. The remaining \$999,584 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 \$6,109,660. The deferred Inflows include deferrals due to changes in the net pension liability and net OPEB liability and deferrals related to leases. Notes 8, 9, and 10 discuss the impacts of these changes to net position.
- Net position increased by \$7,192,735 primarily due to the following factors:
 - Net investment in capital assets increased by \$3,053,3354 to \$50,306,144 primarily due to the following:
 - Governmental activities increased by \$839,850 due primarily to Street paving and capital improvements of sidewalks, buildings, and parks, with the total cost offset by the depreciation.
 - Business-type activities increased by \$2,212,948 due primarily to the aquatics construction in progress and sewer replacements, with the total cost offset by the depreciation.
 - Restricted net position increased by \$15,758,022 to \$23,964,568 primarily due to the following:
 - Community development net position increased by \$1,841,079 due primarily to more project payments received for Facilities Maintenance Fund
 - Police and fire net pension asset needs is included in restricted net position rather than considering the net effect with net pension liability from CalPERS plan in the past
 - As of June 30, 2024, capital assets, net of depreciation, amount to \$72,737,350, as reported in the Statement of Net Position.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Fund level

- Governmental fund balances increased \$2,689,352 to \$34,097,649. Of this amount, the unassigned fund balance was \$8,457,633, an increase of \$1,076,602 from the prior year.
- Enterprise fund net position increased \$3,610,484 to \$18,137,615. Of this amount, net investment in capital assets totaled \$15,502,480, an increase of \$2,212,948 from the prior year.

Fiduciary funds

- The trust funds net position increased \$4,553,800 to \$32,772,042. The trust funds represent the police and fire pension plan and OPEB for \$18,555,718 and \$14,216,324, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements 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 19 - 21 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 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, 2024

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 the Capital Facilities Fund as a major fund. Data for this fund is also presented separately. Data from the other fourteen 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 25 - 28 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 29 - 33 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 35 - 36 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 39 - 85 of this report.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

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 89 - 103 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 individual fund statements and schedules can be found on pages 108 - 132 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 \$71,468,144 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 positive 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 positive 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, 2024

Statement of Net Position
As of June 30, 2024 and 2023
(in thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2024	2023	Net Change	2024	2023	Net Change	2024	2023	Net Change
ASSETS									
Current and other assets	\$ 43,094	\$ 40,499	\$ 2,595	\$ 15,804	\$ 24,310	\$ (8,506)	\$ 58,898	\$ 64,809	\$ (5,911)
Noncurrent assets	53,919	49,370	4,549	36,768	23,456	13,312	90,687	72,826	17,861
Total Assets	97,013	89,869	7,144	52,572	47,766	4,806	149,585	137,635	8,658
Deferred Outflows of Resources	17,764	18,781	(1,017)	706	713	(7)	18,470	19,494	(1,024)
LIABILITIES									
Current and other liabilities	8,212	7,703	509	3,772	31,075	(27,303)	11,984	38,778	(26,794)
Long-term liabilities	47,443	44,958	2,485	31,051	2,523	28,528	78,494	47,481	31,013
Total Liabilities	55,655	52,661	2,994	34,823	33,598	1,225	90,478	86,259	4,219
Deferred Inflows of Resources	5,791	6,241	(450)	319	353	(34)	6,110	6,594	(484)
NET POSITION									
Net investment in capital assets	34,804	33,964	840	15,503	13,290	2,213	50,307	47,254	3,053
Restricted	23,965	8,206	15,759	-	-	-	23,965	8,206	15,759
Unrestricted	(5,438)	7,578	(13,016)	2,635	1,238	1,397	(2,803)	8,816	(11,619)
Total Net Position	\$ 53,331	\$ 49,748	\$ 3,583	\$ 18,138	\$ 14,528	\$ 3,610	\$ 71,469	\$ 64,276	\$ 7,193

At the end of the fiscal year, the City can 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.

Governmental Activities. On a full accrual basis, governmental activities increased the City of Piedmont's net position by \$3,582,251 primarily due to increased charges for services, general taxes and fees, interest and investment earnings.

Business-type Activities. Business-type activities increased the City of Piedmont's net position by \$3,610,484 due to charges for fees and investment earnings.

Financial Analysis of the Government's Funds

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

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.

Changes in Net Position
For the Years Ended June 30, 2024 and 2023
(in thousands)

	Governmental Activities			Business-Type Activities		
	2024	2023	Net Change	2024	2023	Net Change
REVENUES:						
Program revenues						
Charges for services	\$ 8,157	\$ 7,820	\$ 337	\$ 3,097	\$ 2,958	\$ 139
Operating grants and contributions	3,220	3,709	(489)	-	-	-
General revenues						
Taxes and fees	29,861	29,276	585	1,337	1,349	(12)
Investment earnings	2,036	810	1,226	956	559	397
Other revenue	609	485	124	8	-	8
Transfers	(1,002)	(1,235)	233	1,002	1,235	(233)
Total Revenues	42,881	40,865	2,016	6,400	6,101	299
EXPENSES:						
Administration	4,641	3,773	868	-	-	-
Public works	7,383	6,072	1,311	-	-	-
Street improvement	829	1,193	(364)	-	-	-
Safety: police	7,832	6,947	885	-	-	-
Safety: fire	8,676	6,955	1,721	-	-	-
Recreation	6,081	5,232	849	-	-	-
NonDepartmental	3,838	3,488	350	-	-	-
Interest	18	4	14	-	-	-
Sewer	-	-	-	2,019	1,647	372
Aquatics	-	-	-	770	886	(116)
Total Expenses	39,298	33,664	5,634	2,789	2,533	256
Change in net position	3,583	7,201	(3,618)	3,611	3,567	43
Net position - beginning	49,748	42,547	7,201	14,527	10,960	3,567
Net position - ending	\$ 53,331	\$ 49,748	\$ 3,583	\$ 18,138	\$ 14,527	\$ 3,610

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,097,649, an increase of \$2,689,352 compared with the prior year. A total of \$8,480,579 constitutes unassigned General Fund balance.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance totaled \$13,366,988, of which \$8,480,579 was unassigned and represents an increase of \$1,587,486 from the prior year.

General Fund revenues totaled \$38,565,656. With reference to the \$38.6 million and increases over budget, transfer tax receipts were higher than budgeted but less than the actual amount collected last year. While more homes sold this year, the average and median sales decreased, the first decline since FY 2010-11. Recreation revenue was up due to strong receipts for recreation classes and camps. Investment income exceeded the budget due to interest rates that remained high throughout FY23-24, and property taxes exceeded annual budget assumptions, driven by strong unsecured property tax receipts and supplemental assessments.

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

<u>Fiscal Year</u>	<u># Sold</u>	<u>Average Sales Price</u>	<u>Real Property Transfer Tax</u>
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
2021-22	152	3,030,990	5,981,156
2022-23	111	3,097,797	4,464,897
2023-24	115	2,757,420	4,086,499

General Fund expenditures totaled \$1,749,937, less than the authorized original budget for the year ending June 30, 2024. Recreation-related expenses exceeded the budget but were offset by revenue, resulting in a positive net increase.

Facilities Capital Fund

The Facilities Capital Fund established in FY 2022-23 is used to provide funding for the City's facilities, primarily, and had an ending fund balance of \$10,457,363.

Proprietary Funds

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

Sewer Fund

The Sewer Fund is used to account for the sanitary sewer and storm water systems of the City. The net position of the Sewer Fund increased \$1,303,681 to \$14,824,722, with \$1,421,868 representing the unrestricted net position.

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

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Aquatics Fund

The Aquatics Fund is used to account for the operations of the Piedmont Community Pool, and at year end, the net position of the Aquatics Fund totaled \$3,312,893. The former pool facility had reached end of life and closed on March 16, 2020, during the COVID-19 pandemic.

Internal Service Fund

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's total capital assets for its governmental and business-type activities as of June 30, 2024, amount to \$72,737,350 (net of accumulated depreciation/amortization). Capital assets include land, construction-in-progress, Subscription-based information technology arrangements, buildings, equipment, infrastructure, and Right-Of-Use (ROU) subscription assets. The major portion of infrastructure includes the pavement, sidewalk, curb and gutter, parks, and underground utility systems of the City, as well as the sewer system. The City's capital assets increased \$14,797,618 from \$57,939,732 to \$72,737,350.

CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)

	Governmental Activities		Business type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 5,683	\$ 5,683	\$ -	\$ -	\$ 5,683	\$ 5,683
Construction in progress	728	164	19,426	6,469	20,154	6,633
SBITA work in progress	-	353	-	-	-	353
Buildings & improvements	2,643	2,970	-	-	2,643	2,970
Vehicles	1,626	1,827	978	797	2,604	2,624
Property and equipment	1,781	1,565	-	-	1,781	1,565
Infrastructure	21,889	21,340	16,364	16,190	38,253	37,530
SBITA Asset	1,619	583	-	-	1,619	583
Total	\$ 35,969	\$ 34,485	\$ 36,768	\$ 23,456	\$ 72,737	\$ 57,941

Additional information on the City of Piedmont's capital assets can be found in Note 5 on pages 62 - 63 of this report.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Long-term Debt

At the end of the current fiscal year, the City had a total long-term outstanding debt of \$30,618,645, an increase of \$320,194 from the prior fiscal year. The City has subscription liabilities, sewer loans outstanding for Phase II, Phase III, Phase IV, and Phase V of the sewer rehabilitation project with the State of California Water Resources Control Board, and, the 2021 general obligation bond and EBCE loan.

At June 30, 2024, the City's governmental and business-type activities had total long-term debts and obligations as scheduled below.

Type of Indebtedness	Outstanding June 30, 2024	Outstanding June 30, 2023
<u>Governmental Activities</u>		
Subscription (SBITA) liability	\$ 1,165,506	\$ 519,550
<u>Business-type Activities</u>		
Sewer Loan - Phase II	-	138,322
Sewer Loan - Phase III	157,573	311,303
Sewer Loan - Phase IV	813,591	910,811
Sewer Loan - Phase V	3,251,985	3,440,882
2021 General Obligation Bonds	24,479,990	24,977,583
EBCE Loan	750,000	-
Total Business-type Activities	29,453,139	29,778,901
Total Outstanding Debt	\$ 30,618,645	\$ 30,298,451

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Property taxes represent the single largest revenue stream to the General Fund, approximately 70%, and the revenue source supports the City's essential services. In combination, high inflation, elevated interest rates, and declining average sales price are important signals for modest growth in property-related revenues, including the transfer tax, which has been historically strong and is no longer increasing at the rates seen in previous years, despite a healthy real estate market. Given this reality, budgeting this revenue source conservatively.

The City's salary and benefit costs represent the largest overall expenditure in the General Fund at \$25 million, approximately 62% of the General Fund. Pension costs and retiree medical costs continue to rise at a faster pace than revenue, despite the implementation of various cost containment measures over the years. Personnel-related costs are approximately six percent higher than the prior year's projection and include the final year of approved salary increases in employee agreements. Negotiation and any subsequent financial changes resulting from new employee contracts will need to balance increased operating costs with available recurring revenue to support these additions.

To maintain a balanced budget and a minimum required General Fund reserve over the years, the City has not been able to adequately invest or set aside money to fund aging infrastructure. Many facilities, including streets, and sidewalks need substantial improvement or replacement due to age, accessibility, and safety considerations. In addition to streets and sidewalks, the City has identified tens of millions of dollars of critical renovations needed in the Police and Fire Departments, City Hall, the Veterans Memorial Building, and the Recreation Department building.

The City has been able to take advantage of good years when we outperformed estimates and transferred dollars at the end of the year into the Facilities Capital Fund. This will no longer be possible as the real estate market contracts in the way we are seeing and no additional resources result. This sets the City further back from addressing critical infrastructure. The City must continue to focus on plans to renovate, replace, or close these facilities in the coming years.

CITY OF PIEDMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Piedmont
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 34,621,206	\$ 6,958,642	\$ 41,579,848
Restricted cash and investments	4,798,032	9,314,886	14,112,918
Receivables:			
Accounts	2,453,948	167,609	2,621,557
Interest	215,375	163,261	378,636
Leases	117,050	-	117,050
Prepaid expenses	88,377	-	88,377
Internal balances	800,000	(800,000)	-
Total current assets	43,093,988	15,804,398	58,898,386
Noncurrent assets:			
Receivables:			
Leases	152,934	-	152,934
Capital assets:			
Nondepreciable	6,410,784	19,426,327	25,837,111
Depreciable	72,083,529	25,724,943	97,808,472
Accumulated depreciation	(42,524,843)	(8,383,390)	(50,908,233)
Total capital assets	35,969,470	36,767,880	72,737,350
Net Pension Asset	17,796,602	-	17,796,602
Total noncurrent assets	53,919,006	36,767,880	90,686,886
Total assets	97,012,994	52,572,278	149,585,272
DEFERRED OUTFLOWS OF RESOURCES			
2024 pension contributions	4,429,318	158,772	4,588,090
Changes in the net pension liability	12,405,490	477,424	12,882,914
Changes in the net OPEB liability	929,306	70,278	999,584
Total deferred outflows of resources	17,764,114	706,474	18,470,588
LIABILITIES			
Current liabilities:			
Accounts payable	2,081,884	2,567,690	4,649,574
Accrued wages and benefits	642,783	-	642,783
Accrued interest payable	21,830	377,011	398,841
Deposits payable	402,553	-	402,553
Unearned revenue	3,222,907	-	3,222,907
Compensated absences - current	810,272	59,050	869,322
Claims payable - current	597,884	-	597,884
Long-term debt - current	432,291	767,874	1,200,165
Total current liabilities	8,212,404	3,771,625	11,984,029
Noncurrent liabilities:			
Compensated absences	252,909	18,431	271,340
Claims payable	926,462	-	926,462
Net OPEB liability	6,205,853	636,407	6,842,260
Net pension liability	39,324,749	1,710,736	41,035,485
Long-term debt	733,215	28,685,265	29,418,480
Total noncurrent liabilities	47,443,188	31,050,839	78,494,027
Total liabilities	55,655,592	34,822,464	90,478,056
DEFERRED INFLOWS OF RESOURCES			
Leases	264,214	-	264,214
Changes in the net pension liability	1,460,792	137,550	1,598,342
Changes in the net pension asset - police & fire	1,038,096	-	1,038,096
Changes in the net OPEB liability	3,027,885	181,123	3,209,008
Total deferred inflows of resources	5,790,987	318,673	6,109,660
NET POSITION			
Net investment in capital assets	34,803,964	15,502,480	50,306,444
Restricted for:			
Community development	3,557,890	-	3,557,890
Public safety	473,182	-	473,182
Recreation	1,786,350	-	1,786,350
Street improvement	350,544	-	350,544
Police and fire pension	17,796,602	-	17,796,602
Total restricted	23,964,568	-	23,964,568
Unrestricted	(5,438,003)	2,635,135	(2,802,868)
Total net position	\$ 53,330,529	\$ 18,137,615	\$ 71,468,144

See accompanying Notes to Basic Financial Statements

City of Piedmont
Statement of Activities
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Administration	\$ 4,641,423	\$ 1,161,957	\$ 486,926	\$ 1,648,883
Public works	7,383,499	1,250,480	1,765,230	3,015,710
Street improvement	828,950	-	-	-
Public safety - police services	7,832,287	287,161	169,311	456,472
Public safety - fire services	8,675,853	314,966	-	314,966
Recreation	6,080,935	5,142,188	798,900	5,941,088
Nondepartmental	3,838,148	-	-	-
Debt interest	17,681	-	-	-
Total governmental activities	39,298,776	8,156,752	3,220,367	11,377,119
Business-type Activities:				
Sewer	2,019,324	3,096,708	-	3,096,708
Aquatic	769,696	-	-	-
Total business-type activities	2,789,020	3,096,708	-	3,096,708
Total primary government	\$ 42,087,796	\$ 11,253,460	\$ 3,220,367	\$ 14,473,827

General Revenues:

Taxes:

Property tax

Sales tax

Franchise tax

Utility users tax

Real property transfer tax

Business license and rental tax

Parcel tax

Paramedic tax

Total taxes

Motor vehicle license fee

Investment earnings

Other revenues

Transfers

Total general revenues and transfers**Change in net position****Net position - beginning of year****Net position - end of year**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (2,992,540)	\$ -	\$ (2,992,540)
(4,367,789)	-	(4,367,789)
(828,950)	-	(828,950)
(7,375,815)	-	(7,375,815)
(8,360,887)	-	(8,360,887)
(139,847)	-	(139,847)
(3,838,148)	-	(3,838,148)
(17,681)	-	(17,681)
(27,921,657)	-	(27,921,657)
-	1,077,384	1,077,384
-	(769,696)	(769,696)
-	307,688	307,688
(27,921,657)	307,688	(27,613,969)
18,449,197	1,336,618	19,785,815
195,561	-	195,561
601,234	-	601,234
1,446,400	-	1,446,400
4,086,499	-	4,086,499
695,495	-	695,495
2,621,746	-	2,621,746
69,538	-	69,538
28,165,670	1,336,618	29,502,288
1,695,478	-	1,695,478
2,035,833	955,547	2,991,380
609,131	8,427	617,558
(1,002,204)	1,002,204	-
31,503,908	3,302,796	34,806,704
3,582,251	3,610,484	7,192,735
49,748,278	14,527,131	64,275,409
\$ 53,330,529	\$ 18,137,615	\$ 71,468,144

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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City of Piedmont
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Facilities Capital	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 11,514,156	\$ 10,736,620	\$ 9,785,204	\$ 32,035,980
Restricted cash and investments	4,798,032	-	-	4,798,032
Receivables:				
Accounts receivable	2,183,881	-	270,067	2,453,948
Interest receivable	98,898	67,948	48,529	215,375
Leases receivable	269,984	-	-	269,984
Prepaid expenses	88,377	-	-	88,377
Due from other funds	22,946	-	-	22,946
Advances to other funds	-	-	800,000	800,000
Total assets	\$ 18,976,274	\$ 10,804,568	\$ 10,903,800	\$ 40,684,642
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,088,828	\$ 347,205	\$ 595,557	\$ 2,031,590
Accrued wages and benefits	630,784	-	11,999	642,783
Deposits payable	402,553	-	-	402,553
Unearned revenue	3,222,907	-	-	3,222,907
Due to other funds	-	-	22,946	22,946
Total liabilities	5,345,072	347,205	630,502	6,322,779
Deferred Inflows of Resources				
Leases	264,214	-	-	264,214
Total deferred inflows of resources	264,214	-	-	264,214
Fund Balances:				
Nonspendable	88,377	-	-	88,377
Restricted	4,798,032	-	6,167,966	10,965,998
Assigned	-	10,457,363	4,128,278	14,585,641
Unassigned	8,480,579	-	(22,946)	8,457,633
Total fund balances	13,366,988	10,457,363	10,273,298	34,097,649
Total liabilities, deferred inflows of resources and fund balances	\$ 18,976,274	\$ 10,804,568	\$ 10,903,800	\$ 40,684,642

City of Piedmont

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2024

Total Fund Balances - Total Governmental Funds	\$	34,097,649
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Amounts reported for governmental activities in the statement of net position are different because:

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

	Government- Wide Statement of Net Position	Total
Nondepreciable	\$ 6,410,784	6,410,784
Depreciable, net	29,558,686	29,558,686
Total capital assets	<u>\$ 35,969,470</u>	<u>35,969,470</u>

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

17,796,602

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

1,010,586

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

	Government- Wide Statement of Net Position	
Deferred outflows of resources related to pension	16,834,808	16,834,808
Deferred outflows of resources related to OPEB	929,306	929,306
Deferred inflows of resources related to pension	(2,498,888)	(2,498,888)
Deferred inflows of resources related to OPEB	(3,027,885)	(3,027,885)

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

	Government- Wide Statement of Net Position	Total
Interest payable	\$ (21,830)	\$ (21,830)
Compensated absences - current	(810,272)	(810,272)
Long-term debt - current	(432,291)	(432,291)
Compensated absences - noncurrent	(252,909)	(252,909)
Long-term debt - noncurrent	(733,215)	(733,215)
Net pension liability	(39,324,749)	(39,324,749)
Net OPEB liability	(6,205,853)	(6,205,853)
Total long-term liabilities	<u>\$ (47,781,119)</u>	<u>(47,781,119)</u>

Net Position of Governmental Activities	\$	53,330,529
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City of Piedmont

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2024

	General Fund	Facilities Capital	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property tax	\$ 18,449,197	\$ -	\$ -	\$ 18,449,197
Sales tax	195,561	-	-	195,561
Franchise tax	601,234	-	-	601,234
Utility users tax	1,446,400	-	-	1,446,400
Real property transfer tax	4,086,499	-	-	4,086,499
Business license and rental tax	695,495	-	-	695,495
Gas tax	-	-	592,823	592,823
Licenses and permits	809,760	-	-	809,760
Intergovernmental	2,481,060	-	1,270,763	3,751,823
Use of money and property	1,742,452	572,179	384,573	2,699,204
Current service charges	4,828,313	-	1,620,486	6,448,799
Parcel tax	2,621,746	-	-	2,621,746
Contributions and donations	35,284	-	840,275	875,559
Other revenues	572,655	-	36,476	609,131
Total revenues	38,565,656	572,179	4,745,396	43,883,231
EXPENDITURES:				
Current:				
Administration	4,280,618	4,765	28,092	4,313,475
Public works	5,941,295	8,224	31,932	5,981,451
Street improvement	-	-	714,668	714,668
Public safety:				
Police services	7,973,848	-	52,400	8,026,248
Fire services	8,278,781	-	30,593	8,309,374
Recreation	3,902,196	270,925	1,284,066	5,457,187
Nondepartmental	3,838,148	-	-	3,838,148
Capital outlay	1,685,020	743,733	1,931,990	4,360,743
Debt service - principal	200,769	-	-	200,769
Total expenditures	36,100,675	1,027,647	4,073,741	41,202,063
REVENUES OVER (UNDER)				
EXPENDITURES	2,464,981	(455,468)	671,655	2,681,168
OTHER FINANCING SOURCES (USES):				
Transfers in	84,183	322,066	1,688,810	2,095,059
Transfers out	(1,972,066)	(207,204)	(917,993)	(3,097,263)
Proceeds from new SBITAs	1,010,388	-	-	1,010,388
Total other financing sources (uses)	(877,495)	114,862	770,817	8,184
Net change in fund balances	1,587,486	(340,606)	1,442,472	2,689,352
FUND BALANCES:				
Beginning of year	11,779,502	10,797,969	8,830,826	31,408,297
End of year	\$ 13,366,988	\$ 10,457,363	\$ 10,273,298	\$ 34,097,649

See accompanying Notes to Basic Financial Statements

City of Piedmont
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Government-Wide Statement of Activities
For the year ended June 30, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$	2,689,352
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Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of the amount related to internal service funds.		4,237,224
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Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.		(2,755,567)
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Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.		(22,101)
--	--	----------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Debt principal repayments		364,432
Issuance of new SBITAs		(1,010,388)

Net change in accrued interest payable		(17,681)
--	--	----------

Pension expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.		(1,321,484)
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OPEB expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.		1,418,464
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Change in Net Position of Governmental Activities	\$	3,582,251
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City of Piedmont
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities			Governmental Activities
	Sewer Fund	Aquatic Fund	Totals	Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 4,510,679	\$ 2,447,963	\$ 6,958,642	\$ 2,585,226
Receivable:				
Accounts, net	155,876	11,733	167,609	-
Interest	33,440	129,821	163,261	-
Total current assets	4,699,995	2,589,517	7,289,512	2,585,226
Noncurrent:				
Restricted cash and investments	-	9,314,886	9,314,886	-
Capital assets:				
Nondepreciable capital assets	284,451	19,141,876	19,426,327	-
Depreciable capital assets	25,724,943	-	25,724,943	-
Accumulated depreciation	(8,383,390)	-	(8,383,390)	-
Total capital assets, net	17,626,004	19,141,876	36,767,880	-
Total noncurrent assets	17,626,004	28,456,762	46,082,766	-
Total assets	22,325,999	31,046,279	53,372,278	2,585,226
DEFERRED OUTFLOWS OF RESOURCES				
Changes in the net pension liability	623,996	12,200	636,196	-
Changes in the net OPEB liability	62,887	7,391	70,278	-
Total deferred outflows of resources	686,883	19,591	706,474	-
LIABILITIES				
Current liabilities:				
Accounts payable	565,336	2,002,354	2,567,690	50,294
Interest payable	57,094	319,917	377,011	-
Long-term debt - current portion	447,874	320,000	767,874	-
Compensated absences - current	59,050	-	59,050	-
Claims payable - current	-	-	-	597,884
Total current liabilities	1,129,354	2,642,271	3,771,625	648,178
Noncurrent liabilities:				
Advances from other funds	800,000	-	800,000	-
Long-term debt	3,775,276	24,909,989	28,685,265	-
Compensated absences	18,431	-	18,431	-
Claims payable	-	-	-	926,462
Net pension liability	1,634,802	75,934	1,710,736	-
Net OPEB liability	574,564	61,843	636,407	-
Total noncurrent liabilities	6,803,073	25,047,766	31,850,839	926,462
Total liabilities	7,932,427	27,690,037	35,622,464	1,574,640
DEFERRED INFLOWS OF RESOURCES				
Changes in the net pension liability	131,889	5,661	137,550	-
Changes in the net OPEB liability	123,844	57,279	181,123	-
Total deferred inflows of resources	255,733	62,940	318,673	-
NET POSITION				
Net investment in capital assets	13,402,854	2,099,626	15,502,480	-
Unrestricted	1,421,868	1,213,267	2,635,135	1,010,586
Total net position	\$ 14,824,722	\$ 3,312,893	\$ 18,137,615	\$ 1,010,586

See accompanying Notes to Basic Financial Statements.

City of Piedmont

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the year ended June 30, 2024

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Sewer Fund	Aquatic Fund	Totals	
OPERATING REVENUES:				
Charges for services	\$ 3,096,708	\$ -	\$ 3,096,708	\$ -
Total operating revenues	3,096,708	-	3,096,708	-
OPERATING EXPENSES:				
Contract and professional services	358,142	-	358,142	-
Services and supplies	85,403	-	85,403	-
Salaries and benefits	808,325	-	808,325	-
Insurance and claims expense	-	-	-	2,636,289
Depreciation	686,635	-	686,635	-
Total operating expenses	1,938,505	-	1,938,505	2,636,289
Operating income (loss)	1,158,203	-	1,158,203	(2,636,289)
NONOPERATING REVENUES (EXPENSES):				
Property tax	-	1,336,618	1,336,618	-
Interest income	226,297	729,250	955,547	-
Interest expense	(80,819)	(769,696)	(850,515)	-
Other income (expense)	-	8,427	8,427	2,636,289
Total nonoperating revenues (expenses)	145,478	1,304,599	1,450,077	2,636,289
Income before contributions and transfers	1,303,681	1,304,599	2,608,280	-
CONTRIBUTIONS AND TRANSFERS:				
Transfers in	-	1,002,204	1,002,204	-
Total contributions and transfers	-	1,002,204	1,002,204	-
Change in net position	1,303,681	2,306,803	3,610,484	-
NET POSITION:				
Beginning of year	13,521,041	1,006,090	14,527,131	1,010,586
End of year	\$ 14,824,722	\$ 3,312,893	\$ 18,137,615	\$ 1,010,586

See accompanying Notes to Basic Financial Statements.

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City of Piedmont
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024

	Business-Type Activities		Governmental Activities - Internal Service Funds	
	Sewer Fund	Aquatic Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 3,090,466	\$ 1,283	\$ 3,091,749	\$ -
Claims and premium paid	-	-	-	(2,504,212)
Cash paid to suppliers	(2,039)	(1,491)	(3,530)	-
Cash paid to employees	(835,472)	(2)	(835,474)	-
Net cash provided by (used in) operating activities	2,252,955	(210)	2,252,745	(2,504,212)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other income	-	8,427	8,427	2,636,289
Ad valorem tax	-	1,336,618	1,336,618	-
Transfers from other funds	-	1,002,204	1,002,204	-
Net cash provided by (used in) noncapital financing activities	-	2,347,249	2,347,249	2,636,289
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,325,776)	(11,545,524)	(12,871,300)	-
Proceeds from long-term debt	-	429,999	429,999	-
Principal paid on long-term debt	(578,168)	(177,593)	(755,761)	-
Interest paid on long-term debt	(86,833)	(774,779)	(861,612)	-
Net cash provided by (used in) capital and related financing activities	(1,990,777)	(12,067,897)	(14,058,674)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends	224,336	646,993	871,329	-
Net cash provided by (used in) investing activities	224,336	646,993	871,329	-
Net cash flows	486,514	(9,073,865)	(8,587,351)	132,077
CASH AND INVESTMENTS - Beginning of year	4,024,165	20,836,714	24,860,879	2,453,149
CASH AND INVESTMENTS - End of year	\$ 4,510,679	\$ 11,762,849	\$ 16,273,528	\$ 2,585,226
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and investment	\$ 4,510,679	\$ 2,447,963	\$ 6,958,642	\$ 2,585,226
Restricted cash and investment	-	9,314,886	9,314,886	-
CASH AND INVESTMENTS - End of year	\$ 4,510,679	\$ 11,762,849	\$ 16,273,528	\$ 2,585,226

See accompanying Notes to Basic Financial Statements.

City of Piedmont**Statement of Cash Flows****Proprietary Funds (Continued)****For the year ended June 30, 2024**

	Business-Type Activities		Governmental Activities - Internal Service Funds	
	Sewer Fund	Aquatic Fund	Totals	Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,158,203	\$ -	\$ 1,158,203	(2,636,289)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	686,635	-	686,635	-
Pension and OPEB expense	(37,495)	(2)	(37,497)	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(6,242)	1,283	(4,959)	1,407
(Increase) decrease in prepaid expense	7,761	-	7,761	-
Increase (decrease) in accounts payable	433,745	(1,491)	432,254	10,101
Increase (decrease) in claims payable	-	-	-	120,569
Increase (decrease) in compensated absences	10,348	-	10,348	-
Net cash provided by (used in) operating activities	\$ 2,252,955	\$ (210)	\$ 2,252,745	\$ (2,504,212)

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City of Piedmont
Statement of Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2024

			Custodial Fund
	Police and Fire Pension Plan Trust	OPEB Trust	2017 Underground Refunding Bond Fund
ASSETS			
Restricted cash	\$ -	\$ -	\$ 393,169
Restricted investments	18,578,386	14,216,324	-
Accounts Receivable	-	-	3,118
Interest Receivable	7,104	-	-
Total assets	18,585,490	14,216,324	396,287
LIABILITIES			
Accounts payable	29,772	-	-
Total liabilities	29,772	-	-
NET POSITION			
Restricted for:			
Police and fire pension	18,555,718	-	-
OPEB	-	14,216,324	-
Individuals, organizations, and other governments	-	-	396,287
Total Net Position	\$ 18,555,718	\$ 14,216,324	\$ 396,287

See accompanying Notes to Basic Financial Statements.

City of Piedmont**Statement of Changes in Fiduciary Net Position****Fiduciary Funds****For the year ended June 30, 2024**

			Custodial Fund
	Police and Fire Pension Plan Trust	OPEB Trust	2017 Underground Refunding Bond Fund
ADDITIONS:			
Assessments	\$ -	\$ -	\$ 354,706
Contributions from employees	-	54,200	-
Investment income:			
Net increase in fair value of investments	2,227,162	2,077,093	-
Interest and dividends	435,382	-	-
Total additions	2,662,544	2,131,293	354,706
DEDUCTIONS:			
Pension benefits paid	127,061	-	-
Administrative expenses	112,976	-	9,903
Debt service:			
Principal	-	-	256,290
Interest	-	-	81,509
Total deductions	240,037	-	347,702
Change in net position	2,422,507	2,131,293	7,004
NET POSITION:			
Beginning of year	16,133,211	12,085,031	389,283
End of year	\$ 18,555,718	\$ 14,216,324	\$ 396,287

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

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, 2024 was approximately 10,427.

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, 2024, the City's staff was comprised of 97 full-time employees who were responsible for the following City-provided services:

Public Safety - The City employs 24 sworn and 3 non-sworn police personnel to provide round-the-clock police services from a central station, and 25 fire personnel to provide round-the-clock fire services from a central station.

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

Recreation, Public Works, Administration and other services are provided by a total of 42 full-time and 13 part-time employees.

In addition, the City employs approximately 104 seasonal recreational personnel.

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

A. *The Reporting Entity*

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

B. *Basis of Presentation*

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

Government-wide Financial Statements:

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

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

Fund Financial Statements:

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds:

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

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

Proprietary Funds:

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

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

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

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

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

Major Funds

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

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

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

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

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

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

The City also reports the following fund types:

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus and Basis of Accounting, Continued

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

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

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

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

D. Property Taxes

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash and Investments

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

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

F. Accounts and Interest Receivable

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

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

G. Prepaid Expenses

Payments for services that will benefit periods beyond June 30, 2024, are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital Assets

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

I. Compensated Absences

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, 2024. 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.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Long-Term Liabilities

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

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

K. Pensions

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

L. Section 115 Trust

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

N. Deferred Outflows/Inflows of Resources

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

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

O. Interfund Transactions

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Equity Classifications

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Leases

Lessor

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

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

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

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

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

R. Subscription-Based Information Technology Arrangements (SBITA)

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

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

S. General Budget Policies

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

T. Use of Estimates

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

U. Reclassifications

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

V. Implementation of New Governmental Accounting Standards Board Statements

In 2024, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 – The 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 weren't applied to the City for the current fiscal year.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2024, were classified in the accompanying financial statements as follows:

	Cash and Investments	Restricted Cash and Investments	Total
Governmental activities	\$ 34,621,206	\$ 4,798,032	\$ 39,419,238
Business-type activities	6,958,642	9,314,886	16,273,528
Total government-wide cash and investments	41,579,848	14,112,918	55,692,766
Fiduciary activities	-	33,187,879	33,187,879
Total cash and investments	\$ 41,579,848	\$ 47,300,797	\$ 88,880,645

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

Cash and investments were carried at fair value as of June 30, 2024, and consisted of the following:

Cash on hand	\$ 900
Cash in banks	(546,309)
Total cash	<u>(545,409)</u>
U.S. agency securities	15,446,749
Certificates of deposit	16,636,161
Local Agency Investment Fund (LAIF)	15,877,052
Held in Trust:	
Equity mutual funds	14,216,324
Fixed income securities	9,685,736
Domestic equities	16,274,698
Money market funds	<u>1,289,334</u>
Total investments	<u>89,426,054</u>
Total cash and investments	<u><u>\$ 88,880,645</u></u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

Authorized Investments of the City

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

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

Investments Authorized by the Police and Fire Pension Board

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

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

Authorized investments include the following:

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

Investments Authorized by the OPEB Trust Fund

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

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

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

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

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

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

Fixed-Income Types	Restrictions
U.S. Treasury bonds, notes, and bills	None
Debt instruments issued by U.S. Government or Agencies	None
Repurchase agreements with U.S. Treasury Securities and Agencies of U.S. Government as collateral	None
Certificates of deposit and banker's acceptances	None
Diversified fixed-income mutual funds	None
Asset-backed securities	None
Mortgage-backed pass through securities issued by Government Sponsored Enterprises (GSEs) and Commercial (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
Private placements	b. 10% maximum exposure at market value
Eurodollar securities and non-dollar denominated instruments	5% maximum exposure at cost
Preferred stock	15% maximum exposure at cost
Debt for equity exchanges	10% maximum exposure at cost
Mortgage-backed derivative instruments	5% maximum exposure at cost
	10% maximum exposure at cost

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2024:

Investments	Level 1 Inputs	Fair Value Measurements Using			Total Fair Value
		Level 2 Inputs	Level 3 Inputs		
U.S. agency securities	\$ -	\$ 15,446,749	\$ -	\$	15,446,749
Certificates of deposit	-	16,636,161	-		16,636,161
Held in Trust:					
Equity mutual funds	14,216,324	-	-		14,216,324
Fixed income securities	-	9,685,736	-		9,685,736
Domestic equities	16,274,698	-	-		16,274,698
Money market funds	1,289,334	-	-		1,289,334
Total	<u>\$ 31,780,356</u>	<u>\$ 41,768,646</u>	<u>\$ -</u>	<u>\$</u>	<u>73,549,002</u>

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. The investment balance of \$15,877,052 is not subject to valuation on a recurring basis.

Disclosure Relating to Interest Rate Risk

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

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, 2024:

Investment Type	12 months or less	Remaining Maturity		Fair Value
		1-5 years	More than 5 years	
Police and Fire Pension Trust Fund:				
Fixed income securities	\$ 4,798,032	\$ -	\$ -	\$ 4,798,032
Domestic equities	16,274,698	-	-	16,274,698
Money market funds	1,289,334	-	-	1,289,334
Total Police and Fire Pension Trust Fund	22,362,064	-	-	22,362,064
OPEB Trust Fund:				
Equity mutual funds	14,216,324	-	-	14,216,324
Total OPEB Trust Fund	14,216,324	-	-	14,216,324
City and Custodial Funds:				
Fixed income securities	4,887,704	-	-	4,887,704
Certificates of deposit	14,218,600	2,417,561	-	16,636,161
U.S. agency securities	-	15,446,749	-	15,446,749
Local Agency Investment Fund	15,877,052	-	-	15,877,052
Total City and Custodial Funds	34,983,356	17,864,310	-	52,847,666
Total Investments	\$ 71,561,744	\$ 17,864,310	\$ -	\$ 89,426,054

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

The City had no investments (including investments held in trust) that were highly sensitive to interest rate fluctuations as of June 30, 2024.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued, Continued

B. Disclosures Relating to Credit Risk

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

Investment Type	Total	Rating as of Fiscal Year End	
		S&P	Moody's
Police and Fire Pension Trust Fund:			
Fixed income securities	\$ 4,798,032	Not rated	Not rated
Domestic equities	16,274,698	Not rated	Not rated
Money market funds	1,289,334	Not rated	Not rated
OPEB Trust Fund:			
Equity mutual funds	14,216,324	Not rated	Not rated
City and Custodial Funds:			
Fixed income securities	4,887,704	Not rated	Not rated
Certificates of deposit	16,636,161	Not rated	Not rated
U.S. agency securities	15,446,749	AA+	Aaa
Local Agency Investment Fund	15,877,052	Not rated	Not rated
Total	<u>\$ 89,426,054</u>		

C. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2024, that represent 5 percent or more of total City investments are as follows:

Issuer	Investment Type	Amount
Federal Home Loan Banks	Government agency securities	\$ 12,302,395

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued, Continued

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2024, the carrying amount of the City's deposits was \$(546,309) and the bank balances were \$1,290,702, of which \$500,000 was insured by FDIC coverage limits.

E. Allocation of Interest Income Among Funds

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

3. LEASES RECEIVABLE

The City is reporting leases receivable of \$269,984 at June 30, 2024. For the year ended June 30, 2024, the City reported lease revenue of \$105,597 and interest revenue of \$8,264 related to lease payments received.

A. Buildings

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued, Continued

B. Cell Tower Sites

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

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

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$117,050	\$5,429	\$122,479
2026	99,107	2,517	101,624
2027	48,944	711	49,654
2028	4,883	21	4,905
Total	<u>\$269,984</u>	<u>\$8,678</u>	<u>\$278,662</u>

The City has recorded a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2024, the balance of the deferred inflow of resources was \$264,214.

4. INTERFUND TRANSACTIONS

A. Due to/from Other Funds

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. These balances normally represent to cover temporary shortages of cash in individual funds. The following presents a summary of current interfund balances at June 30, 2024:

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

4. INTERFUND TRANSACTIONS, Continued

B. Advances to/from Other Funds

Advances will be repaid to the advancing fund when revenue in the receiving fund is adequate. The composition of advances to/from other funds as of June 30, 2024 was as follows:

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

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

C. Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2024 were as follows:

Transfer From	Transfer To	Description of Transfer	Amount
Major Governmental Funds			
General Fund	Facilities Capital	Funding for capital outlay	\$ 322,066
	Equipment Replacement	Funding for capital outlay	800,000
	Facilities Maintenance	Funding for capital outlay	850,000
Facilities Capital	Aquatic Fund	Capital projects	207,204
Interfund Transfers			<u>\$2,179,270</u>
Non-Major Governmental Funds			
Projects and Services	General Fund	City-wide beautification	\$ 13,976
Projects and Services	Aquatic Fund	Capital projects	795,000
Projects and Services	Facilities Maintenance	Capital projects	8,900
Schoolmates Program	Facilities Maintenance	Capital projects	29,910
COPS	General Fund	Public Safety	45,136
Measure D Fund	General Fund	Administrative cost recovery	25,071
Interfund Transfers			<u>\$ 917,993</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

4. INTERFUND TRANSACTIONS, Continued

D. Intra-fund Transfers between Funds

Intra-fund transfers are not presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds as they are presented on a net basis. Intra-fund transfers during the year ended June 30, 2024, consisted of a transfer between the General Fund and the Traffic Safety fund for \$20,000.

5. CAPITAL ASSETS

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

	Balance at July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Governmental Activities:					
Capital assets not being depreciated					
Land	\$ 5,683,095	\$ -	\$ -	\$ -	\$ 5,683,095
Construction in progress	163,737	563,952	-	-	727,689
SBITA work-in-progress	352,939	160,840	-	(513,779)	-
Total capital assets not being depreciated	6,199,771	724,792	-	(513,779)	6,410,784
Capital assets being depreciated					
Buildings and Improvements	5,698,904	-	-	-	5,698,904
Vehicles	4,256,682	104,847	(157,262)	-	4,204,267
Property and equipment	5,892,247	628,650	(425,354)	-	6,095,543
Infrastructure	52,576,686	1,892,534	(336,038)	-	54,133,182
SBITA Assets	769,872	1,010,388	(342,406)	513,779	1,951,633
Total capital assets being depreciated	69,194,391	3,636,419	(1,261,060)	513,779	72,083,529
Less accumulated depreciation					
Buildings and Improvements	(2,729,196)	(325,244)	-	-	(3,054,440)
Vehicles	(2,429,884)	(305,296)	157,262	-	(2,577,918)
Property and equipment	(4,327,746)	(448,561)	461,479	-	(4,314,828)
Infrastructure	(31,236,712)	(1,343,995)	336,038	-	(32,244,669)
SBITA Assets	(186,960)	(332,471)	186,443	-	(332,988)
Total accumulated depreciation	(40,910,498)	(2,755,567)	1,141,222	-	(42,524,843)
Total capital assets being depreciated, net	28,283,893	880,852	(119,838)	513,779	29,558,686
Total Capital Assets, net	\$34,483,664	\$1,605,644	\$ (119,838)	\$ -	\$35,969,470

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

5. CAPITAL ASSETS, Continued

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

Governmental Activities:

Administration	\$ 202,277
Public works	455,921
Street improvement	938,998
Public safety - police	280,525
Public safety - fire	285,745
Recreation	592,101
Total governmental activities depreciation expense	<u>\$ 2,755,567</u>

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Business-type Activities:				
Capital assets not being depreciated				
Construction in progress	\$ 6,469,205	\$ 12,957,122	\$ -	\$ 19,426,327
Total capital assets not being depreciated	6,469,205	-	-	19,426,327
Capital assets being depreciated				
Vehicles	1,788,463	399,436	(165,668)	2,022,231
Infrastructure	23,060,823	641,889	-	23,702,712
Total capital assets being depreciated	24,849,286	1,041,325	(165,668)	25,724,943
Less accumulated depreciation:				
Vehicles	(991,111)	(219,035)	165,668	(1,044,478)
Infrastructure	(6,871,312)	(467,600)	-	(7,338,912)
Total accumulated depreciation	(7,862,423)	(686,635)	165,668	(8,383,390)
Total capital assets being depreciated, net	16,986,863	354,690	-	17,341,553
Total Capital Assets, net	<u>\$ 23,456,068</u>	<u>\$ 354,690</u>	<u>\$ -</u>	<u>\$ 36,767,880</u>

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

Business-type Activities:

Sewer	<u>\$ 686,635</u>
Total business-type activities depreciation expense	<u>\$ 686,635</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. LONG-TERM LIABILITIES

Governmental activities long-term liabilities issued and outstanding at June 30, 2024 were comprised of the following:

Type of Indebtedness	Authorized and Issued	Outstanding June 30, 2024
Subscription (SBITA) liability	\$ 1,780,260	\$ 1,165,506
Compensated absences		1,063,181
Total governmental activities		<u>\$ 2,228,687</u>

Business-type activities long-term liabilities issued and outstanding at June 30, 2024 were comprised of the following:

Type of Indebtedness	Maturity	Interest Rates	Authorized and Issued	Outstanding June 30, 2024
Sewer Rehab Loan - Phase II	2023	2.50%	\$ 2,211,812	-
Sewer Rehab Loan - Phase III	2025	2.50%	2,512,708	157,574
Sewer Rehab Loan - Phase IV	2031	1.00%	1,900,188	813,590
Sewer Rehab Loan - Phase V	2037	1.70%	4,397,000	3,251,985
Ava Comm Energy (EBCE) Loan	2039	0.00%	750,000	750,000
2021 General Obligation Bonds	2051	5.00%	19,500,000	19,195,000
Premium on bonds				5,284,990
Compensated absences				<u>77,481</u>
Total business-type activities				<u>29,530,620</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. LONG-TERM LIABILITIES, Continued

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2024:

	Balance at July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Governmental Activities:					
Subscription (SBITA) liability	\$ 519,550	\$ 1,010,388	\$ (364,432)	\$ 1,165,506	\$ 432,291
Total SBITAs payable	519,550	1,010,388	(364,432)	1,165,506	432,291
Other liabilities:					
Compensated absences	1,041,080	815,349	(793,248)	\$ 1,063,181	810,272
Total Governmental Activities	<u>\$ 1,560,630</u>	<u>\$ 1,825,737</u>	<u>\$ (1,157,680)</u>	<u>\$ 2,228,687</u>	<u>\$ 1,242,563</u>
	Balance at July 1, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
Type of Indebtedness					
Sewer Rehab Loan - Phase II	\$ 138,322	\$ -	\$ (138,322)	\$ -	\$ -
Sewer Rehab Loan - Phase III	311,303	-	(153,730)	157,573	157,573
Sewer Rehab Loan - Phase IV	910,811	-	(97,220)	813,591	98,193
Sewer Rehab Loan - Phase V	3,440,882	-	(188,897)	3,251,985	192,108
Ava Comm Energy (EBCE) Loan	-	750,000	-	750,000	25,002
Total loans payable	<u>4,801,318</u>	<u>750,000</u>	<u>(578,169)</u>	<u>4,973,149</u>	<u>447,874</u>
2021 General Obligation Bond	19,500,000	-	(305,000)	19,195,000	320,000
Premium on bonds	5,477,583	-	(192,593)	5,284,990	-
Total bonds payable	<u>24,977,583</u>	<u>-</u>	<u>(497,593)</u>	<u>24,479,990</u>	<u>320,000</u>
Other liabilities:					
Compensated absences	67,133	61,511	(51,163)	77,481	59,050
Total Business-type Activities	<u>\$ 29,846,034</u>	<u>\$ 811,511</u>	<u>\$ (1,126,925)</u>	<u>\$ 29,530,620</u>	<u>\$ 826,924</u>

A description of the long-term liabilities at June 30, 2024 follows:

A. Government Activities

Subscriptions (SBITAs) Payable

The City has entered into SBITAs involving various software as a service subscriptions. The total of the City's SBITA assets are recorded at a cost of \$1,951,633 less accumulated amortization of \$332,988.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. LONG-TERM LIABILITIES, Continued

A. Government Activities, Continued

Future debt service payments on the SBITAs are as follows:

For the Year Ending June 30	Principal	Interest	Total
2025	\$ 432,291	\$ 31,353	\$ 463,644
2026	322,660	20,321	342,981
2027	211,943	10,212	222,155
2028	115,914	3,804	119,718
2029	40,738	489	41,227
2030	41,960	38	41,998
Total	<u>\$ 1,165,506</u>	<u>\$ 66,217</u>	<u>\$ 1,231,723</u>

Compensated Absences

At June 30, 2024, compensated absences totaled \$1,063,181, of which \$810,272 was recorded as a current liability and the non-current portion totaled \$252,909. For governmental activities, compensated absences are liquidated by the general fund.

B. Business-type Activities

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.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. LONG-TERM LIABILITIES, Continued

B. Business-type Activities, Continued

Sewer Rehabilitation Loan - Phase IV

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

Sewer Rehabilitation Loan - Phase V

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

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 447,874	\$ 65,769	\$ 513,643
2026	294,548	59,157	353,705
2027	298,861	54,844	353,705
2028	303,241	50,465	353,706
2029	307,688	46,018	353,706
2030 - 2034	1,393,857	162,012	1,555,869
2035 - 2039	1,177,080	60,661	1,237,741
Total	<u>\$ 4,223,149</u>	<u>\$ 498,926</u>	<u>\$ 4,722,075</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. LONG-TERM LIABILITIES, Continued

B. Business-type Activities, Continued

2021 General Obligation Bonds

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

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

Year Ending June 30,	Principal	Interest	Total
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	375,000	899,625	1,274,625
2029	395,000	880,375	1,275,375
2030 - 2034	2,295,000	4,076,875	6,371,875
2035 - 2039	2,940,000	3,426,000	6,366,000
2040 - 2044	3,775,000	2,591,125	6,366,125
2045 - 2049	4,850,000	1,518,000	6,368,000
2050 - 2052	3,550,000	272,250	3,822,250
Total	<u>\$ 19,195,000</u>	<u>\$ 16,469,125</u>	<u>\$ 35,664,125</u>

Ava Comm Energy (EBCE) Loan

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

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 25,002	\$ -	\$ 25,002
2026	50,004	-	50,004
2027	50,004	-	50,004
2028	50,004	-	50,004
2029	50,004	-	50,004
2030 - 2034	250,020	-	250,020
2035 - 2039	250,020	-	250,020
2040	24,942	-	24,942
Total	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. LONG-TERM LIABILITIES, Continued

B. Business-type Activities, Continued

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 792,876	\$ 1,017,519	\$ 1,810,395
2026	684,552	994,407	1,678,959
2027	703,865	972,719	1,676,584
2028	728,245	950,090	1,678,335
2029	752,692	926,393	1,679,085
2030 - 2034	3,938,877	4,238,887	8,177,764
2035 - 2039	4,367,100	3,486,661	7,853,761
2040 - 2044	3,799,942	2,591,125	6,391,067
2045 - 2049	4,850,000	1,518,000	6,368,000
2050 - 2052	3,550,000	272,250	3,822,250
Total	<u>\$ 24,168,149</u>	<u>\$ 16,968,051</u>	<u>\$ 41,136,200</u>

7. ASSESSMENT DEBT WITHOUT CITY COMMITMENT

In December 2017, the City administered the issuance of the City of Piedmont Reassessment District No. 2017-1 Limited Obligation Refunding Bonds in the principal amount of \$3,917,261. The proceeds from the issuance of the bonds were used to refund the Dudley/Blair Underground Utility Assessment District bonds, the Wildwood/Crocker Underground Utility Assessment District bonds and the Piedmont Hills Underground Assessment District bonds and to pay the costs of issuance of the bonds. At June 30, 2024, the outstanding principal of the bond issue was \$2,495,916. The City is not liable for the repayment of this debt and is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to the bondholders, and initiating foreclosure proceedings. For this reason, this debt is not reported as a long-term liability of the City.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

8. DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

The rate plan provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	Tier III (PEPRA)
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	On or After to January 1, 2013
Benefit Formula	3.0% @ 60	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	60 and up	62 and up
Monthly Benefits, as a % of Eligible Compensation	2.0% to 3.0%	2.0%	2.0%
Required Employee Contribution Rates	8.00%	7.00%	7.75%
Required Employer Contribution Rates	17.26%	10.10%	7.68%
Required UAL Contribution	\$792,218	\$0	\$0

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

8. DEFINED BENEFIT PENSION PLAN, Continued

A. General Information about the Pension Plan, Continued

	Safety		
	Tier I	Tier II	Tier III (PEPRA)
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	On or After to January 1, 2013
Benefit Formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	50 and up	57 and up
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.0%	2.70%
Required Employee Contribution Rates	9.00%	9.00%	14.50%
Required Employer Contribution Rates	29.09%	21.78% (police & fire)	14.50% (police & fire)
Required UAL Contribution	\$1,852,907	\$0	\$1,902 (police) \$801 (fire)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The City's contributions to the Plan for the year ending June 30, 2024 were \$4,588,090.

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

As of June 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$41,035,485.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

8. DEFINED BENEFIT PENSION PLAN, Continued

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

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

Proportion - June 30, 2022	0.32505%
Proportion - June 30, 2023	<u>0.32893%</u>
Change - Increase (Decrease)	<u><u>0.00388%</u></u>

For the year ended June 30, 2024, the City recognized pension expense of \$7,651,549. At June 30, 2024, 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	\$ 4,588,090	\$ -
Differences between Employer's Contributions and Proportionate Share of Contributions	36,022	1,319,847
Differences between Expected and Actual Experience	2,732,495	278,495
Changes in Assumptions	2,420,150	-
Change in Employer's Proportion	1,764,076	-
Differences between Projected and Actual Investment Earnings	5,930,171	-
	<u>\$ 17,471,004</u>	<u>\$ 1,598,342</u>

\$4,588,090 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, 2025. 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,	
2025	\$ 3,749,642
2026	2,600,677
2027	4,767,142
2028	167,111

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

8. DEFINED BENEFIT PENSION PLAN, Continued

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

Actuarial Assumptions

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

Valuation Dates	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality (1)	Derived using CalPERS membership data for all funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies.

(1) The mortality table used was developed based on Cal PERS' Membership Data for all Funds. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report available on CalPERS website.

Changes in Assumptions

Effective with the June 30, 2022 valuation date (2023 measurement date), the inflation rate was reduced from 2.50% to 2.30%.

Discount Rate

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

Long-term Expected Rate of Return

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

8. DEFINED BENEFIT PENSION PLAN, Continued

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

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

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

Asset Class	Assumed Asset	Real Return Years 1-10
Global Equity - Cap-weighted	30.0%	4.45%
Global Equity - Non Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

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

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

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

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

	Discount Rate -1 % (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1 % (7.90%)
Net Pension Liability (Asset)	\$ 61,511,876	\$ 41,035,485	\$ 24,256,424

Pension Plan Fiduciary Net Position

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

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, 2024, the Plan covers 6 retired City employees or surviving spouses, who receive monthly benefits, which will continue for life.

Funding Policy

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

Benefit Terms

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

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

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

B. Net Pension Liability (Asset)

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

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

B. Net Pension Liability (Asset), Continued

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions:

Measurement Date	June 20, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
Salary Increases	2.00%
Investment Rate of Return	5.50% net of pension plan investment expenses
Mortality	
Service retirements and benefits	California PERS mortality table for healthy recipients (based on CalPERS 2000-2019 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2021.
Disability	California PERS mortality table for work-related disabled retirees (based on CalPERS 2000-2019 experience study), with generational mortality projection (to recognize future mortality improvement) utilizing Society of Actuaries Scale MP-2021.

Changes of Assumptions

There were no changes in assumptions.

Discount Rate

The discount rate was set equal to the long-term expected rate of return. The long-term expected rate of return was used as current assets are expected to be sufficient to cover all future benefit payments and expenses due to the magnitude of the Plan's 2,355.90% funded ratio and the average age of the group (84).

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

	1 % Decrease (4.50%)	Current Discount Rate (5.50%)	1 % Increase (6.50%)
Net Pension Liability (Asset)	\$ 17,747,795	\$ (17,796,602)	\$ (17,840,045)

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

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

C. Changes in the Net Pension Liability (Asset)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2023	\$ 1,246,747	\$ 16,133,211	\$ (14,886,464)
Changes in the year:			
Interest	65,077	-	65,077
Actual vs. expected experience	(395,874)	-	(395,874)
Net investment income	-	2,579,341	(2,579,341)
Benefit payments	(127,061)	(127,061)	-
Net changes	(457,858)	2,452,280	(2,910,138)
Balance at June 30, 2024	\$ 788,889	\$ 18,585,491	\$ (17,796,602)

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

For the year ended June 30, 2024, the City recognized pension expense/ (credit) of \$(1,660,338). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investment	\$ -	\$ 1,038,096
Total	\$ -	\$ 1,038,096

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	
2025	(419,380)
2026	200,674
2027	(480,290)
2028	(339,100)

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided

Tier 1	• Eligibility: Hired before May 1, 2018 or January 1, 2018 depending on the MOU group • Service or disability retirement under CalPERS directly from City • Retiree cap equal active cap using PEMHCA Unequal Method • Active cap is based on 2021 Kaiser Bay Area premiums plus 50% of post-2021 changes • Maximum yearly increase \$100/month (formerly unequal method) . • 2024 Monthly Retiree Caps are \$917.53, \$1,827.48 and \$2,047.26 for Single, Dual and Family coverages respectively • Active Members contribute \$50 semi-monthly
Tier 2	• Eligibility: Hired before May 1, 2018 or January 1, 2018 depending on the MOU group • Service or disability retirement under CalPERS directly from City • PEMHCA minimum benefit is paid monthly (\$157/month in 2024, \$158/month in 2025)
Other	• City pays lifetime Kaiser Single Non-Medicare rate for retiree hired before October 1, 1984 with a special agreement. • No dental, vision, or life benefits

Employees Covered

As of the June 30, 2024 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	117
Inactive employees currently receiving benefits	80
Inactive employees entitled to, but not yet receiving benefits	10
	<u>207</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. OTHER POST EMPLOYMENT BENEFITS, Continued

Contributions

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

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

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2024 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, 2024 • 5.75% at June 30, 2023
20-Year Municipal Bond (Bond Buyer 20-Bond GO)	• 3.93% at June 30, 2024 • 3.65% at June 30, 2023
Discount Rate	• 5.63% at June 30, 2024 • 5.50% at June 30, 2023
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary increases	• Aggregate - 2.75% annually • Merit - CalPERS 2000-2019 Experience Study
Medical Trend	• Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 • Medicare: - Kaiser: 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076 - Non-Kaiser: 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA Minimum Increases	Increase 3.50% annually
Participation at Retirement	• Currently covered (Tier 1): 95% • Currently covered (Tier 2): 60% (eligible for PEMHCA minimum only) • Currently waived - 40%
Spouse Coverage at Retirement	• Based on current election, 80% if currently waived
Family Coverage at	• Miscellaneous - 20% until age 65 • Safety - 35% until age 65

Changes of Assumption

In Fiscal Year 2023/24, the discount rate was increased from 5.50% to 5.63% based on the municipal bond rate as of the measurement date and crossover test.

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. OTHER POST EMPLOYMENT BENEFITS, Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 5.63 percent. The table below reflects long-term expected real rates of return presented as geometric means.

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

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at July 1, 2023	\$ 20,285,703	\$ 12,085,030	\$ 8,200,673
Service cost	590,983	-	590,983
Interest cost	1,115,564	-	1,115,564
Assumption changes	727,831	-	727,831
Actual vs. expected experience	(474,069)	-	(474,069)
Contributions- employer	-	1,191,070	(1,191,070)
Contributions - employee	-	54,200	(54,200)
Net investment income	-	2,077,094	(2,077,094)
Benefit payments	(1,187,428)	(1,187,428)	-
Administrative expenses	-	(3,642)	3,642
Net change	772,881	2,131,294	(1,358,413)
Balance at June 2024	\$ 21,058,584	\$ 14,216,324	\$ 6,842,260

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, 2024:

	1 % Decrease (4.63%)	Current Discount Rate (5.63%)	1 % Increase (6.63%)
Net OPEB Liability	\$ 9,451,575	\$ 6,842,260	\$ 4,681,568

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. OTHER POST EMPLOYMENT BENEFITS, Continued

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

The following represents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate (Non-Medicare 7.90% decreasing to 3.75%, Medicare 6.90% decreasing to 3.45%), for measurement period ended June 30, 2024:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 4,713,976	\$ 6,842,260	\$ 9,464,853

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

For the fiscal year ended June 30, 2024, the City recognized OPEB expense/(credit) of \$(346,528). As of fiscal year ended June 30, 2024, 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	\$ -	\$ 1,389,468
Changes in assumptions	999,584	900,410
Net difference between projected and actual earnings on plan investments	-	919,130
Total	\$ 999,584	\$ 3,209,008

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

For the Fiscal Year Ending in 30, June	Recognized Net Deferred Outflows (Inflows) of Resources
2025	\$ (1,029,429)
2026	(204,049)
2027	(788,986)
2028	(249,170)
2029	35,689
Thereafter	26,521

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

11. FUND BALANCE

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

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

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

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

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

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

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

11. FUND BALANCE, Continued

As of June 30, 2024, fund balances were comprised of the following:

Classifications	General Fund	Facilities Capital	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid expenses	\$ 88,377	\$ -	\$ -	\$ 88,377
Total Nonspendable	88,377	-	-	88,377
Restricted:				
Projects and services	-	-	1,210,293	1,210,293
Street projects	-	-	246,688	246,688
Schoolmates program	-	-	1,786,350	1,786,350
Measure D	-	-	61,930	61,930
Measure BB sales tax	-	-	1,709,357	1,709,357
COPS	-	-	421,068	421,068
Measure F	-	-	103,856	103,856
Athletic facility preservation	-	-	576,310	576,310
Abandoned vehicle	-	-	52,114	52,114
Section 115 Trust	4,798,032	-	-	4,798,032
Total Restricted	4,798,032	-	6,167,966	10,965,998
Assigned				
Facilities maintenance	-	10,457,363	377,728	10,835,091
Equipment replacement	-	-	3,730,562	3,730,562
Sidewalk repair	-	-	19,988	19,988
Total Committed	-	10,457,363	4,128,278	14,585,641
Unassigned:	8,480,579	-	(22,946)	8,457,633
Total Unassigned	8,480,579	-	(22,946)	8,457,633
Total Fund Balances	\$ 13,366,988	\$ 10,457,363	\$ 10,273,298	\$ 34,097,649

12. RISK MANAGEMENT

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

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

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

12. RISK MANAGEMENT, Continued

A. Risk Pools

General Liability - Bay Cities Joint Powers Insurance Authority (BCJPIA) covers general liability claims, including excess liability, in an amount up to \$34,500,000. The City has a deductible or uninsured liability of up to \$25,000 per claim. Once the City's deductible is met, BCJPIA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2024, the City contributed \$1,060,587 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, 2024, the City contributed \$583,740 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, 2024:

	General Liability		Workers' Compensation		Total	
	2024	2023	2024	2023	2024	2023
Beginning balance	\$ 216,778	\$ 87,267	\$ 1,187,000	\$ 1,014,000	\$ 1,403,778	\$ 1,101,267
Incurred claims	109,248	238,893	557,903	405,015	667,151	643,908
Claims paid	(74,680)	(109,382)	(471,903)	(232,015)	(546,583)	(341,397)
Ending Balance	<u>\$ 251,346</u>	<u>\$ 216,778</u>	<u>\$ 1,273,000</u>	<u>\$ 1,187,000</u>	<u>\$ 1,524,346</u>	<u>\$ 1,403,778</u>
Current portion	<u>\$ 73,587</u>	<u>\$ 80,150</u>	<u>\$ 524,297</u>	<u>\$ 371,002</u>	<u>\$ 597,884</u>	<u>\$ 451,152</u>

City of Piedmont
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

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, 2024 did not exceed the 25 percent of expenditures limitation.

	Amounts
General fund expenditures	\$ 36,100,675
Fund balance limitation, 25% of expenditures	9,025,169
Unencumbered General fund balance at year end	8,527,211
Amount below fund balance limitation	<u>\$ 497,958</u>

14. EXCESS EXPENDITURES OVER APPROPRIATIONS

No funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2024.

15. CONTINGENCIES AND COMMITMENTS

Grant Awards

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

Litigation

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

Contracts

At June 30, 2024, the City had construction contracts outstanding of approximately \$14,642,158 related to various construction projects.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Piedmont

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

General Fund

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Property tax	\$ 18,110,000	\$ 18,110,000	\$ 18,449,197	\$ 339,197
Sales tax	250,000	250,000	195,561	(54,439)
Franchise tax	607,000	607,000	601,234	(5,766)
Utility users tax	1,415,000	1,415,000	1,446,400	31,400
Real property transfer tax	3,400,000	3,400,000	4,086,499	686,499
Business license and rental tax	691,000	691,000	695,495	4,495
Licenses and permits	757,000	757,000	809,760	52,760
Intergovernmental	4,163,332	4,163,332	2,481,060	(1,682,272)
Use of money and property	975,400	975,400	1,742,452	767,052
Current service charges	4,494,500	4,494,500	4,828,313	333,813
Parcel tax	2,622,000	2,622,000	2,621,746	(254)
Contributions and donations	28,000	28,000	35,284	7,284
Other revenues	497,900	497,900	572,655	74,755
Total revenues	38,011,132	38,011,132	38,565,656	554,524
EXPENDITURES:				
Current:				
Administration	4,425,281	4,443,252	4,280,618	162,634
Public works	7,554,984	7,570,334	5,941,295	1,629,039
Police services	8,197,633	8,197,633	7,973,848	223,785
Fire services	8,272,967	8,397,967	8,278,781	119,186
Recreation	3,583,567	3,583,567	3,902,196	(318,629)
Nondepartmental	3,947,471	3,947,471	3,838,148	109,323
Capital outlay	1,710,388	1,710,388	1,685,020	25,368
Debt service - principal	-	-	200,769	(200,769)
Total expenditures	37,692,291	37,850,612	36,100,675	1,749,937
REVENUES OVER (UNDER)				
EXPENDITURES	318,841	160,520	2,464,981	2,304,461
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	84,183	84,183
Transfers out	(4,524,264)	(4,524,264)	(1,972,066)	2,552,198
Total other financing sources (uses)	(4,524,264)	(4,524,264)	(877,495)	3,646,769
Net change in fund balances	\$ (4,205,423)	\$ (4,363,744)	1,587,486	\$ 5,951,230
FUND BALANCES:				
Beginning of year			11,779,502	
End of year			<u>\$ 13,366,988</u>	

City of Piedmont**Notes to Required Supplementary Information
Budgetary Accounting and Control
For the year ended June 30, 2024**

BUDGETARY INFORMATION

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

BUDGETARY CONTROLS

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

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City of Piedmont**Required Supplementary Information****For the year ended June 30, 2024**

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

Measurement Date	2014	2015	2016	2017
Plan's proportion of the net pension liability	0.24773%	0.24111%	0.25701%	0.2620%
Plan's proportionate share of the net pension liability	\$ 15,419,642	\$ 16,549,792	\$ 22,238,992	\$ 25,982,764
Plan's covered payroll	\$ 8,752,938	\$ 9,157,966	\$ 9,305,356	\$ 9,471,727
Plan's proportionate share of the net pension liability as percentage of its covered payroll	176.17%	180.71%	238.99%	274.32%
Fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.29%

Notes to the schedule:

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

2018	2019	2020	2021	2022	2023
0.2700%	0.2790%	0.2900%	0.3300%	0.3250%	0.3289%
\$ 26,035,468	\$ 28,550,576	\$ 31,550,977	\$ 17,867,729	\$ 37,545,626	\$ 41,035,485
\$ 10,265,025	\$ 10,517,384	\$ 10,804,215	\$ 11,098,592	\$ 10,824,143	\$ 12,213,712
253.63%	271.46%	292.02%	160.99%	346.87%	335.98%
75.30%	75.30%	75.10%	88.29%	76.68%	76.21%

City of Piedmont**Required Supplementary Information****For the year ended June 30, 2024**

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

Fiscal Year Ended	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,934,849	\$ 2,072,601	\$ 2,295,957	\$ 2,521,862
Contributions in relation to actuarially deemed contributions	(1,934,849)	(2,072,601)	(2,295,957)	(2,521,862)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,157,966	\$ 9,305,356	\$ 9,471,727	\$ 10,265,025
Contributions as a percentage of covered payroll	21.13%	22.27%	24.24%	24.57%

2019	2020	2021	2022	2023	2024
\$ 2,920,619	\$ 3,367,402	\$ 3,776,944	\$ 4,176,329	\$ 4,457,038	\$ 4,588,090
(2,920,619)	(3,367,402)	(3,776,944)	(4,176,329)	(4,457,038)	(4,588,090)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,517,384	\$ 10,804,215	\$ 11,098,592	\$ 10,824,143	\$ 12,213,712	\$ 13,034,190
27.77%	31.17%	34.03%	38.58%	36.49%	35.20%

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2024

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

Measurement Date	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Interest	\$ 148,653	\$ 141,412	\$ 119,038	\$ 112,356
Differences between expected and actual experience	-	(270,454)	-	74,556
Changes in assumptions	-	-	-	(93,912)
Benefit payments, including refunds of employee contributions	(287,175)	(251,005)	(233,036)	(227,770)
Net change in the total pension liability	(138,522)	(380,047)	(113,998)	(134,770)
Total pension liability - beginning	2,619,053	2,480,531	2,100,484	1,986,486
Total pension liability - ending (a)	<u>\$ 2,480,531</u>	<u>\$ 2,100,484</u>	<u>\$ 1,986,486</u>	<u>\$ 1,851,716</u>
PLAN FIDUCIARY NET POSITION				
Net investment income	\$ 213,159	\$ (539,063)	\$ 1,321,041	\$ 649,249
Benefit payments	(287,175)	(251,005)	(233,036)	(227,770)
Administrative expense	-	(2,025)	(7,183)	(3,405)
Net change in plan fiduciary net position	(74,016)	(792,093)	1,080,822	418,074
Plan fiduciary net position - beginning	11,719,273	11,645,257	10,853,164	11,933,986
Plan fiduciary net position - ending (b)	<u>\$ 11,645,257</u>	<u>\$ 10,853,164</u>	<u>\$ 11,933,986</u>	<u>\$ 12,352,060</u>
Net pension liability - ending (a) - (b)	<u>\$ (9,164,726)</u>	<u>\$ (8,752,680)</u>	<u>\$ (9,947,500)</u>	<u>\$ (10,500,344)</u>
Plan fiduciary net position as a percentage of the total pension liability	469%	517%	601%	1115%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

2019	2020	2021	2022	2023	2024
\$ 104,393	\$ 97,631	\$ 93,213	\$ 83,881	\$ 68,827	\$ 65,077
-	25,239	-	(168,860)	-	(395,874)
-	(15,617)	46,239	(23,006)	-	-
(223,674)	(210,488)	(151,293)	(184,495)	(146,959)	(127,061)
(119,281)	(103,235)	(11,841)	(292,480)	(78,132)	(457,858)
1,851,716	1,732,435	1,629,200	1,617,359	1,324,879	1,246,747
<u>\$ 1,732,435</u>	<u>\$ 1,629,200</u>	<u>\$ 1,617,359</u>	<u>\$ 1,324,879</u>	<u>\$ 1,246,747</u>	<u>\$ 788,889</u>
\$ 833,644	\$ 902,277	\$ 3,914,153	(2,452,693)	1,514,029	2,579,341
(223,674)	(210,488)	(151,293)	(184,495)	(146,959)	(127,061)
(12,000)	(1,350)	-	-	-	-
597,970	690,439	3,762,860	(2,637,188)	1,367,070	2,452,280
12,352,060	12,950,030	13,640,469	17,403,329	14,766,141	16,133,211
<u>\$ 12,950,030</u>	<u>\$ 13,640,469</u>	<u>\$ 17,403,329</u>	<u>\$ 14,766,141</u>	<u>\$ 16,133,211</u>	<u>\$ 18,585,491</u>
<u>\$ (11,217,595)</u>	<u>\$ (12,011,269)</u>	<u>\$ (15,785,970)</u>	<u>\$ (13,441,262)</u>	<u>\$ (14,886,464)</u>	<u>\$ (17,796,602)</u>
1076%	837%	748%	667%	1294.02%	2355.91%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2024

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

Employer Actuarially Determined Contribution for fiscal year June 30, 2024:

Actuarial Valuation Date	Actuarially Determined Contribution (ADC)	Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	ADC as a % of Covered Payroll
2015	\$	-	\$	-	N/A
2016		-	-	-	N/A
2017		-	-	-	N/A
2018		-	-	-	N/A
2019		-	-	-	N/A
2020		-	-	-	N/A
2021		-	-	-	N/A
2022		-	-	-	N/A
2023		-	-	-	N/A
2024		-	-	-	N/A

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

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City of Piedmont
Required Supplementary Information
For the year ended June 30, 2024

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

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

Notes to Schedule:

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

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

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

City of Piedmont
Required Supplementary Information
For the year ended June 30, 2024

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

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

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

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

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

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SUPPLEMENTARY INFORMATION

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City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Facilities Capital - Major Capital Projects Fund For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 92,000	\$ 92,000	\$ 572,179	\$ 480,179
Total revenues	92,000	92,000	572,179	480,179
EXPENDITURES:				
Current:				
Administration	-	-	4,765	(4,765)
Public works	100,000	100,000	8,224	91,776
Recreation	525,000	525,000	270,925	254,075
Capital outlay	5,561,000	5,561,000	743,733	4,817,267
Total expenditures	6,186,000	6,186,000	1,027,647	5,158,353
REVENUES OVER (UNDER)				
EXPENDITURES	(6,094,000)	(6,094,000)	(455,468)	5,638,532
OTHER FINANCING SOURCES (USES):				
Transfers in	2,184,264	2,184,264	322,066	(1,862,198)
Transfers out	(400,000)	(400,000)	(207,204)	192,796
Total other financing sources (uses)	1,784,264	1,784,264	114,862	(1,669,402)
Net change in fund balances	\$ (4,309,736)	\$ (4,309,736)	(340,606)	\$ 3,969,130
FUND BALANCES:				
Beginning of year			10,797,969	
End of year			\$ 10,457,363	

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City of Piedmont

Nonmajor Governmental Funds

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

Special Revenue Funds

Streets Projects

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

Schoolmates Program

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

Projects and Services

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

Measure D

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

Abandoned Vehicle

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

Measure BB Sales Tax

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

COPS

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

Measure F

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

Athletic Facility Preservation

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

Capital Projects Funds

Capital Improvement

Accounts for the City's major capital projects.

Sidewalk Repair

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

Equipment Replacement Fund

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

Facilities Maintenance Fund

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

City of Piedmont
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds					
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle	Measure BB Sales Tax
ASSETS						
Cash and investments	\$ 224,500	\$ 1,790,341	\$ 1,210,293	\$ 53,826	\$ 51,795	\$ 1,524,152
Receivables:						
Accounts Receivable	77,163	-	-	7,609	-	177,928
Interest Receivable	910	11,654	-	495	319	9,516
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 302,573	\$ 1,801,995	\$ 1,210,293	\$ 61,930	\$ 52,114	\$ 1,711,596
Liabilities:						
Accounts payable	\$ 55,885	\$ 3,646	\$ -	\$ -	\$ -	\$ 2,239
Accrued wages and benefits	-	11,999	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	55,885	15,645	-	-	-	2,239
Deferred Inflows of Resources						
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	246,688	1,786,350	1,210,293	61,930	52,114	1,709,357
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	246,688	1,786,350	1,210,293	61,930	52,114	1,709,357
Total liabilities, deferred inflows of resources and fund balances	\$ 302,573	\$ 1,801,995	\$ 1,210,293	\$ 61,930	\$ 52,114	\$ 1,711,596

Special Revenue Funds			Capital Projects				Total Nonmajor Governmental Funds
COPS	Measure F	Athletic Facility Preservation	Capital Improvement	Sidewalk Repair	Equipment Replacement	Facilities Maintenance	
\$ 431,094	\$ 95,910	\$ 572,755	\$ -	\$ 19,988	\$ 3,143,077	\$ 667,473	\$ 9,785,204
-	7,367	-	-	-	-	-	270,067
3,064	579	3,555	-	-	14,901	3,536	48,529
-	-	-	-	-	600,000	200,000	800,000
<u>\$ 434,158</u>	<u>\$ 103,856</u>	<u>\$ 576,310</u>	<u>\$ -</u>	<u>\$ 19,988</u>	<u>\$ 3,757,978</u>	<u>\$ 871,009</u>	<u>\$ 10,903,800</u>
\$ 13,090	\$ -	\$ -	\$ -	\$ -	\$ 27,416	\$ 493,281	\$ 595,557
-	-	-	-	-	-	-	11,999
-	-	-	22,946	-	-	-	22,946
<u>13,090</u>	<u>-</u>	<u>-</u>	<u>22,946</u>	<u>-</u>	<u>27,416</u>	<u>493,281</u>	<u>630,502</u>
-	-	-	-	-	-	-	-
421,068	103,856	576,310	-	-	-	-	6,167,966
-	-	-	-	19,988	3,730,562	377,728	4,128,278
-	-	-	(22,946)	-	-	-	(22,946)
<u>421,068</u>	<u>103,856</u>	<u>576,310</u>	<u>(22,946)</u>	<u>19,988</u>	<u>3,730,562</u>	<u>377,728</u>	<u>10,273,298</u>
<u>\$ 434,158</u>	<u>\$ 103,856</u>	<u>\$ 576,310</u>	<u>\$ -</u>	<u>\$ 19,988</u>	<u>\$ 3,757,978</u>	<u>\$ 871,009</u>	<u>\$ 10,903,800</u>

City of Piedmont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2024

	Special Revenue Funds					
	Streets Projects	Schoolmates Program	Projects and Services	Measure D	Abandoned Vehicle	Measure BB Sales Tax
REVENUES:						
Gas tax	\$ 592,823	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	3,132	1,054,436
Use of money and property	18,398	80,744	-	3,357	2,628	57,163
Current service charges	-	1,546,448	-	-	-	-
Contributions and donations	-	-	804,000	-	-	-
Other revenues	-	-	-	36,476	-	-
Total revenues	611,221	1,627,192	804,000	39,833	5,760	1,111,599
EXPENDITURES:						
Current:						
Administration	-	-	-	-	-	-
Public works	-	-	-	7,337	-	-
Street improvement	714,668	-	-	-	-	-
Public Safety:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Recreation	-	1,027,294	-	-	-	-
Capital outlay	-	-	-	-	-	141,423
Total expenditures	714,668	1,027,294	-	7,337	-	141,423
REVENUES OVER (UNDER)						
EXPENDITURES	(103,447)	599,898	804,000	32,496	5,760	970,176
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(29,910)	(817,876)	(25,071)	-	-
Total other financing sources (uses)	-	(29,910)	(817,876)	(25,071)	-	-
Net change in fund balances	(103,447)	569,988	(13,876)	7,425	5,760	970,176
FUND BALANCES:						
Beginning of year	350,135	1,216,362	1,224,169	54,505	46,354	739,181
End of year	\$ 246,688	\$ 1,786,350	\$ 1,210,293	\$ 61,930	\$ 52,114	\$ 1,709,357

Special Revenue Funds			Capital Projects				Total Nonmajor
COPS	Measure F	Athletic Facility Preservation	Capital Improvement	Sidewalk Repair	Equipment Replacement	Facilities Maintenance	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,823
169,311	43,884	-	-	-	-	-	1,270,763
27,753	3,908	27,860	(108)	-	146,800	16,070	384,573
-	-	74,038	-	-	-	-	1,620,486
-	-	36,275	-	-	-	-	840,275
-	-	-	-	-	-	-	36,476
197,064	47,792	138,173	(108)	-	146,800	16,070	4,745,396
-	-	-	-	-	4,994	23,098	28,092
-	-	-	-	3,480	-	21,115	31,932
-	-	-	-	-	-	-	714,668
38,500	-	-	-	-	-	13,900	52,400
-	-	-	-	-	-	30,593	30,593
-	-	-	-	-	-	256,772	1,284,066
196,887	-	-	50,000	-	790,600	753,080	1,931,990
235,387	-	-	50,000	3,480	795,594	1,098,558	4,073,741
(38,323)	47,792	138,173	(50,108)	(3,480)	(648,794)	(1,082,488)	671,655
-	-	-	-	-	800,000	888,810	1,688,810
(45,136)	-	-	-	-	-	-	(917,993)
(45,136)	-	-	-	-	800,000	888,810	770,817
(83,459)	47,792	138,173	(50,108)	(3,480)	151,206	(193,678)	1,442,472
504,527	56,064	438,137	27,162	23,468	3,579,356	571,406	8,830,826
\$ 421,068	\$ 103,856	\$ 576,310	\$ (22,946)	\$ 19,988	\$ 3,730,562	\$ 377,728	\$ 10,273,298

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Streets Projects - Special Revenue Fund For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Gas tax	\$ 600,904	\$ 600,904	\$ 592,823	\$ (8,081)
Use of money and property	(545,000)	(545,000)	18,398	563,398
Total revenues	55,904	55,904	611,221	555,317
EXPENDITURES:				
Current:				
Street improvement	280,000	280,000	714,668	(434,668)
Total expenditures	280,000	280,000	714,668	(434,668)
REVENUES OVER (UNDER)				
EXPENDITURES	(224,096)	(224,096)	(103,447)	120,649
Net change in fund balances				
	\$ (224,096)	\$ (224,096)	(103,447)	\$ 120,649
FUND BALANCES:				
Beginning of year			350,135	
End of year			\$ 246,688	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Schoolmates Program - Special Revenue Fund For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 15,000	\$ 15,000	\$ 80,744	\$ 65,744
Current service charges	1,410,000	1,410,000	1,546,448	136,448
Total revenues	1,425,000	1,425,000	1,627,192	202,192
EXPENDITURES:				
Current:				
Public safety:				
Recreation	1,433,377	1,433,377	1,027,294	406,083
Total expenditures	1,433,377	1,433,377	1,027,294	406,083
REVENUES OVER (UNDER)				
EXPENDITURES	(8,377)	(8,377)	599,898	608,275
OTHER FINANCING SOURCES (USES):				
Transfers out	(170,000)	(170,000)	(29,910)	140,090
Total other financing sources (uses)	(170,000)	(170,000)	(29,910)	140,090
Net change in fund balances	\$ (178,377)	\$ (178,377)	569,988	\$ 748,365
FUND BALANCES:				
Beginning of year			1,216,362	
End of year			\$ 1,786,350	

City of Piedmont

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

Measure D - Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 3,357	\$ 2,357
Other revenues	35,000	35,000	36,476	1,476
Total revenues	36,000	36,000	39,833	3,833
EXPENDITURES:				
Current:				
Public works	35,000	35,000	7,337	27,663
Public safety:				
Total expenditures	35,000	35,000	7,337	27,663
REVENUES OVER (UNDER)				
EXPENDITURES	1,000	1,000	32,496	31,496
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(25,071)	(25,071)
Total other financing sources (uses)	-	-	(25,071)	(25,071)
Net change in fund balances	\$ 1,000	\$ 1,000	7,425	\$ 6,425
FUND BALANCES:				
Beginning of year			54,505	
End of year			\$ 61,930	

City of Piedmont

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

Measure BB Sales Tax - Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 1,160,000	\$ 1,160,000	\$ 1,054,436	\$ (105,564)
Use of money and property	4,000	4,000	57,163	53,163
Total revenues	1,164,000	1,164,000	1,111,599	(52,401)
EXPENDITURES:				
Current:				
Public safety:				
Capital outlay	1,800,000	1,800,000	141,423	1,658,577
Total expenditures	1,800,000	1,800,000	141,423	1,658,577
REVENUES OVER (UNDER)				
EXPENDITURES	(636,000)	(636,000)	970,176	1,606,176
Net change in fund balances	\$ (636,000)	\$ (636,000)	970,176	\$ 1,606,176
FUND BALANCES:				
Beginning of year			739,181	
End of year			\$ 1,709,357	

City of Piedmont**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual****COPS - Special Revenue Fund****For the year ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 130,000	\$ 130,000	\$ 169,311	\$ 39,311
Use of money and property	7,000	7,000	27,753	20,753
Total revenues	137,000	137,000	197,064	60,064
EXPENDITURES:				
Current:				
Public safety:				
Police services	380,000	380,000	38,500	341,500
Capital outlay	-	-	196,887	(196,887)
Total expenditures	380,000	380,000	235,387	144,613
REVENUES OVER (UNDER)				
EXPENDITURES	(243,000)	(243,000)	(38,323)	204,677
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(45,136)	(45,136)
Total other financing sources (uses)	-	-	(45,136)	(45,136)
Net change in fund balances	\$ (243,000)	\$ (243,000)	(83,459)	\$ 159,541
FUND BALANCES:				
Beginning of year			504,527	
End of year			\$ 421,068	

City of Piedmont**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual****Measure F - Special Revenue Fund****For the year ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 43,884	\$ 3,884
Use of money and property	1,000	1,000	3,908	2,908
Total revenues	41,000	41,000	47,792	6,792
EXPENDITURES:				
Current:				
Capital outlay	90,000	90,000	-	90,000
Total expenditures	90,000	90,000	-	90,000
REVENUES OVER (UNDER)				
EXPENDITURES	(49,000)	(49,000)	47,792	96,792
Net change in fund balances	\$ (49,000)	\$ (49,000)	47,792	\$ 96,792
FUND BALANCES:				
Beginning of year			56,064	
End of year			\$ 103,856	

City of Piedmont

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

Athletic Facility Preservation - Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 27,860	\$ 20,860
Current service charges	65,000	65,000	74,038	9,038
Contributions and donations	-	-	36,275	36,275
Total revenues	72,000	72,000	138,173	66,173
EXPENDITURES:				
Current:				
Public safety:				
Recreation	40,000	40,000	-	40,000
Total expenditures	40,000	40,000	-	40,000
REVENUES OVER (UNDER)				
EXPENDITURES	32,000	32,000	138,173	106,173
Net change in fund balances	\$ 32,000	\$ 32,000	138,173	\$ 106,173
FUND BALANCES:				
Beginning of year			438,137	
End of year			\$ 576,310	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Equipment Replacement - Capital Projects For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 50,000	\$ 50,000	\$ 146,800	\$ 96,800
Total revenues	50,000	50,000	146,800	96,800
EXPENDITURES:				
Current:				
Administration	64,000	64,000	4,994	59,006
Public safety:				
Capital outlay	1,975,000	1,975,000	790,600	1,184,400
Total expenditures	2,039,000	2,039,000	795,594	1,243,406
REVENUES OVER (UNDER)				
EXPENDITURES	(1,989,000)	(1,989,000)	(648,794)	1,340,206
OTHER FINANCING SOURCES (USES):				
Transfers in	690,000	690,000	800,000	110,000
Total other financing sources (uses)	690,000	690,000	800,000	110,000
Net change in fund balances	\$ (1,299,000)	\$ (1,299,000)	151,206	\$ 1,450,206
FUND BALANCES:				
Beginning of year			3,579,356	
End of year			\$ 3,730,562	

City of Piedmont

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Facilities Maintenance - Capital Projects For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 19,000	\$ 19,000	\$ 16,070	\$ (2,930)
Total revenues	19,000	19,000	16,070	(2,930)
EXPENDITURES:				
Current:				
Administration	85,000	85,000	23,098	61,902
Public works	43,000	43,000	21,115	21,885
Public safety:				
Police services	38,000	38,000	13,900	24,100
Fire services	155,000	155,000	30,593	124,407
Recreation	751,500	751,500	256,772	494,728
Capital outlay	700,000	700,000	753,080	(53,080)
Total expenditures	1,772,500	1,772,500	1,098,558	673,942
REVENUES OVER (UNDER)				
EXPENDITURES	(1,753,500)	(1,753,500)	(1,082,488)	671,012
OTHER FINANCING SOURCES (USES):				
Transfers in	1,610,000	1,610,000	888,810	(721,190)
Total other financing sources (uses)	1,610,000	1,610,000	888,810	(721,190)
Net change in fund balances	\$ (143,500)	\$ (143,500)	(193,678)	\$ (50,178)
FUND BALANCES:				
Beginning of year			571,406	
End of year			\$ 377,728	

City of Piedmont

Internal Service Funds

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

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

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City of Piedmont
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Workers' Compensation	Insurance Liabilities	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 2,071,561	\$ 513,665	\$ 2,585,226
Total current assets	2,071,561	513,665	2,585,226
Total assets	2,071,561	513,665	2,585,226
LIABILITIES			
Current liabilities:			
Accounts payable	49,892	402	50,294
Claims payable - current	524,297	73,587	597,884
Total current liabilities	574,189	73,989	648,178
Noncurrent liabilities:			
Claims payable	748,703	177,759	926,462
Total noncurrent liabilities	748,703	177,759	926,462
Total liabilities	1,322,892	251,748	1,574,640
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, 2024**

	Workers' Compensation	Insurance Liabilities	Totals
OPERATING REVENUES:			
Total operating revenues	\$ -	\$ -	\$ -
OPERATING EXPENSES:			
Insurance and claims expense	1,179,677	1,456,612	2,636,289
Total operating expenses	1,179,677	1,456,612	2,636,289
Operating income (loss)	(1,179,677)	(1,456,612)	(2,636,289)
NONOPERATING REVENUES (EXPENSES):			
Other income (expense)	1,179,677	1,456,612	2,636,289
Total nonoperating revenues (expenses)	1,179,677	1,456,612	2,636,289
Income before contributions and transfers	-	-	-
CONTRIBUTIONS AND TRANSFERS:			
Total contributions and transfers	-	-	-
Change in net position	-	-	-
NET POSITION:			
Beginning of year	748,669	261,917	1,010,586
End of year	\$ 748,669	\$ 261,917	\$ 1,010,586

City of Piedmont
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2024

	Workers' Compensation	Insurance Liabilities	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Claims and premiums paid	\$ (1,043,957)	\$ (1,460,255)	\$ (2,504,212)
Net cash provided by (used in) operating activities	(1,043,957)	(1,460,255)	(2,504,212)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Other income	1,179,677	1,456,612	2,636,289
Net cash provided by (used in) noncapital financing activities	1,179,677	1,456,612	2,636,289
Net cash flows	135,720	(3,643)	132,077
CASH AND INVESTMENTS - Beginning of year	1,935,841	517,308	2,453,149
CASH AND INVESTMENTS - End of year	\$ 2,071,561	\$ 513,665	\$ 2,585,226
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,179,677)	\$ (1,456,612)	\$ (2,636,289)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	1,407	-	1,407
Increase (decrease) in accounts payable	48,312	(38,211)	10,101
Increase (decrease) in claims payable	86,001	34,568	120,569
Net cash provided by (used in) operating activities	\$ (1,043,957)	\$ (1,460,255)	\$ (2,504,212)

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City of Piedmont General Fund

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

General Fund

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

Deposits and Bonds

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

Traffic Safety

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

Pension Rate Stabilization

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

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City of Piedmont
Combining Balance Sheet
General Fund
For the year ended June 30, 2024

	General Fund	Deposits and Bonds	Traffic Safety	Pension Rate Stabilization	Total General Fund
ASSETS					
Cash and investments	\$ 11,041,364	\$ 429,704	\$ 43,088	\$ -	\$ 11,514,156
Restricted cash and investments	-	-	-	4,798,032	4,798,032
Receivables:					
Accounts receivable	2,183,588	-	293	-	2,183,881
Interest receivable	98,898	-	-	-	98,898
Leases receivable	269,984	-	-	-	269,984
Prepaid expenses	88,377	-	-	-	88,377
Due from other funds	22,946	-	-	-	22,946
Total assets	\$ 13,705,157	\$ 429,704	\$ 43,381	\$ 4,798,032	\$ 18,976,274
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,057,501	\$ 29,691	\$ 1,636	\$ -	\$ 1,088,828
Accrued wages and benefits	630,784	-	-	-	630,784
Deposits payable	2,540	400,013	-	-	402,553
Unearned revenue	3,222,907	-	-	-	3,222,907
Total liabilities	4,913,732	429,704	1,636	-	5,345,072
Deferred Inflows of Resources:					
Leases	264,214	-	-	-	264,214
Total deferred inflows of resources	264,214	-	-	-	264,214
Fund Balances:					
Nonspendable	88,377	-	-	-	88,377
Restricted	-	-	-	4,798,032	4,798,032
Unassigned	8,438,834	-	41,745	-	8,480,579
Total fund balances	8,527,211	-	41,745	4,798,032	13,366,988
Total liabilities, deferred inflows of resources and fund balances	\$ 13,705,157	\$ 429,704	\$ 43,381	\$ 4,798,032	\$ 18,976,274

City of Piedmont

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

General Fund

For the year ended June 30, 2024

	General Fund	Deposits and Bonds	Traffic Safety	Pension Rate Stabilization	Total General Fund
REVENUES:					
Property tax	\$ 18,449,197	\$ -	\$ -	\$ -	\$ 18,449,197
Sales tax	195,561	-	-	-	195,561
Franchise tax	601,234	-	-	-	601,234
Utility users tax	1,446,400	-	-	-	1,446,400
Real property transfer tax	4,086,499	-	-	-	4,086,499
Business license and rental tax	695,495	-	-	-	695,495
Licenses and permits	809,760	-	-	-	809,760
Intergovernmental	2,481,060	-	-	-	2,481,060
Use of money and property	1,260,678	-	35	481,739	1,742,452
Current service charges	4,828,313	-	-	-	4,828,313
Parcel tax	2,621,746	-	-	-	2,621,746
Contributions and donations	-	-	35,284	-	35,284
Other revenues	572,655	-	-	-	572,655
Total revenues	38,048,598	-	35,319	481,739	38,565,656
EXPENDITURES:					
Current:					
Administration	4,280,618	-	-	-	4,280,618
Public works	5,941,295	-	-	-	5,941,295
Public safety:					
Police services	7,961,258	-	12,590	-	7,973,848
Fire services	8,278,781	-	-	-	8,278,781
Recreation	3,902,196	-	-	-	3,902,196
Nondepartmental	3,838,148	-	-	-	3,838,148
Capital outlay	1,685,020	-	-	-	1,685,020
Debt service - principal	200,769	-	-	-	200,769
Total expenditures	36,088,085	-	12,590	-	36,100,675
REVENUES OVER (UNDER)					
EXPENDITURES	1,960,513	-	22,729	481,739	2,464,981
OTHER FINANCING SOURCES (USES)					
Transfers in	104,183	-	-	-	104,183
Transfers out	(1,972,066)	-	(20,000)	-	(1,992,066)
Proceeds from long-term debt	1,010,388	-	-	-	1,010,388
Total other financing sources (uses)	(857,495)	-	(20,000)	-	(877,495)
Net change in fund balances	1,103,018	-	2,729	481,739	1,587,486
FUND BALANCES:					
Beginning of year	7,424,193	-	39,016	4,316,293	11,779,502
End of year	\$ 8,527,211	\$ -	\$ 41,745	\$ 4,798,032	\$ 13,366,988

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piedmont, California (City), as of and for the year ended June 30, 2024, 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 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we considered to be a significant deficiency.

To the Honorable Mayor and Members of City Council
of the City of Piedmont
Piedmont, California
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Report on Compliance and Other Matters

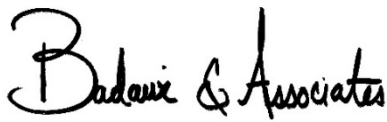
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Badawi & Associates, CPAs
Berkeley, California
March 26, 2025

To the Honorable Mayor and Members of City Council
of the City of Piedmont
Piedmont, California
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Section II – Current Year Findings

A. Financial Statement Audit Finding

2024-001: Information Technology Control (Significant Deficiency)

Criteria:

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

Condition:

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

1. User Provisioning and Termination Process

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

2. Password Security in ComDev

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

3. Segregation of Duties (SOD) Risk

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

4. Absence of SOC Report Evaluations

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

Cause:

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

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

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

Recommendation:

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

Management Response:

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

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

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

City of Piedmont

Measure BB Funds

Piedmont, California

*Financial Statements and
Independent Auditor's Reports
For the year ended June 30, 2024*

City of Piedmont
Measure BB Fund
For the year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Measure BB Fund of the City of Piedmont, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Measure BB Fund of the City, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Measure BB Fund 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 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 as of June 30, 2024, and 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

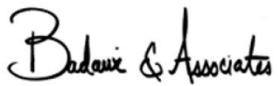
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining,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

To the Honorable Mayor and Members of the City Council
of the City of Piedmont
Piedmont, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Badawi and Associates, CPAs
Berkeley, California
December 27, 2024

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City of Piedmont**Measure BB Fund****Balance Sheet****June 30, 2024**

	Streets and Roads	Bikes and Pedestrians	Total
ASSETS:			
Cash and investments	\$ 1,524,152	\$ -	\$ 1,524,152
Due from bikes & pedestrians	2,043	-	2,043
Other receivables	165,782	12,147	177,929
Accrued interest receivable	9,516	-	9,516
Total assets	\$ 1,701,493	\$ 12,147	\$ 1,713,640
LIABILITIES AND FUND BALANCES:			
Accounts payable	\$ 2,239	\$ -	\$ 2,239
Due to streets & roads	-	2,043	2,043
Total liabilities	2,239	2,043	4,282
Fund Balances:			
Restricted for Measure BB capital projects	1,699,254	10,104	1,709,358
Total fund balances	1,699,254	10,104	1,709,358
Total liabilities and fund balances	\$ 1,701,493	\$ 12,147	\$ 1,713,640

City of Piedmont**Measure BB Fund****Statement of Revenues, Expenditures and Changes in Fund Balances****For the year ended June 30, 2024**

	Streets and Roads	Bikes and Pedestrians	Total
REVENUES:			
Measure BB pass-through revenues			
pass-through allocation	\$ 982,452	\$ 71,984	\$ 1,054,436
Interest income	57,163	-	57,163
Total revenues	1,039,615	71,984	1,111,599
EXPENDITURES:			
Public works	75,226	66,196	141,422
Total expenditures	75,226	66,196	141,422
NET CHANGE IN FUND BALANCE	964,389	5,788	970,177
FUND BALANCES:			
Beginning of year	734,865	4,316	739,181
End of year	<u>\$ 1,699,254</u>	<u>\$ 10,104</u>	<u>\$ 1,709,358</u>

City of Piedmont
Measure BB Fund
Notes to Financial Statements
For the year ended June 30, 2024

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.

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.

City of Piedmont
Measure BB Fund
Notes to Financial Statements
For the year ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

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, 2024. 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.



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure BB Fund of the City of Piedmont, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2024.

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 in relation to Measure BB Fund (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 may exist that have not been identified.

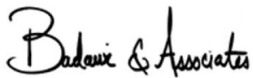
To the Honorable Mayor and Members
of City Council of the City of Piedmont
Piedmont, California
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure BB 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.



Badawi and Associates, CPAs
Berkeley, California
December 27, 2024

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER COMPLIANCE FOR MEASURE BB**

Independent Auditor's Report

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

Report on Compliance for Measure BB

Opinion on Compliance for Measure BB

We have audited City of Piedmont's (City) compliance with the types of compliance requirements described in the agreement between the City and Alameda County Transportation Commission that could have a direct and material effect on its Measure BB Fund for the year ended June 30, 2024.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Measure BB Fund for the year ended June 30, 2024.

Basis for Opinion on Measure BB

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the agreement between the City and Alameda County Transportation Commission. Our responsibilities under those standards and 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 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 the City's Measure BB Fund. Our audit does not provide a legal determination of the Measure BB Fund'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 applicable to the City's Measure BB Fund.

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

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 Measure BB Fund'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 GAAS, *Government Auditing Standards*, and the agreement between the City and Alameda County Transportation Commission 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 Measure BB Fund's compliance with the requirements of the agreement between the City and Alameda County Transportation Commission.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the agreement between the City and Alameda County Transportation Commission, 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 Measure BB Fund'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 agreement between the City and Alameda County Transportation Commission, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

Under Measure BB, approved by the voters of Alameda County in 2014, the City has received a total of 12 months of revenue from July 2023 through June 2024. The Local Street and Roads program has received \$982,452 and the Bike and Pedestrians program has received \$71,984.

To the Honorable Mayor and Members
of the City Council of the City of Piedmont
Piedmont, California
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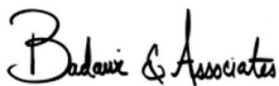
Report on Internal Control over Compliance

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 below. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 the agreement between the City and the Alameda County Transportation Commission on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 the agreement between the City and the Alameda County Transportation Commission 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 the agreement between the City and the Alameda County Transportation Commission 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 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 agreement between the City and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.



Badawi and Associates, CPAs
Berkeley, California
December 27, 2024

City of Piedmont

Measure F Fund

Piedmont, California

*Financial Statements and
Independent Auditor's Reports*

For the year ended June 30, 2024

City of Piedmont
Measure F Fund
For the year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Measure F Fund (Fund) of the City of Piedmont, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund of the City, as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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, as of June 30, 2024, or the change 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.

Responsibilities of Management for the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

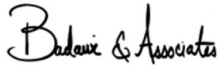
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal

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



Badawi and Associates, CPAs
Berkeley, California
December 27, 2024

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City of Piedmont
Measure F Fund
Balance Sheet
June 30, 2024

	Local Road Improvement and Repair Program
ASSETS:	
Cash and investments	\$ 95,910
Other receivable	7,367
Accrued interest receivable	580
Total assets	\$ 103,857
Fund Balance:	
Restricted for Measure F capital projects	103,857
Total fund balance	103,857
Total liabilities and fund balance	\$ 103,857

See accompanying Notes to Financial Statements.

City of Piedmont**Measure F Fund****Statement of Revenues, Expenditures and Changes in Fund Balance****For the year ended June 30, 2024**

	Local Road Improvement and Repair Program
	<u> </u>
REVENUES:	
Measure F pass-through revenues	
pass-through allocation	\$ 43,884
Interest income	<u>3,909</u>
Total revenues	<u>47,793</u>
 CHANGE IN FUND BALANCE	 <u>47,793</u>
 FUND BALANCE:	
Beginning of year	<u>56,064</u>
End of year	<u><u>\$ 103,857</u></u>

See accompanying Notes to Financial Statements.

City of Piedmont
Measure F Fund
Notes to Financial Statements
For the year ended June 30, 2024

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.

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.

City of Piedmont
Measure F Fund
Notes to Financial Statements
For the year ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting, Continued

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.

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.

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.

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, 2024. However, these programs are subject to further examination by the granters 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.

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure F Fund (Fund) of the City of Piedmont, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2024.

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 may exist that have not been identified.

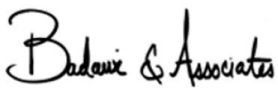
To the Honorable Mayor and Members
of City Council of the City of Piedmont
Piedmont, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure F 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 *Auditing Standards:ernment*

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.



Badawi and Associates, CPAs
Berkeley, California
December 27, 2024

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER COMPLIANCE FOR MEASURE F**

Independent Auditor's Report

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

Report on Compliance for Measure F

Opinion on Compliance for Measure F

We have audited City of Piedmont's (City) compliance with the types of compliance requirements described in the agreement between the City and Alameda County Transportation Commission that could have a direct and material effect on its Measure F Fund for the year ended June 30, 2024.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Measure F Fund for the year ended June 30, 2024.

Basis for Opinion on Measure F

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the agreement between the City and Alameda County Transportation Commission. Our responsibilities under those standards and 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 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 the City's Measure F Fund. Our audit does not provide a legal determination of the Measure F Fund'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 applicable to the City's Measure F Fund.

To the Honorable Mayor and Members
of the City Council of the City of Piedmont
Piedmont, California
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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 Measure F Fund'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 GAAS, *Government Auditing Standards*, and the agreement between the City and Alameda County Transportation Commission 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 Measure F Fund's compliance with the requirements of the agreement between the City and Alameda County Transportation Commission.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the agreement between the City and Alameda County Transportation Commission, 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 Measure F Fund'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 agreement between the City and Alameda County Transportation Commission, but not for the purpose of expressing an opinion on the effectiveness of 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

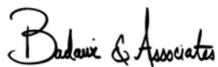
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 below. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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 the agreement between the City and the Alameda County Transportation Commission on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 the agreement between the City and the Alameda County Transportation Commission 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 the agreement between the City and the Alameda County Transportation Commission 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 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 agreement between the City and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.



Badawi and Associates, CPAs
Berkeley, California
December 27, 2024

City of Piedmont

Piedmont, California

*Independent Accountants' Report on
Agreed-Upon Procedures Applied to
Appropriations Limit Schedule*

For the fiscal year ending June 30, 2025



INDEPENDENT ACCOUNTANTS' REPORT

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

We have performed the procedures enumerated below on the accompanying Appropriations Limit Schedule of the City of Piedmont (City) for the fiscal year ending June 30, 2025. The City's management is responsible for the accompanying Appropriations Limit Schedule.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the requirements of Section 1.5 of Article XIII-B of the California Constitution. Additionally, the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This 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 performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2025, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

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

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

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

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

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

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule to the prior year appropriations limit adopted by the City Council during the prior year.

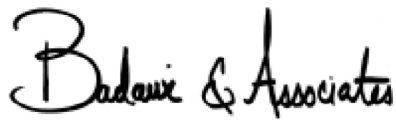
Finding: No exceptions were noted as a result of our procedures.

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

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, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriation Limit Schedule. 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.

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.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

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

Badawi & Associates, CPAs
Berkeley, California
April 3, 2025

City of Piedmont
Appropriations Limit Schedule
For the fiscal year ending June 30, 2025

	Amount	Source
Appropriations limit for the year ended June 30, 2024	\$ 31,474,529	Prior year schedule
Revised prior year Measure Y voter approved increase	2,622,000	Client's budget
A. Revised Appropriations limit for the year ended, June 30, 2024	28,852,529	
B. Calculation Factors:		
1. Population increase %	0.9946	State Department of Finance
2. Inflation increase %	1.0362	State Department of Finance
3. Total adjustment factor %	1.0306	B1*B2
C. Annual Adjustment Increase	\$ 883,018	[(B3-1)*A]
D. Other Adjustments		
Voter Approved Increase	2,690,000	Client's budget
E. Total Adjustments	3,573,018	(C+D)
F. Appropriations limit for the year ending June 30, 2025	\$ 32,425,416	(A+E)

City of Piedmont
Notes to Appropriations Limit Schedule
For the fiscal year ending June 30, 2025

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Piedmont for the fiscal year 2024-2025 represents the change in per capita income in the State of California.

4. POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City of Piedmont for fiscal year 2024-2025 represents the annual percentage change in population for the County.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services, to, or from, another government agency or private entity. The adjustments made for fiscal year ending June 30, 2025 was the Measure Y voter approved increase.

City of Piedmont

Piedmont, California

*Auditor's Communication with
Those Charged with Governance*

For the year ended June 30, 2024

March 26, 2025

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

We have audited the financial statements of the City of Piedmont (City) as of and for the year ended June 30, 2024, and have issued our report thereon dated March 26, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 28, 2024, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- *Risk of Management Override of Internal Controls* – A risk of management override of internal controls exists at any entity where management can change or decide not to perform that entity's internal controls.
- *Revenue Recognition Risk* – Errors in revenue recognition can affect the net position of the City.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are capital asset depreciation and useful life, pension plan and other post-employment benefits (OPEB) plan assumptions, claims liabilities, and investment valuations.

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

Management's estimate of capital assets depreciation and useful life, pension and OPEB plan assumptions, claims liabilities assumptions, and investment valuations are based on historical useful lives of such assets, actuarial assumptions and studies, and investment statements respectively. We evaluated the key factors and assumptions used to develop the estimate of capital assets depreciation and useful life, pension and OPEB plan assumptions, claims liabilities, and investment valuations and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

- Summary of Significant Accounting Policies
- Cash and Investments
- Long-term debt
- Capital Assets
- Employee Retirement Plans
- Other Postemployment Benefits (OPEB) Plan
- Commitments and Contingencies

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion unit.

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

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 26, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Required Supplementary Information

We applied certain limited procedures to the 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.

Supplementary Information

To the Honorable Mayor and Members
of the City Council of the City of Piedmont
Piedmont, California
Page 5

We were engaged to report on the supplementary information 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.

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

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

Badawi and Associates, CPAs
Berkeley, California
March 26, 2025