

CITY OF IONE, CALIFORNIA

Audited Financial Statements, Supplemental Information
and Compliance Report

June 30, 2020

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CITY OF IONE, CALIFORNIA

Audited Financial Statements, Supplemental Information and Compliance Report

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ione, California (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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.

To the City Council
City of Ione, California

Other Matters

Required Supplementary Information

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

Other 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 nonmajor fund financial statements 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 May 11, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

Richardson & Company, LLP

May 11, 2023

City of Lone, California
Management's Discussion and Analysis
June 30, 2020

This discussion and analysis of the City of Lone's financial statements is designed to provide an overview of the City's financial performance during the fiscal year ended June 30, 2020. This information is presented in conjunction with the audited basic financial statements, which follow this section.

Financial Highlights

- The City's net position was \$48,558,379 at June 30, 2020. Net position increased \$60,475 or .12%. Of the total net position, \$44,781,703 represents the net investment in capital assets with the remaining restricted for specific purposes: public safety, community development, streets and roads, and capital projects.
- Total cash and investments increased \$575,281 or 9.69% to \$6,512,425.
- As of June 30, 2020, the City's governmental funds reported combined fund balance of \$5,339,487. In comparison, Fiscal Year 2018–19 had a combined fund balance of \$4,946,029. Four governmental funds are classified as major. They are: General Fund, HOME Program Grant, CDBG Program Grant, and Local Traffic Mitigation Capital Projects.
- Fund balance of the General Fund increased \$310,384 or 55.05% to \$(253,392) as of June 30, 2020. Of the fund balance \$662,453 is non-spendable reflecting advances to other funds (receivable) and the remainder in the amount of \$(915,845) is reported as unassigned.
- The General Fund cash balance increased \$358,284 or 104.59% from \$342,574 to \$700,858.
- Projects funded by the gas tax fund include storm drains, street repairs and street improvements.
- The City's Proprietary Fund (Sewer Fund) net position increased \$99,943 or .86% to \$11,723,854. Cash and investments decreased \$12,505 or (1.67%) to \$734,386.
- The City's long-term liabilities include a note payable for purchase of a commercial lawn mower, lease for the new fire station, compensated absences, net pension liability, and net OPEB obligation. The long-term capital lease loan for Fire Station No. 2 with an original principal balance of \$560,000 has an outstanding balance as of June 30, 2020 of \$292,862. The City's proprietary fund (sewer) long-term liabilities consist of a long-term loan for sewer capital construction in the amount of \$3,250,000 with a remaining balance of \$2,765,609, compensated absences, net pension liability, and net OPEB obligation.

Overview Of the Financial Statements

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

Government-Wide Financial Statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business. The Statement of Net Position includes information on the City's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to City creditors (liabilities). 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

City of Lone, California
Management's Discussion and Analysis
June 30, 2020

information showing how 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other function that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development, public works, streets and roads, parks and recreation; business-type activities are sewer operations.

Fund Financial Statements are groupings of related accounts that are 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 to demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 of balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term requirements.

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

The Governmental Funds Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by Governmental Accounting Standards Board (GASB) Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the details of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities. The City's major governmental funds are: General Fund, HOME Program Grant Special Revenue Fund, CDBG Program Grant Special Revenue Fund, and Local Traffic Mitigation Capital Projects Fund.

Proprietary fund(s) are used to account for the services the City charges to provide which in this case is sewer. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund (a component of proprietary funds) is identical to the business type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash

City of Lone, California
Management's Discussion and Analysis
June 30, 2020

flows, for proprietary funds. The fund provides the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for sewer operations, which is considered a major fund of the City.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City of Lone maintains three fiduciary or agency funds: community facilities districts, asset seizure police, and regional traffic mitigation.

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 and can be found immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's budgetary comparative information for its major governmental funds.

Statement of Net Position

The City's net position at the end of the year was \$48.56M as compared to \$48.50M in the prior year, an increase of \$60K or .12%, Governmental activities net position decreased by \$39K or (.11%) and the business-type activities net position increased by \$100K or .86%. The increase in net position is primarily due to an increase in revenues and decrease in expenditures.

	Governmental Activities		Business-Type Activities		Total		Variance	
	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20	Amount	%
Assets:								
Cash and other assets	\$7,541,824	\$8,007,374	\$1,222,375	\$1,249,437	\$8,764,199	\$9,256,811	\$492,612	5.6%
Total Capital Assets	34,141,790	34,106,633	14,263,003	13,732,889	48,404,793	47,839,522	(565,271)	-1.2%
Total Assets	41,683,614	42,114,007	15,485,378	14,982,326	57,168,992	57,096,333	(72,659)	-0.1%
Deferred Outflows of Resources:								
Pension plan	831,082	750,130	47,040	44,440	878,122	794,570	(83,552)	-9.5%
OPEB	46,937	33,390	3,344	2,362	50,281	35,752	(14,529)	-28.9%
Total Deferred Outflows of Resources	878,019	783,520	50,384	46,802	928,403	830,322	(98,081)	-10.6%
Liabilities:								
Current	238,083	360,090	632,617	88,696	870,700	448,786	(421,914)	-48.5%
Noncurrent liabilities	5,135,495	4,287,425	3,249,618	3,113,693	8,385,113	7,401,118	(983,995)	-11.7%
Total Liabilities	5,373,578	4,647,515	3,882,235	3,202,389	9,255,813	7,849,904	(1,405,909)	-15.2%
Deferred Inflows of Resources:								
Pension plan	199,664	221,407	21,467	18,435	221,131	239,842	18,711	8.5%
OPEB plan	114,398	1,194,080	8,149	84,450	122,547	1,278,530	1,155,983	943.3%
Total Deferred Inflows of Resources	314,062	1,415,487	29,616	102,885	343,678	1,518,372	1,174,694	341.8%
Net Position:								
Net investment in capital assets	33,799,139	33,826,373	11,411,964	10,955,330	45,211,103	44,781,703	(429,400)	-0.9%
Restricted	9,180,675	10,287,519	-	-	9,180,675	10,287,519	1,106,844	12.1%
Unrestricted	(6,105,821)	(7,279,367)	211,947	768,524	(5,893,874)	(6,510,843)	(616,969)	10.5%
Total Net Position	\$36,873,993	\$36,834,525	\$11,623,911	\$11,723,854	\$48,497,904	\$48,558,379	\$60,475	0.1%

City of Lone, California
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Statement of Activities

Governmental Activities revenues reflect a decrease primarily in charges for services, operating grants/contributions, and capital grants and contributions with an overall decrease of \$512,167, or (10.10%). Expenses Increased from the prior year by \$243,593, or 5.59%, primarily due to increased public safety expenses of \$139,769.

	Governmental Activities		Variance	
	FY 18/19	FY 19/20	Amount	%
Revenues:				
Taxes	\$1,954,685	\$2,195,439	\$240,754	12.3%
Charges for services	1,078,824	753,322	(325,502)	-30.2%
Operating grants/contributions	820,432	605,113	(215,319)	-26.2%
Capital grants/contributions	1,032,856	878,414	(154,442)	-15.0%
Other Revenue	35,688	13,609	(22,079)	-61.9%
Investment Income	147,773	112,194	(35,579)	-24.1%
Total Revenues	5,070,258	4,558,091	(512,167)	-10.1%
Expenses:				
General government	667,548	677,994	10,446	1.6%
Public safety	2,473,724	2,613,493	139,769	5.7%
Community development	330,392	338,882	8,490	2.6%
Parks and recreation	116,481	152,076	35,595	30.6%
Public works	638,025	666,135	28,110	4.4%
Streets and roads	86,113	106,057	19,944	23.2%
Interest on debt	41,683	42,922	1,239	3.0%
Total Expenses	4,353,966	4,597,559	243,593	5.6%
Change in Net Position	716,292	(39,468)	(755,760)	-105.5%
Net position, beginning of year	36,157,701	36,873,993	716,292	
Net position, end of year	\$36,873,993	\$36,834,525	(\$39,468)	-0.1%

Business-type Activities revenues reflect a decrease primarily in capital contributions (impact fees and connection fees) with an overall decrease of \$256,090, or (13.8%). Expenses decreased from the prior year by \$418,447, or (21.8%), primarily due to decrease in operating expenses related to sewer maintenance.

	Business-Type Activities		Variance	
	FY 18/19	FY 19/20	Amount	%
Revenues:				
Charges for services	\$1,286,739	\$1,279,367	(\$7,372)	-0.6%
Capital grants/contributions	540,576	305,025	(235,551)	-43.6%
Investment Income	27,608	14,441	(13,167)	-47.7%
Total Revenues	1,854,923	1,598,833	(256,090)	-13.8%
Expenses:				
Wastewater	1,849,372	1,425,328	(424,044)	-22.9%
Interest on debt	67,965	73,562	5,597	8.2%
Total Expenses	1,917,337	1,498,890	(418,447)	-21.8%
Change in Net Position	(62,414)	99,943	162,357	-260.1%
Net position, beginning of year	11,686,325	11,623,911	(62,414)	
Net position, end of year	\$11,623,911	\$11,723,854	\$99,943	0.9%

City of Lone, California
Management's Discussion and Analysis
June 30, 2020

General Fund Budget

The City adopts an annual budget that includes operating costs, staffing, vehicles, and capital expenditures. Actual revenues were \$204,943 higher than the final budget amounts in taxes, intergovernmental revenue, and charges for services. The final budget for expenditures reported in the General Fund was \$82,318 lower than actual expenditures in public safety, parks and recreation, capital outlay, and debt service.

Capital Assets

The City's investment in capital assets, net of depreciation, for its governmental and business-type activities were \$47.8 million as of June 30, 2020 and \$48.4 million as of June 30, 2019, respectively. Major governmental capital asset additions during the year were \$399,237 for police and fire vehicles, building improvements, and police equipment. Additions in business-type activities were \$242,307 for Aroyo Seco sewer line replacement, solar, and sewer aerator offset by removal of \$382,410 reported in 2019 for sewer system sludge removal. More detail of the capital assets and current transactions can be found in Note E of the Financials Statements.

Long-Term Debt

The City's long-term liabilities are for capital acquisitions/improvements, compensated absences, pension liability, and OPEB obligation. As of June 30, 2020, the City's long-term liabilities for governmental and business-type activities are \$4.2 million and \$3.1 million, respectively. More detail of the long-term liabilities and current transactions can be found in Note F of the Financial Statements.

Economic Factors and Future Budgets

The City of Lone experienced significant building within the City in the years following this audit. With this, City revenues have increased which facilitates improvement of the City's financial condition. In Fiscal Year 2021-2022, the City implemented measures to address overall financial sustainability including a 25 year repayment plan for interfund loans and enhanced transparency. This will provide the community with a better understanding of City activities and related financial impacts.

Requests For Information

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lone, Finance Department, 1 East Main Street, Lone, CA 95640.

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BASIC FINANCIAL STATEMENTS

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CITY OF IONE, CALIFORNIA

GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 5,778,039	\$ 734,386	\$ 6,512,425
Receivables:			
Accounts receivable	229,989	61,075	291,064
Due from other governments	164,858	136,392	301,250
Interest receivable - investments	2,924	-	2,924
Interest receivable - loans receivable	478,648	-	478,648
Loans receivable	1,612,866	-	1,612,866
Internal balances	(308,955)	308,955	-
Deposits with others	48,945	8,629	57,574
Capital assets:			
Nondepreciable	29,720,274	5,726,392	35,446,666
Depreciable, net	4,386,359	8,006,497	12,392,856
Total Capital Assets	<u>34,106,633</u>	<u>13,732,889</u>	<u>47,839,522</u>
Total Assets	<u>42,113,947</u>	<u>14,982,326</u>	<u>57,096,273</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	750,130	44,440	794,570
Other post employment benefits (OPEB) plan	33,390	2,362	35,752
Total Deferred Outflows of Resources	<u>783,520</u>	<u>46,802</u>	<u>830,322</u>
LIABILITIES			
Accounts payable and other liabilities	122,269	40,953	163,222
Accrued payroll and benefits	72,915	12,495	85,410
Due to other governments	151,934	-	151,934
Accrued interest payable	-	23,853	23,853
Unearned revenues	-	4,145	4,145
Refundable deposits	12,912	7,250	20,162
Noncurrent liabilities - current portion	101,501	88,155	189,656
Noncurrent liabilities - noncurrent portion	4,185,924	3,025,538	7,211,462
Total Liabilities	<u>4,647,455</u>	<u>3,202,389</u>	<u>7,849,844</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	221,407	18,435	239,842
OPEB plan	1,194,080	84,450	1,278,530
Total Deferred Inflows of Resources	<u>1,415,487</u>	<u>102,885</u>	<u>1,518,372</u>
NET POSITION			
Net investment in capital assets	33,826,373	10,955,330	44,781,703
Restricted for public safety	2,409,038	-	2,409,038
Restricted for community development	2,854,005	-	2,854,005
Restricted for streets and roads	1,551,054	-	1,551,054
Restricted for capital projects	3,473,422	-	3,473,422
Unrestricted	(7,279,367)	768,524	(6,510,843)
Total Net Position	<u>\$ 36,834,525</u>	<u>\$ 11,723,854</u>	<u>\$ 48,558,379</u>

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

CITY OF IONE, CALIFORNIA

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

FUNCTIONS AND PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 677,994	\$ 143,204	\$ (438)	\$ 19,201	\$ (516,027)	\$ -	\$ (516,027)
Public safety	2,613,493	160,042	612,567	332,747	(1,508,137)	-	(1,508,137)
Community development	338,882	-	-	-	(338,882)	-	(338,882)
Public works	666,135	450,076	-	-	(216,059)	-	(216,059)
Streets and roads	106,057	-	(7,016)	386,636	273,563	-	273,563
Parks and recreation	152,076	-	-	139,830	(12,246)	-	(12,246)
Interest on long term debt	42,922	-	-	-	(42,922)	-	(42,922)
Total Governmental Activities	4,597,559	753,322	605,113	878,414	(2,360,710)	-	(2,360,710)
BUSINESS-TYPE ACTIVITIES							
Sewer Fund	1,498,890	1,279,367	-	305,025	-	85,502	85,502
Total Buisness-type Activities	1,498,890	1,279,367	-	305,025	-	85,502	85,502
TOTAL PRIMARY GOVERNMENT	\$ 6,096,449	\$ 2,032,689	\$ 605,113	\$ 1,183,439	(2,360,710)	85,502	(2,275,208)
General Revenues:							
Taxes:							
					849,115	-	849,115
					231,141	-	231,141
					435	-	435
					106,610	-	106,610
					1,008,138	-	1,008,138
					13,609	-	13,609
					112,194	14,441	126,635
					2,321,242	14,441	2,335,683
Change in Net Position					(39,468)	99,943	60,475
Net Position, Beginning of Year					36,873,993	11,623,911	48,497,904
Net Position, End of Year					\$ 36,834,525	\$ 11,723,854	\$ 48,558,379

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

CITY OF IONE, CALIFORNIA

BALANCE SHEETS
GOVERNMENTAL FUNDS

June 30, 2020

	Major Funds					
	General Fund	HOME Program Grant Special Revenue Fund	CDBG Program Grant Special Revenue Fund	Local Traffic Mitigation Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 700,858	\$ 362,401	\$ 36,830	\$ 1,191,124	\$ 3,486,826	\$ 5,778,039
Receivables:						
Accounts receivable	228,225	-	-	-	1,764	229,989
Due from other governments	100,489	-	-	-	27,752	128,241
Interest receivable - investments	2,924	-	-	-	36,617	39,541
Interest receivable - loans receivable	-	385,028	76,839	-	16,781	478,648
Loans receivable	-	1,162,689	397,416	-	52,761	1,612,866
Deposits with others	46,614	-	-	-	2,331	48,945
Due from other funds	86,083	-	-	-	-	86,083
Advances to other funds	662,453	-	-	180,000	1,936,194	2,778,647
Total Assets	\$ 1,827,646	\$ 1,910,118	\$ 511,085	\$ 1,371,124	\$ 5,561,026	\$ 11,180,999
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES						
Accounts payable and other liabilities	\$ 71,723	\$ -	\$ -	\$ -	\$ 50,546	\$ 122,269
Accrued payroll and benefits	68,970	-	-	-	3,945	72,915
Due to other funds	-	-	-	-	86,083	86,083
Due to other governments	151,934	-	-	-	-	151,934
Refundable deposits	12,912	-	-	-	-	12,912
Advances from other funds	1,560,345	-	-	-	1,527,257	3,087,602
Total Liabilities	1,865,884	-	-	-	1,667,831	3,533,715
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - other receivables	215,154	-	-	-	30	215,184
Unavailable revenue - loan interest receivable	-	385,028	76,839	-	16,781	478,648
Unavailable revenue - loan principal receivable	-	1,162,688	397,416	-	53,861	1,613,965
Total Deferred Inflows of Resources	215,154	1,547,716	474,255	-	70,672	2,307,797
Fund balances:						
Nonspendable	662,453	-	-	-	-	662,453
Restricted for public safety	-	-	-	-	1,901,062	1,901,062
Restricted for community development	-	362,402	36,830	-	355,353	754,585
Restricted for streets and roads	-	-	-	-	1,364,723	1,364,723
Restricted for capital projects	-	-	-	1,371,124	1,742,301	3,113,425
Unassigned	(915,845)	-	-	-	(1,540,916)	(2,456,761)
Total Fund Balances (Deficit)	(253,392)	362,402	36,830	1,371,124	3,822,523	5,339,487
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,827,646	\$ 1,910,118	\$ 511,085	\$ 1,371,124	\$ 5,561,026	\$ 11,180,999

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

CITY OF IONE, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2020

Total Fund Balances of Governmental Funds	\$ 5,339,487
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	34,106,633
Deferred outflows of resources related to the City's pension and OPEB plans will reduce the net pension and OPEB liabilities in the future.	783,520
Deferred inflows for unavailable revenue in governmental funds are recognized in the government-wide statements.	2,307,797
Long-term liabilities are not due and payable in the current period and, therefore, are not reported on the governmental funds balance sheet.	(4,287,425)
Deferred inflows of resources related to the City's pension and OPEB plans will be reflected in the net pension and OPEB liabilities in the future.	<u>(1,415,487)</u>
Net Position of Governmental Activities	<u>\$ 36,834,525</u>

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

CITY OF IONE, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	Major Funds					
	General Fund	HOME Program Grant Special Revenue Fund	CDBG Program Grant Special Revenue Fund	Local Traffic Mitigation Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 1,172,739	\$ -	\$ -	\$ -	\$ 5,583	\$ 1,178,322
Impact fees	-	-	-	65,047	884,944	949,991
Licenses, fees and permits	230,647	-	-	-	-	230,647
Use of money and property	55,868	1,634	161	6,016	45,415	109,094
Intergovernmental revenues	1,023,900	-	-	-	548,676	1,572,576
Fines, forfeitures and penalties	10,888	-	-	-	756	11,644
Charges for services	238,512	-	-	-	242,698	481,210
Other	22,567	-	-	-	44,742	67,309
Total Revenues	2,755,121	1,634	161	71,063	1,772,814	4,600,793
EXPENDITURES						
Current:						
General government	600,273	-	-	-	-	600,273
Public ways and facilities/ transportation	569,872	-	-	-	446,989	1,016,861
Public safety	894,184	-	-	-	892,512	1,786,696
Parks and recreation	311,099	-	-	-	887	311,986
Capital outlay	43,019	-	-	-	370,735	413,754
Debt Service:						
Principal	12,343	-	-	-	29,713	42,056
Interest	21,178	18	-	-	21,744	42,940
Total Expenditures	2,451,968	18	-	-	1,762,580	4,214,566
Excess (Deficiency) of Revenues Over (Under) Expenditures	303,153	1,616	161	71,063	10,234	386,227
OTHER FINANCING SOURCES (USES)						
Proceeds from insurance	7,231	-	-	-	-	7,231
Transfers in	-	-	-	-	649,551	649,551
Transfers out	-	-	-	-	(649,551)	(649,551)
Total Other Financing Sources (Uses)	7,231	-	-	-	-	7,231
Net Change in Fund Balances	310,384	1,616	161	71,063	10,234	393,458
Fund Balances (Deficit), Beginning of Year	(563,776)	360,786	36,669	1,300,061	3,812,289	4,946,029
Fund Balances (Deficit), End of Year	\$ (253,392)	\$ 362,402	\$ 36,830	\$ 1,371,124	\$ 3,822,523	\$ 5,339,487

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

CITY OF IONE, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 393,458
<p>Amounts reported for governmental activities in the statement of activities are different because: Governmental funds report capital outlays as expenditures and proceeds from disposals of capital assets as revenues. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense and gains or losses on disposals of capital assets is reported.</p>	
Depreciation expense	(448,911)
Capital outlay	413,754
<p>Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities. This amount represents the change in deferred inflows of resources related to unavailable revenue.</p>	
	(49,915)
<p>Deferred outflows and inflows of resources of related to the City's pension and OPEB plans do not result in the receipt or use of current financial resources and are not reported in the governmental funds as follows:</p>	
Change in deferred outflows of resources - pension plan	(80,952)
Change in deferred outflows of resources - OPEB plan	(13,547)
Change in deferred inflows of resources - pension plan	(21,743)
Change in deferred inflows of resources - OPEB plan	(1,079,682)
<p>Changes in the long-term liabilities reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. Principal payments are reported as expenditures in governmental funds, but are reported as a reduction of the liability in the statement of net position. These amounts represent the changes in long-term liabilities:</p>	
Changes in long-term debt	42,056
Change in compensated absences liability	(32,380)
Change in net pension liability	(57,103)
Change in net OPEB liability	<u>895,497</u>
Change in Net Position of Governmental Activities	<u>\$ (39,468)</u>

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

CITY OF IONE, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - ENTERPRISE FUND

June 30, 2020

	Sewer Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 734,386
Receivables:	
Accounts receivable	61,075
Due from other governments	136,392
Deposits with others	8,629
Total Current Assets	<u>940,482</u>
Noncurrent Assets:	
Advances to other funds	308,955
Capital assets:	
Nondepreciable	5,726,392
Depreciable, net	8,006,497
Total capital assets	<u>13,732,889</u>
Total Assets	<u>14,982,326</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	44,440
OPEB plan	2,362
Total Deferred Outflows of Resources	<u>46,802</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and other liabilities	40,953
Accrued payroll and benefits	12,495
Interest payable	23,853
Unearned revenues	4,145
Refundable deposits	7,250
Noncurrent liabilities - current portion	88,155
Total Current Liabilities	<u>176,851</u>
Noncurrent Liabilities:	
Noncurrent liabilities - noncurrent portion	3,025,538
Total Noncurrent Liabilities	<u>3,025,538</u>
Total Liabilities	<u>3,202,389</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan	18,435
OPEB plan	84,450
Total Deferred Inflows of Resources	<u>102,885</u>
NET POSITION	
Net investment in capital assets	10,955,330
Unrestricted	768,524
Total Net Position	<u>\$ 11,723,854</u>

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

CITY OF IONE, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUND - ENTERPRISE FUND

For the Year Ended June 30, 2020

	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 1,260,647
Other	18,720
Total Operating Revenues	<u>1,279,367</u>
OPERATING EXPENSES	
Salaries and benefits	286,021
Services and supplies	768,872
Depreciation	370,435
Total Operating Expenses	<u>1,425,328</u>
Operating Income (Loss)	<u>(145,961)</u>
NON OPERATING REVENUES (EXPENSES)	
Investment income	14,441
Interest expense	(73,562)
Total Nonoperating Revenues (Expenses)	<u>(59,121)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(205,082)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Connection fees	305,025
Net Capital Contributions and Transfers	<u>305,025</u>
Change in Net Position	99,943
Net Position, Beginning of Year	<u>11,623,911</u>
Net Position, End of Year	<u><u>\$ 11,723,854</u></u>

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

CITY OF IONE, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - ENTERPRISE FUND

For the Year Ended June 30, 2020

	Sewer Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,238,080
Cash payments to suppliers	(553,113)
Cash payments to employees	(282,963)
Cash Provided by Operating Activities	<u>402,004</u>
Cash Flows from Noncapital and Financing Activities:	
Amounts received from (paid to) other funds	<u>1,000</u>
Cash Provided by Noncapital and Financing Activities	<u>1,000</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(575,246)
Connection fees	305,025
Principal paid on long-term debt	(85,430)
Interest paid on long-term debt	(74,299)
Cash Used for Capital and Related Financing Activities	<u>(429,950)</u>
Cash Flows from Investing Activities:	
Interest income	<u>14,441</u>
Cash Provided by Investing Activities	<u>14,441</u>
Increase in Cash and Cash Equivalents	(12,505)
Cash and Cash Equivalents, Beginning of Year	<u>746,891</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 734,386</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (145,961)
Adjustments to Operating Income (Loss):	
Depreciation	370,435
Infrastructure abandoned	382,410
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	85,001
(Increase) decrease in due from other governments	(125,570)
(Increase) decrease in deferred outflows of resources	3,582
Increase (decrease) in accounts payable and other liabilities	(166,651)
Increase (decrease) in accrued payroll and benefits	(23,298)
Increase (decrease) in unearned revenues	(2,511)
Increase (decrease) in refundable deposits	1,791
Increase (decrease) in pension, OPEB and compensated absences	(50,495)
Increase (decrease) in deferred inflows of resources	<u>73,269</u>
Cash Provided by Operating Activities	<u><u>\$ 402,004</u></u>
CHANGES IN NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Change in accounts payable for capital purchases	\$ (352,515)
Infrastructure abandoned	\$ 382,410

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

CITY OF IONE, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION -
AGENCY FUNDS

June 30, 2020

	<u>Total</u>
ASSETS	
Cash and investments	\$ 329,146
Accounts receivable	1,545
Due from other governments	111,595
Cash and investments with fiscal agent	<u>363,924</u>
Total Assets	<u><u>\$ 806,210</u></u>
LIABILITIES	
Refundable deposits	\$ 46
Due to others	<u>806,164</u>
Total Liabilities	<u><u>\$ 806,210</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF IONE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ione (the City) was incorporated in 1953, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, sewer, culture-recreation, public improvements, planning and zoning, and general administrative services. The voters of the City give authority and responsibility for operations to the City Council. The City Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the City's management is the financial budget, which is adopted annually by the City Council.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

Reporting Entity

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

The City participates in a number of joint powers authorities in which the City only has a residual equity interest in the related entity. The City is generally not liable for the liabilities of the entities if they dissolve. However, California Assembly Bill (AB) 1912 requires member agencies of a joint powers authority that participates in, or contracts with, a public retirement system to mutually agree as to the apportionment of the joint power authority's retirement obligation among themselves prior to filing a notice of termination. AB 1912 could result in the City being held responsible for a portion of a joint powers authority's retirement obligation if the joint powers authority does not have sufficient assets to fund the obligation. The City participates in the following Joint Powers Authorities: The Amador County Recreation Agency, Amador County Integrated Solid Waste Management Agency, Amador Fire Protection Authority, and Amador Regional Transit System.

Basis of Presentation

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements and fiduciary fund statements, with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, with the exception of property taxes. Property taxes are considered to be available if they are collected within 60 days of the current fiscal period. Amounts received after the availability period are reported as unavailable revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HOME Program Grant Special Revenue Fund – This fund accounts for low- and moderate-income loans made using HOME program grant funds.

CDBG Program Grant Special Revenue Fund – This fund accounts for providing down payment assistance to buyers to expand opportunities to principally for low and moderate-income persons.

Local Traffic Mitigation Fund – This fund accounts for fees collected by the County and remitted to the City on all building permits for single or multi-family residential units and commercial industrial uses to be used to finance construction, improvement, and maintenance of public roads.

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

The City reports the following major enterprise fund:

Sewer Enterprise Fund – This fund accounts for the operation of the City's sewer utility. Activities of this fund includes administration, operation and maintenance of the water and sewer systems and billing and collection activities. The Fund also accumulates resources for future expansion. All costs are financed through charges made to utility customers and developers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Funds.

Additionally, the City reports the following fund types:

GOVERNMENTAL FUNDS

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

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the City in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's agency funds account for Community Facility Districts used for conduit debt owed by property owners, regional traffic mitigation funds and police asset seizure funds. The regional traffic mitigation funds are distributed to the Amador County Transportation Planning Agency for regional traffic mitigation activities. Asset seizure funds are seized by the Police Department and held until the assets are forfeited or returned to the owner.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: The City's cash and cash equivalents are defined as cash on hand, demand deposits, and short-term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and not subject to significant changes in value from interest rate fluctuations, including the City's investment in California Local Agency Investment Fund (LAIF), money market mutual funds and certificates of deposits.

Allocations of Investment Income Among Funds: Investment income is allocated to funds required by law or administrative action to receive investment income and proprietary funds. Interest is allocated on a monthly basis based on the weighted average cash balances in each fund receiving interest.

Receivables and Payables: Sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 90 days of year end. Property taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds when the related service is performed.

Long-term loans in governmental funds represent low-and-moderate income housing loans under the HOME and CDBG programs, as described in Note D. Loans are recognized as receivables and deferred inflows of resources in governmental funds as the loans do not represent current available financial resources. Non-current interest receivable on the loans are also offset with deferred inflows for unavailable revenues as they are generally due when the related property is sold and do not represent resources available for appropriation.

Restricted Assets: Certain proceeds of long-term debt are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "reserve" account is used to report resources set aside to make up potential future deficiencies in the bond's debt service. Certain unspent debt proceeds are restricted to specific capital projects by the applicable debt covenant. The City also collects impact fees in the Sewer Fund that are restricted for certain capital replacement activities.

Property Taxes: The County of Amador (the County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year end. Secured property taxes are levied each July 1 on the assessed values as of January 1 of the prior year. These taxes are paid in two equal installments; the first is due November 1 and become delinquent with penalties after December 10; the second is due February 1 and become delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs and interest when paid. These taxes are secured by liens on the property being taxed.

The term "unsecured" refers to taxes on personal property other than land and buildings. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within 60 days after fiscal year-end. Unsecured property taxes are levied each July 1 on the assessed values as of January 1 of the prior year. They become delinquent on August 31. The County apportions

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan,” as prescribed by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible. These taxes are accrued as intergovernmental receivables only if they are received from the County within 60 days after year end for the governmental funds and are accrued when earned for government-wide presentation regardless of the timing of the related cash flows.

Capital Assets: Capital assets are recorded at historical costs. Capital assets are not capitalized in governmental funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at their acquisition value, which is the price that would be paid to acquire the asset with equivalent service potential in an orderly market transaction at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not included in the current year’s additions to governmental or business-type capital assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	20-30 years
Building improvements	10-15 years
Site improvements	15-20 years
Equipment and machinery	3-20 years
Infrastructure	7-50 years

It is the policy of the City to capitalize all land, building, improvements, equipment, and infrastructure assets with an initial, individual cost of more than \$5,000. Costs of assets sold or retired and the resulting gain or loss is included in the operating statement of the related proprietary fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of financial position reports a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditure/expense) or an inflow of resources (revenue) until the earnings process is complete. The governmental funds report unavailable revenues for grants, loans receivable, accrued interest on loans receivable and other revenues when the amounts meet the asset recognition criteria under GASB 33 and were accrued as receivables, but the amounts were not received in the availability period. Deferred outflows and inflows of resources include amounts deferred related to the City’s pension plan under GASB 68 and the City’s OPEB Plan under GASB 75 as described in Notes H and I.

Compensated Absences: It is the City’s policy to permit employees to accumulate earned but unused vacation based on classification and length of service. Vacation is accrued when incurred in the government-wide presentation and in the proprietary funds and reported as a fund liability. Amounts that are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations or retirements that are currently payable, are reported as expenditures and a fund

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide presentation. No expenditure is reported in the governmental fund financial statements for these amounts.

City employees are granted vacation in varying amounts based on classification and length of service from 80 to 192 hours per year and may accumulate a maximum of 240 hours. The City Manager may approve vacation buyouts of up to 80 hours every 12-month period. Upon termination or retirement, the City pays 100% of the vacation time accrued. Sick leave is accrued from 80 to 96 hours per year and is capped at 960 hours. Sick leave is not payable at retirement except for one management employee who may elect to have 50% of sick leave hours paid at separation. The remaining employees may convert the sick leave to CalPERS service credit. General employees may select compensatory time-off to a maximum of 40 hours in lieu of overtime, which is included in compensated absences. Department heads are provided 5 days of administrative leave per fiscal year, which is not payable at separation and is not accrued as compensated absences. Compensated absences are liquidated by the General Fund and Sewer Enterprise Fund.

Interfund Transactions: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds are reported as nonspendable fund balance in governmental funds to indicate they do not constitute resources available for appropriation.

Unearned Revenues: Unearned revenues arise when resources are received by the City before it has legal claim to them (i.e. when cost reimbursement grant revenues are received prior to the incurrence of qualifying expenditures) or when exchange revenues are received before the exchange takes place, such as unearned developer deposits for permitting and plan checks.

Long-term Debt: The proceeds of long-term debt of governmental funds are reported at face value (net of premium or discount) in the government-wide financial statements as other financing sources and represent a reconciling item between the fund and government-wide presentation. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the related proprietary fund. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures/expenses of the governmental or proprietary fund.

Pension and Other Postemployment Benefits (OPEB) Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Commission’s California Public Employee’s Retirement System (CalPERS) plan (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.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund and Sewer Enterprise Fund are used to liquidate the net pension liability and net OPEB liability.

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

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

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

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

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

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

Net Position: The government-wide and proprietary fund financial statements present net position. Net position is categorized as the net investment in capital assets, restricted and unrestricted.

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

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The purpose of each restriction is reported on the face of the statement of net position.

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

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted, committed, assigned and unassigned

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

resources as they are needed. The City's committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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.

Budgetary Information: The City Council annually adopts the budget resolution for all operating funds of the City. Budgetary control is legally maintained at the fund level. Department heads submit budget requests to the City Administrator. The Administrator prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

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

Excess Expenditures Over Appropriations: The following funds had excess expenditures and transfers out over appropriations:

Fund	Excess Over Appropriations
Home Program Grant Special Revenue Fund	\$ 18
Nonmajor Governmental Funds:	
COPS SLESF AB3229 Special Revenue Fund	2,174
Restricted Police Special Revenue Fund	28,951

Fund Balance Deficits: The General Fund, Safer Grant Special Revenue Fund, Railroad Depot Special Revenue Fund, Fire Services Impact Fees Capital Projects Fund and the Governmental Impact Fees Capital Projects Fund have fund balance deficits of \$253,392, \$1,801, \$14,574, \$1,000,293 and \$524,248, respectively. The deficit in the General Fund will be eliminated by future tax and other revenues and/or reductions in future expenditures. The deficits in the Safer Grant Special Revenue Fund and Railroad Depot Special Revenue Fund will be eliminated with future grants or transfers from other funds. The deficits in the impact fees funds will be eliminated by the collection of future impact fees.

New Pronouncements: In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. The requirements of this Statement are effective for periods beginning after June 15, 2019.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in the notes to government financial statements and clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences and significant subjective acceleration clauses. For notes to the financial statement there is a requirement that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the reporting periods beginning after June 15, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense rather than being recorded as part of the cost of capital assets in a business-type activity or enterprise fund and interest cost incurred by a fund using the current financial resources measurement focus before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The Statement indicates an issuer of a conduit debt obligation should not report a liability for the conduit debt obligation but requires an issuer to report a liability associated with an additional commitment or a voluntary commitment to support the debt. Additional commitments by an issuer to support the debt include extending a moral

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

obligation pledge, appropriation pledge or financial guarantee or pledging the issuer's own property, revenue or assets as security for the debt. Under a voluntary commitment, the issuer does not make an additional commitment, but on a voluntary basis decides to make a debt service payment or request an appropriation for a debt service payment in the event that the third party is, or will be, unable to do so. The Statement also provides criteria for issuers to determine whether they should record assets acquired or constructed with proceeds of arrangements identified as leases related to conduit debt obligations. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). PPPs are arrangements in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement requires that PPPs that meet the definition of a lease apply guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of a service concession arrangement. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement No. 87, as amended. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements that include an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement requires for the purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The City is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Cash represents cash on hand, demand deposits in the bank and amounts invested in the State of California Local Agency Investment Fund (LAIF). Cash and investments at June 30, 2020 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and cash equivalents	\$ 5,778,039	\$ 734,386	\$ 329,146	\$ 6,841,571
Restricted cash and investments	-	-	363,924	363,924
	<u>\$ 5,778,039</u>	<u>\$ 734,386</u>	<u>\$ 693,070</u>	<u>\$ 7,205,495</u>

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE B – CASH AND INVESTMENTS (Continued)

As of June 30, 2020, the City's cash and investments consisted of the following:

Cash on hand	\$ 145
Deposits in financial institutions	5,654,354
Investments	
California Local Agency Investment Fund	801,354
Certificates of deposit	159,138
Money market mutual funds	590,504
Total investments	<u>1,550,996</u>
Total cash and investments	<u>\$ 7,205,495</u>

Investment policy: 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). The 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 investment policy.

	Maximum Maturity	Minimum Rating	Maximum Percentage on Dollar of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years *	N/A	None	None
U.S. agency securities	5 years *	N/A	None	None
Bankers acceptances	270 days	AA	40%	30%
Commercial paper	180 days	A1/P1	15%	10%
Commercial paper	31 days	A1/P1	40%	10%
Time deposits	3 years *	NA	None	None
Negotiable certificates of deposit	3 years *	AA	30%	None
Repurchase Agreements	1 year	N/A	None	None
Medium term notes	5 years	AA	30%	None
Money market mutual funds	5 years	AA	15%	10%
Mutual funds	5 years	AAA	15%	10%
Local Agency Investment Fund (LAIF)	5 years	N/A	None	None

* Maximum term unless expressly authorized by City Council and within prescribed time frames for the approval.

The City complied with the provisions of California Government Code 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.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE B – CASH AND INVESTMENTS (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment in LAIF has an average maturity of 191 days.

Investment Type	Total	12 Months or Less	13 to 24 Months
LAIF	\$ 801,354	\$ 801,354	\$ -
Certificates of deposit	159,138	56,202	102,936
Money market mutual fund	590,504	590,504	-
Total Investments	<u>\$ 1,550,996</u>	<u>\$ 1,448,060</u>	<u>\$ 102,936</u>

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 will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Governmental Code requires financial institutions to 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 governmental 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 public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2020, the carrying amount of the City's deposits was \$5,654,354 and the balance in financial institutions was \$5,953,405. Of the balance in financial institutions, \$500,000 was covered by federal depository insurance and \$5,453,405 was covered by the pledging financial institution with assets held in a common pool for the City and other governmental agencies.

Investment in LAIF: LAIF was stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF was \$101,607,078,218, which is managed by the State Treasurer. Of that amount, 3.37% was invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. 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 LAIF 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 are recorded on an amortized cost basis.

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 as follows:

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE B – CASH AND INVESTMENTS (Continued)

Investment Type	Total	Minimum Rating	Rating as of Year End	
			AAA	Not Rated
LAIF	\$ 801,354	N/A	\$ -	\$ 801,354
Certificates of deposit	159,138	N/A	-	159,138
Money market mutual funds	590,504	AA	590,504	-
Total Investments	<u>\$ 1,550,996</u>		<u>\$ 590,504</u>	<u>\$ 960,492</u>

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. The City's investment in LAIF, non-negotiable certificates of deposit and money market mutual funds are not subject to fair value measurements or are measured at the net asset value of the underlying investments.

NOTE C – INTERFUND TRANSACTIONS

Current Interfund Balances

Due From Other Funds	Due to Other Funds	Amount
General Fund	Nonmajor Governmental Funds	<u>\$ 86,083</u>
Total due to/from other funds		<u>\$ 86,083</u>

This balance resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. All interfund receivables are expected to be paid back within the next fiscal year.

Long-Term Interfund Advances

At June 30, 2020, the funds below had made advances which were not expected to be repaid within the next year. The funds with the advance to other funds report nonspendable fund balance to indicate the amounts are not available for appropriation.

Advances to Other Funds	Advances From Other Funds	Amount
General Fund	Nonmajor Governmental Funds	\$ 662,453 (a)
Local Traffic Mitigation Fund	General Fund	180,000 (b)
Sewer Enterprise Fund	General Fund	308,955 (c)
Nonmajor Governmental Funds	General Fund	1,071,390 (d)
	Nonmajor Governmental Funds	<u>864,804 (e)</u>
		<u>\$ 3,087,602</u>

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE C – INTERFUND TRANSACTIONS (Continued)

- (a) The General Fund advanced \$375,000 to the Governmental Impact Fees Fund and \$287,453 to the Fire Services Impact Fees Fund to fund construction and expansion of capital facilities. A resolution adopted on June 2, 2015 indicated reimbursement from the General Plan Impact Fees Fund and Fire Impact Fees Fund is expected to be made from future development impact fees.
- (b) On October 2, 2018, \$180,000 was advanced from the Local Traffic Mitigation Fund to the General Fund to cover a legal settlement. Currently no repayment schedule has been established to reimburse the Traffic Mitigation Fund.
- (c) On June 12, 2014 the Sewer Enterprise Fund advanced \$244,800 to the General Fund to be reimbursed by the General Fund at such time as the Howard Property Trust redeems sewer connection fees credits and/or annexation per the agreement between the City and Howard Property Trust and \$65,155 of Amador Regional Sanitation Agency Funds were transferred by the Sewer Fund to the General Fund to be repaid as funds become available per a resolution adopted June 2, 2015. As of June 30, 2020, \$1,000 was paid on the \$65,155 advance and the outstanding balance was \$64,155.
- (d) Various nonmajor governmental funds advanced \$1,071,390 to the General Fund as follows:
 - (1) A resolution adopted June 2, 2015 indicated \$208,230 was advanced to the General Fund from the Gas Tax Fund to cover the structural City's deficit in the General Fund. As of June 30, 2020, \$10,229 was paid on the advance and the outstanding balance was \$198,001.
 - (2) \$563,356 was advanced to the General Fund to cover the City's structural deficit in the General Fund from the Transportation Development Act Fund. A resolution adopted on December 6, 2011 indicates the total amount of advanced monies owed to the City's Transportation Development Act Fund will be repaid on a semi-annual basis over the next ten years at an interest rate of 1% per annum. As of June 30, 2020, \$32,917 was paid on the advance and the outstanding balance was \$530,439.
 - (3) The Measure M Fund advanced \$364,107 to the General Fund to cover the structural deficit in the General Fund. A resolution adopted on December 6, 2011 indicates that total amount of advanced monies owed to the Measure M Fund will be repaid on a semi-annual basis over the next ten years at an interest rate of 1% per annum. As of June 30, 2020, \$21,157 was paid on the advance and the outstanding balance was \$342,950.
- (e) Various nonmmajor governmental fund advanced \$864,804 to other nonmajor governmental funds as follows:
 - (1) A resolution adopted June 2, 2015 indicated the Gas Tax Fund advanced \$43,000 to Governmental Impact Fees Fund to fund a structural deficit the Fund.
 - (2) A resolution adopted June 2, 2015 indicated the Impact Police Fund advanced \$180,000 to the Governmental Impact Fees Fund and \$616,804 to the Fire Services Impact Fees Fund to fund fire station construction.
 - (3) A resolution adopted June 2, 2015 indicated the Impact Fees – General Administration Fund advanced \$25,000 to Impact Fees Fire Fund to fund fire station construction.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE C – INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

Interfund transfers consisted of transfers of \$649,551 within nonmajor governmental funds. The transfers within nonmajor governmental funds were to separate impact fees recorded previously in the Public Maintenance District Special Revenue Fund in the past into the Restricted Police Special Revenue Fund and Restricted Fire Special Revenue Fund.

NOTE D – LOANS RECEIVABLE

At June 30, 2020, the City had the following loans receivable outstanding:

HOME Program	\$ 1,162,689
CDBG First Time Home Buyer	397,416
Nonmajor Governmental Funds	<u>52,761</u>
Loans, net	<u><u>\$ 1,612,866</u></u>

HOME Program

The City provides loans to qualified first time buyers through the federally funded HOME Program. Under this program, principal and interest payments are deferred until the loan is refinanced or title to the property changes. These loans carry a 2% or 3% interest rate with a maturity of 30 years.

CDBG First Time Home Buyer

The City administers a First Time Homebuyer Loan Program that provides low interest rate second mortgage loans to eligible home buyers to assist in the purchase of a home. Loans carry interest at 3% or are interest free. Funding is provided through the Community Development Block Grant Program.

CDBG Housing Rehabilitation Program

The City administers a Housing Rehabilitation Loan Program using the federal Housing and Community Development Act funds. Under this program, residents with incomes below a certain level are eligible to receive low interest loans secured by deeds of trust for rehabilitation of their homes. These loans carry interest rates of 2% or 3% and are generally due upon transfer of the home or refinancing.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE E – CAPITAL ASSETS

Governmental capital assets activity for the year ended June 30, 2020 was as follows:

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 29,696,609	\$ -	\$ -	\$ -	\$ 29,696,609
Construction in progress	9,148	14,517	-	-	23,665
Total capital assets, not being depreciated	29,705,757	14,517	-	-	29,720,274
Capital assets, being depreciated:					
Buildings and improvements	3,395,120	-	-	-	3,395,120
Site improvements	1,174,798	-	-	-	1,174,798
Vehicles and equipment	2,649,813	399,237	(20,335)	-	3,028,715
Infrastructure	2,959,806	-	-	-	2,959,806
Total capital assets, being depreciated	10,179,537	399,237	(20,335)	-	10,558,439
Less accumulated depreciation for:					
Buildings and improvements	(1,521,216)	(73,089)	-	-	(1,594,305)
Site improvements	(686,431)	(54,626)	-	-	(741,057)
Vehicles and equipment	(2,156,977)	(187,490)	20,335	-	(2,324,132)
Infrastructure	(1,378,880)	(133,706)	-	-	(1,512,586)
Total accumulated depreciation	(5,743,504)	(448,911)	20,335	-	(6,172,080)
Capital assets being depreciated, net	4,436,033	(49,674)	-	-	4,386,359
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 34,141,790	\$ (35,157)	\$ -	\$ -	\$ 34,106,633

Depreciation expense for governmental capital assets was charged to functions as follows:

General governmental	\$ 49,980
Public safety	194,494
Public works	19,888
Streets	73,696
Community development	15,685
Parks	95,168
Total governmental activities depreciation expense	<u>\$ 448,911</u>

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE E – CAPITAL ASSETS (Continued)

Business-type capital assets activities for the year ended June 30, 2020 was as follows:

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 3,873,444	\$ -	\$ -	\$ -	\$ 3,873,444
Construction in progress	1,872,525	-	-	(19,577)	1,852,948
Total capital assets, not being depreciated	5,745,969	-	-	(19,577)	5,726,392
Capital assets, being depreciated:					
Buildings and improvements	1,460,112	-	-	-	1,460,112
Site improvements	446,396	-	-	-	446,396
Vehicles and equipment	660,007	45,212	-	-	705,219
Infrastructure	10,881,067	177,519	(382,410)	19,577	10,695,753
Total capital assets, being depreciated	13,447,582	222,731	(382,410)	19,577	13,307,480
Less accumulated depreciation for:					
Buildings and improvements	(908,069)	(35,756)	-	-	(943,825)
Site improvements	(393,596)	(4,400)	-	-	(397,996)
Vehicles and equipment	(551,425)	(20,080)	-	-	(571,505)
Infrastructure	(3,077,458)	(310,199)	-	-	(3,387,657)
Total accumulated depreciation	(4,930,548)	(370,435)	-	-	(5,300,983)
Capital assets being depreciated, net	8,517,034	(147,704)	(382,410)	19,577	8,006,497
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET	\$ 14,263,003	\$ (147,704)	\$ (382,410)	\$ -	\$ 13,732,889

The \$382,409 retirement of infrastructure represents a payable for sludge removal recorded in 2019 that should not have been accrued that was removed in 2020. It had no effect on the change in net position.

NOTE F – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Note payable	\$ 20,076		\$ (12,343)	\$ 7,733	\$ 7,733
Firehouse loan	322,575		(29,713)	292,862	31,062
Compensated absences	116,080	\$ 32,380		148,460	62,706
Pension liability	2,494,703	57,103		2,551,806	
OPEB obligation	2,182,061		(895,497)	1,286,564	
Governmental activities long-term liabilities	\$ 5,135,495	\$ 89,483	\$ (937,553)	\$ 4,287,425	\$ 101,501
Business-Type Activities:					
I - Bank Installment loan	\$ 2,851,039		\$ (85,430)	\$ 2,765,609	\$ 87,413
Compensated absences	8,300	\$ 2,039		10,339	742
Pension liability	234,835	11,919		246,754	
OPEB obligation	155,444		(64,453)	90,991	
Business-type activities long-term liabilities	\$ 3,249,618	\$ 13,958	\$ (149,883)	\$ 3,113,693	\$ 88,155

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE F – LONG-TERM LIABILITIES (Continued)

Long-term debt of the City's governmental activities consists of the following as of June 30, 2020:

Note Payable – Direct Borrowing: On June 6, 2018 the City received a loan from American River Bank in the amount of \$55,000 to purchase a commercial lawn mower for City parks, which is secured by the lawn mower. Payments of \$1,048 are due quarterly with interest at 5.06% from September 25, 2018 to June 25, 2023. On January 1, 2019, the City made an additional principal payment of \$25,000 resulting in a final payment due on March 25, 2021.

Firehouse Loan – Direct Borrowing: On August 28, 2008 the City entered into a loan agreement with Calcase Public Funding Corporation in the principal amount of \$560,000 to partially finance the construction of a new firehouse. The loan is payable in monthly instalments of \$3,494 through August 28, 2028 at 3.9%. The City has the option to prepay the loan by paying all payments then due (including accrued interest, if any) plus the termination value as stipulated in the agreement. Upon default, the lender may call all payments immediately due and payable. Delinquent payments are subject to a default interest rate of the lesser of the highest rate permitted by law or 12%.

Payments due on the note payable are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2021	\$ 7,733	\$ 166	\$ 7,899
Totals	<u>\$ 7,733</u>	<u>\$ 166</u>	<u>\$ 7,899</u>

Payments on the Firehouse Loan are due as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2021	\$ 31,062	\$ 10,870	\$ 41,932
2022	32,295	9,637	41,932
2023	33,577	8,355	41,932
2024	34,910	7,022	41,932
2025	36,296	5,635	41,931
2026-2029	124,722	8,062	132,784
Totals	<u>\$ 292,862</u>	<u>\$ 49,581</u>	<u>\$ 342,443</u>

Long-term debt of the City's business-type activities consists of the following as of June 30, 2020:

Installment Sale Agreement – Direct Borrowing: On September 1, 2013, the City entered into an installment sale agreement with the California Infrastructure and Economic Development Bank to borrow \$3,250,000 for use on the City's Wastewater Compliance Project. The agreement is secured by a pledge of the net sewer enterprise system revenues. The agreement requires the net sewer enterprise system revenues to equal 110% of the Installment Sale Agreement debt service payments and at least 100% of all debt service payments, including subordinate debt. Principal payments ranging from \$76,175 to \$148,138 are due yearly on August 1 and interest payments ranging from \$1,533 to \$34,315 are due on February 1 and August 1 through August 1, 2043 at 2.07%. Upon default, the lender may call all payments immediately due and payable. Delinquent payments are subject to a default interest rate of the lesser of the highest rate permitted by law or 12%.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE F – LONG-TERM LIABILITIES (Continued)

The following is the amortization schedule for this loan:

Fiscal Year Ended June 30	Principal	Interest	Total
2021	\$ 87,413	\$ 56,343	\$ 143,756
2022	89,441	54,513	143,954
2023	91,516	52,640	144,156
2024	93,639	50,724	144,362
2025	95,811	48,763	144,574
2026-2030	513,448	212,773	726,220
2031-2035	575,836	156,462	732,298
2036-2040	645,805	93,308	739,113
2041-2044	572,701	24,050	596,751
Totals	<u>\$ 2,765,609</u>	<u>\$ 749,575</u>	<u>\$ 3,515,184</u>

Pledged Revenue: The City has pledged net sewer enterprise system revenue to repay the \$3,250,000 Installment Sale Agreement through August 1, 2043. Annual debt service principal and interest payments are expected to require less than 90% of net sewer enterprise system revenues. Total remaining principal and interest payments are disclosed in the table above. Total cash basis principal and interest payments made during the year ended June 30, 2020 were \$143,562 and net sewer enterprise system revenues were \$543,940.

NOTE G – CONDUIT DEBT

During the year ended June 30, 1990, the City of Ione created two Community Facilities Districts (CFDs) that issued conduit debt. The City Council and management are responsible for the administration of the Community Facilities Districts formed under the provisions of Mello-Roos, but the City is not obligated to repay the special assessment debt issued by the CFDs. On August 16, 2006, the CFD No. 2005-1 and 2005-2IA No. 1 and 2005-2IA No. 2 of the City of Ione 2006 Special Tax Refunding Bonds were issued to refund 1989-1 and 1989-2 Bonds. The 2006 Bonds are payable solely from special tax revenues collected by the CFDs. The City has no direct or implied obligation to repay the conduit debt.

The amount of the special assessment debt with no City commitment outstanding at June 30, 2020 was as follows:

2018 Special Tax Refunding Bonds (Community Facilities District 2005-2, Improvement Area No. 1)	\$ 2,575,479
2006 Special Tax Refunding Bonds (Community Facilities District 2005-2, Improvement Area No.3)	<u>3,655,000</u>
Total	<u>\$ 6,230,479</u>

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE H – PENSION PLAN AND DEFERRED COMPENSATION PLANS

A. General Information about the Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Cost-Sharing Multiple Employer Defined Benefit Pension Plan (the Plan or PERFC) administered by the California Public Employees' Retirement System (CalPERS). PERFC consists of a miscellaneous risk pool and a safety risk pool, which are comprised of the following rate plans:

- Miscellaneous Rate Plan
- Miscellaneous Second Tier Rate Plan
- PEPRA Miscellaneous Rate Plan
- Safety Rate Plan
- Safety Second Tier Rate Plan
- PEPRA Safety Police Rate Plan

Although one Plan exists, CalPERS provides the information separately for the Miscellaneous and Safety Risk Pools and the information is presented separately below where available. 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 plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov

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 (52 for PEPRA Miscellaneous Plan) 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 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous Rate Plan	Miscellaneous Second Tier Rate Plan	PEPRA Miscellaneous Rate Plan
Hire date	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 55	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 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	0.00%	0.00%	6.25%
Required employer contribution rates	0.00%	8.081%	6.985%

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE H – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

	Safety Rate Plan	Safety Second Tier Rate Plan	PEPRA Safety Rate Plan
	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula (at full retirement)	3.0% @ 50	3.0% @ 55	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 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.40% to 3.00%	2.00% to 2.70%
Required employee contribution rates	7.00%-9.00%	9.00%	9.50%-12.00%
Required employer contribution rates	13.540%-20.707%	18.928%	10.216%-13.034%

All rate plans except the PEPRA rate plans are closed to new members that are not already CalPERS participants. All miscellaneous rate plans are combined and reported below as the Miscellaneous Risk Pool and all safety rate plans are combined and reported below as the Safety Risk Pool.

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 risk pools 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.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each risk pool were as follows:

	Miscellaneous Risk Pool	Safety Risk Pool	Total
Contributions - employer	\$ 167,217	\$ 208,743	\$ 375,960

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

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Risk Pool	\$ 1,219,970
Safety Risk Pool	1,578,590
Total Net Pension Liability	\$ 2,798,560
Financial Statement Classification:	
Governmental Activities	\$ 2,551,806
Business-type Activities	246,754
Total Net Pension Liability	\$ 2,798,560

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE H – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

The City's net pension liability for each risk pool is measured as the proportionate share of the net pension liability. The net pension liability of each risk pool is measured as of June 30, 2019, and the total pension liability for each risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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 risk pool relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each risk pool as of June 30, 2020 and 2019 from the measurement date as of the previous year-end were as follows:

	Miscellaneous Risk Pool	Safety Risk Pool	Total
Proportion - June 30, 2019	0.03061%	0.02686%	0.02833%
Proportion - June 30, 2020	0.03046%	0.02529%	0.02731%
Change - Increase (Decrease)	-0.00015%	-0.00157%	-0.00102%

For the year ended June 30, 2020, the City recognized pension expense of \$547,245 for both risk pools combined. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to each risk pool and combined from the following sources:

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 375,960	\$ -
Differences between actual and expected experience	187,800	(6,565)
Changes in assumptions	122,877	(33,249)
Differences between the employer's contributions and the employer's proportionate share of contributions	99,329	(2,548)
Change in employer's proportion	8,604	(154,435)
Net differences between projected and actual earnings on plan investments	-	(43,045)
Total	<u>\$ 794,570</u>	<u>\$ (239,842)</u>
<u>Financial Statement Classification:</u>		
Governmental Activities	\$ 750,130	\$ (221,407)
Business-type Activities	44,440	(18,435)
Total	<u>\$ 794,570</u>	<u>\$ (239,842)</u>

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE H – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date above will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the risk pools will be recognized as pension expense over the expected average remaining service life of participants of 3.8 years or over 5 years for the net differences between projected and actual earnings on plan investments as follows:

Year Ended June 30	Total
2021	\$ 201,721
2022	(46,453)
2023	14,966
2024	8,534
	<u>\$ 178,768</u>

Actuarial Assumptions: The total pension liabilities in the June 30, 2018 actuarial valuations for each risk pool was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	0.4% to 8.5% Miscellaneous and 0.97% to 17% Safety, depending on entry age and service
Investment Rate of Return	7.15%
Mortality	Derived using CalPERS membership data for all funds

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2005). All other actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study Report can be found on CalPERS' website under Forms and Publications.

Change of Assumptions: The demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions in December 2017. There were no changes in the discount rate.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE H – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.15% in the June 30, 2018 accounting valuation. 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 able to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of plan investments was applied to all periods of projected payments to determine the total pension liability.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above adjusted to account for administrative expenses.

The table below reflects the long-term expected real rate of return by asset class for each rate plans as of the measurement date. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11(b)
Global equity	50.0%	4.80%	5.98%
Global fixed income	28.0%	1.00%	2.62%
Inflation sensitive	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

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

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

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

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE H – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

	Miscellaneous Risk Pool	Safety Risk Pool	Total
1% Decrease			6.15%
Net Pension Liability	\$ 1,722,139	\$ 2,346,724	\$ 4,068,863
Current Discount Rate			7.15%
Net Pension Liability	\$ 1,219,970	\$ 1,578,590	\$ 2,798,560
1% Increase			8.15%
Net Pension Liability	\$ 805,464	\$ 948,840	\$ 1,754,304

Pension Plan Fiduciary Net Position: Detailed information about each risk pool's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

There were no significant payables to the Plan at June 30, 2020.

D. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with the Internal Revenue Service Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed; distributions are defined under the plan. The contribution is made by the participant and the City does not match any portion of the contribution. The City does make contributions to certain management employee deferred compensation accounts as authorized under individual employment contracts. The plan trustee is the California Public Retirement System.

The laws governing deferred compensation plans requires plan assets to be held in trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan: The City offers a single employer defined benefit OPEB plan (Plan) to eligible employees and their dependents under a City Council Resolution. Health insurance benefits are provided by CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). The City pays the benefits described in the Plan Description paragraph below. The City also pays the CalPERS administrative fee of .23% of the premium. The City does not offer vision, dental or life insurance benefits to retirees. No publicly available financial statements are available for the Plan.

In September 2022, the City Council approved participation in the Public Agency Retirement Solutions (PARS) Post-Employment Benefits Trust Program, allowing the City to contribute funds to a trust fund for OPEB benefits.

Plan Description: The City of Ione's Post-Retirement Healthcare Plan is a multiple employer defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits only to eligible retirees and their eligible dependents. The City approved post-retirement health insurance benefits

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

for all of its employees under the Public Employees' Medical and Hospital Care Act (PEMHCA). Active employees are entitled to receive benefits after required service of five years if they retire from active City service. Employees hired prior to July 1, 2019: The City will reimburse the retiree for elected coverage (employee only, employee plus one or employee plus family) up to a cap of \$1,400 for Police Department employees and \$1,250 for all other employees. After the retiree's death, the City continues to cover a percentage of the cost of spousal supplemental or medical premiums that ranges from 50% after 5 years of services up to 100% after 20 years of service. Employees hired on or after July 1, 2019: The City will pay the CalPERS statutory minimum, will deduct the balance of premiums from the retiree's retirement payment and does not cover the cost of any spousal supplemental or medical premiums. The CalPERS statutory minimum was \$139 for the year ended June 30, 2020. For employees who retired directly from the City prior to July 1, 2019 under CalPERS, the retiree receives a benefit up to a specified cap per month towards paying retiree medical premiums. The cap increased \$50 per year under the unequal method until 2020 when it reached \$1,000.

Funding Policy: As of June 30, 2020 the City Council has not adopted a funding policy. The City is on the pay as you go basis for paying the OPEB benefits. No benefits are held in a trust that meets the criterion in GASB 75, paragraph 4.

Employees Covered By Benefit Terms: At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefit payments	5
Active plan members	12
Total	17

Contributions: The City Council has the authority to establish and amend contribution requirements of the City and employees under its municipal code and employment agreements. The total City contributions, on the pay as you go basis, for the year ended June 30, 2020 was \$29,312 plus an implied subsidy payment of \$6,440 for total contributions of \$35,752.

Net OPEB Liability: The City's OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation at July 1, 2019. At June 30, 2020 the City reported a net OPEB liability of \$1,377,555.

Actuarial Assumptions: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2019
Measurement date	June 30, 2019
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	3.13%
Salary increases	3.00%
Inflation	3.00%
Age adjustment factor	4.00%
Percent of retirees with spouses	66.6%
Investment rate of return	N/A

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Healthcare trend rate used was as follows: Pre-Medicare – 5% for 2019-2023, 5.2% for 2024-2069 and 4% for 2070 and later years; Medicare – 4% for all years. Pre-retirement mortality was determined using RP-2014 Employee Mortality, without projection. Post-retirement mortality was determined using RP-2014 Healthy Annuitant Mortality, without projection. Actuarial assumptions used in the valuation were based on a review of plan experience during the period September 1, 2016 to June 30, 2017.

Change in Assumptions: The discount rate in the July 1, 2019 valuation was changed from 3.62% to 3.13%.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.13%, which was the Fidelity GO AA 20 Years Municipal Index rate. The projection of cash flows used to determine the discount rate assumed the City's contributions will continue based upon the current OPEB funding policy. Based on those assumptions, there will be no fiduciary net position available to make future benefit payments.

Changes in the Net OPEB Liability: The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. fair value of Plan assets), and the net OPEB liability during the measurement period.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2019	\$ 2,337,505	\$ -	\$ 2,337,505
Changes in the year:			
Service cost	229,483	-	229,483
Interest on the OPEB liability	92,023	-	92,023
Changes in benefit terms	140,911	-	140,911
Difference between expected and actual experience	(1,056,718)	-	(1,056,718)
Change in assumptions	(315,368)	-	(315,368)
Contributions	-	50,281	(50,281)
Benefit payments	(50,281)	(50,281)	-
Net changes	(959,950)	-	(959,950)
Balance at June 30, 2020	\$ 1,377,555	\$ -	\$ 1,377,555

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the City's share of the net OPEB liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Net OPEB liability	\$ 1,567,622	\$ 1,377,555	\$ 1,219,117

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rates: The following presents 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:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Net OPEB liability	\$ 1,270,467	\$ 1,377,555	\$ 1,476,744

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB: For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$245,934. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or methods. At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ (372,772)
Difference between expected and actual experience	-	(905,758)
City contributions subsequent to measurement date	35,752	-
Total	\$ 35,752	\$ (1,278,530)

The deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense over the 7.1-year remaining service life of participants as follows:

Year Ended June 30	
2020	\$ (216,103)
2021	(216,103)
2022	(216,103)
2023	(216,103)
Thereafter	(414,118)
	<u>\$ (1,278,530)</u>

Payable to the OPEB Plan: There were no payables to the OPEB Plan at June 30, 2020.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE J – INSURANCE

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) along with twenty other northern California cities. The NCCSIF is a joint powers authority (JPA) organized in accordance with Article I, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The NCCSIF provides claims processing administrative services, risk management services and actuarial studies. A member from each city governs the NCCSIF. The City Council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The NCCSIF is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

The NCCSIF establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Settlements have not exceeded the insurance coverage for the past three fiscal years. There have not been any significant reductions in insurance coverage over the prior year. The audited financial statements of the JPA are available at the NCCSIF's office.

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

Amount	Coverage Provider	Payment Source
<i>LIABILITY CLAIMS:</i>		
\$0 - 50,000	Self-insured	Banking layer
50,001 - 500,000	Northern California Cities Self-Insurance Fund	Shared risk pool
500,001 - \$40,000,000	California Joint Powers Risk Management Authority	Shared risk pool
<i>PROPERTY CLAIMS (INCLUDING VEHICLE):</i>		
\$0 - 5,000	Self-insured	Banking layer
5,001 - \$1,000,000,000	Commercial insurance	Shared risk pool
<i>PROPERTY CLAIMS - BOILER AND MACHINERY:</i>		
\$0 - 2,500	Self-insured	Banking layer
2,501 - \$100,000,000	Commercial insurance	Shared risk pool
<i>FLOOD</i>		
\$0 - 100,000-250,000	Self-insured	Banking layer
250,000 - \$10,000,000	Commercial insurance	Shared risk pool
<i>WORKERS' COMPENSATION:</i>		
\$0 - 100,000	Self-insured	Banking layer
100,001 - 500,000	Northern California Cities Self-Insurance Fund	Shared risk pool
500,001 - \$5,000,000	California State Association of Counties Excess Insurance	Shared risk pool
<i>CYBER</i>		
\$0 - \$3,000,000	Commercial insurance	Shared risk pool

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE K – COMMITMENTS AND CONTINGENCIES

Grant Contingency: The City participates in various federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Legal Contingencies: The City is party to various claims, legal actions and complaints that arise in the normal operation of business. Management and the City's legal counsel believe that there are no material loss contingencies that would have a material adverse impact on the financial position of the City.

Golf Course Lease Receivable: On July 30th, 1990, the City entered into an agreement with Portlock International to lease the City owned property for the operation of a public golf course. The term of the lease is fifty-five years commencing in June 1994. The rent is due as follows: years 6 to 10 is 1%, years 11 to 15 is 2%, years 16 to 20 is 3% and years 21 to 55 is 4% of gross revenue from the operation of the golf course, clubhouse, pro shop, driving range and other golf course facilities with a minimum annual rent of \$43,000. Under this agreement the City received \$37,000 of lease revenue during the year ended June 30, 2020. The agreement also states that lessee will pay the City the greater of \$50,000 or 1% of the sales price, if the lessee assigns its leasehold interest to a third party.

Revenue Limitations Imposed by California Proposition 218: Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Sewer Plant Cease-and-Desist Order: On April 8, 2011, the Central Valley Regional Water Quality Control Board (the Board) issued a Cease-and-Desist Order (the "Order") requiring the City to take certain actions to address violations of waste discharge requirements related to operations of the City's wastewater treatment facilities. The Order requires the City to take actions to correct violations in accordance with a specified timeframe. If the City fails to meet the requirements of the Order, the Board has the authority to impose fines and penalties. No fines or penalties have been assessed under the Order through year-end and the City believes it has addressed all violations and is waiting for the Board to accept the City's corrective actions.

Contract Commitment: On July 1, 2013, the City entered into an agreement with the PERC Water Corporation for the operation and maintenance of the Wastewater Treatment Facility, the Tertiary Treatment Facility and the Sewer Collection System owned by the City. The agreement is effective for four years and may be extended for three additional two-year periods. The monthly cost for the year ended June 30, 2020 was \$32,871 and is adjusted annually for inflation. The agreement was extended through June 30, 2023 on May 18, 2021 for a total cost of approximately \$422,000 per year.

Solar Energy Power Commitment: On December 4, 2019, the City approved a solar energy power purchase agreement with IW Solar, LLC, to install, finance, own or control and operate a solar energy generation facility within the City to provide power to the wastewater plant. The initial term is 25 years with three additional 5-year automatic extensions unless terminated by the City. Under the agreement the City would purchase 100% of the energy output from the solar generation facility for the term of the agreement for a fixed rate of \$0.1275/kWh. The City has the option to purchase the solar generation

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE K – COMMITMENTS AND CONTINGENCIES (Continued)

facility from IW Solar, LLC at the 10th, 15th and last year of the initial or extension term anniversary date of operation. The purchase price is the greater of the fair value of the solar generation facility based on an independent appraisal or a buyout price equal to 120% of the remaining debt used to finance the solar generation facility. If the City defaults under the agreement, the City is required to pay IW Solar, LLC the greater of the termination value specified in the contract plus removal costs or the difference between the contract amount expected to be paid by the City under the agreement over the initial term and the actual revenues received from the of the system's output. The termination value begins at \$1.5 million and declines to \$816,962 in year 25.

Development Agreements: The City collects impact fees under development agreements to reimburse the City for estimated financial impacts of the development on the City's police, fire, parks, streets, administration and sewer infrastructure. These fees are restricted for the related activities as reported in capital projects funds and the Sewer Fund. The fees are contractually determined, and it is not certain that the fees will be sufficient to make the necessary improvements to the related infrastructure.

NOTE L – RELATED PARTY TRANSACTIONS

A member of the City Council is in management of a local golf course. The City provides tertiary water to the golf course for a contractual rate of \$70,000 per year. The City Council approved a credit of these charges of \$21,467 in November 2021 due to delivering less water in fiscal 2020 and 2021 than in previous fiscal years. The City also leases land to the golf course as described in Note K.

NOTE M – SUBSEQUENT EVENTS

The City was awarded the following grants subsequent to June 30, 2020:

- The City was allocated \$2,049,648 of American Rescue Plan Act funding from the federal government that was received in two installments during the years ended June 30, 2022 and 2023. Eligible uses include responding to the COVID-19 public health emergency or its negative financial impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries; responding to workers performing essential work by providing premium pay to eligible workers; for the provision of government services to the extent of the reduction in revenue; and to make investments in water, sewer, or broadband infrastructure. The City Council approved a spending plan as identified by the Ad Hoc committee during the year ended June 30, 2022.
- On July 20, 2021, the City approved a project to maintain and rehabilitate a portion of West Marlette Street using Senate Bill 1 (SB-1) Road Repair and Accountability Act of 2017 funding of \$156,182 awarded to the City.
- On September 7, 2021, the City approved \$38,200 of awards to local businesses from a \$63,000 Community Development Block Grant program – Coronavirus, Aid Relief, Economic Security Act (CDBG-V1) award received by the City.

CITY OF IONE, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

NOTE M – SUBSEQUENT EVENTS (Continued)

Significant contracts approved subsequent to June 30, 2020 include the following:

- On May 4, 2021, a contract for the Interim City Manager was approved with compensation of \$10,000 per month through October 30, 2021. The Interim City Manager was approved as the City Manager in September 2022 under a contract totaling \$230,925. The contract ended in February 2023.
- On October 20, 2021, a contract was approved to repair and install a urethane roof on E.B. Hall for \$97,000.
- On December 7, 2021, a contract was approved for engineering design services for the Wastewater and Tertiary Treatment Plants Interconnection Piping Project for \$113,293.
- On December 22, 2021 the City purchased a building at 17 East Main Street for \$297,000 that will allow the expansion of the City Hall.
- On January 18, 2022, an information technology services agreement was approved for an annual amount of \$35,016.
- On June 7, 2022, an agreement was approved for installation and operation of an electric sign board with the City receiving 15% of the gross revenues per year.
- On June 21, 2022, a funding agreement was approved for approximately \$175,337 in road maintenance projects funds from Senate Bill 1 (SB1).
- On June 21, 2022, an amendment was approved to the personal service agreement for financial consulting in the Finance Department for an amount not to exceed \$50,000.
- On July 5, 2022, an agreement was approved for human resource consulting services for \$66,750 in year one and \$56,250 in year two.
- On August 16, 2022, a contract was approved for a not to exceed amount of \$199,800 to assist renewing the City's Wastewater Discharger Requirements permits.
- On November 1, 2022, a contract was approved for a not to exceed amount of \$50,000 for groundwater monitoring.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF IONE, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 970,500	\$ 970,500	\$ 1,172,739	\$ 202,239
Licenses, fees and permits	265,325	265,325	230,647	(34,678)
Use of money and property	116,495	116,495	55,868	(60,627)
Intergovernmental revenues	984,867	984,867	1,023,900	39,033
Fines, forfeitures and penalties	13,000	13,000	10,888	(2,112)
Charges for services	188,800	188,800	238,512	49,712
Other	11,200	11,200	22,567	11,367
Total Revenues	<u>2,550,187</u>	<u>2,550,187</u>	<u>2,755,121</u>	<u>204,934</u>
EXPENDITURES				
Current:				
General government	615,889	615,889	600,273	15,616
Public ways and facilities/ transportation	341,451	341,451	569,872	(228,421)
Public safety	1,033,142	1,033,142	894,184	138,958
Parks and recreation	363,455	363,455	311,099	52,356
Capital outlay	122,958	122,958	43,019	79,939
Debt Service:				
Principal	9,790	9,790	12,343	(2,553)
Interest	47,601	47,601	21,178	26,423
Total Expenditures	<u>2,534,286</u>	<u>2,534,286</u>	<u>2,451,968</u>	<u>82,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,901</u>	<u>15,901</u>	<u>303,153</u>	<u>(287,252)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance	900	900	7,231	6,331
Transfers out	<u>(21,800)</u>	<u>(21,800)</u>	-	<u>(21,800)</u>
Total Other Financing Sources (Uses)	<u>(20,900)</u>	<u>(20,900)</u>	<u>7,231</u>	<u>(15,469)</u>
Net Change in Fund Balance	<u>\$ (4,999)</u>	<u>\$ (4,999)</u>	310,384	<u>\$ (302,721)</u>
Fund Balance (Deficit), Beginning of Year			<u>(563,776)</u>	
Fund Balance (Deficit), End of Year			<u>\$ (253,392)</u>	

CITY OF IONE, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - HOME PROGRAM
 GRANT SPECIAL REVENUE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 1,634	\$ 1,634
Total Revenues	-	-	1,634	1,634
EXPENDITURES				
Debt Service:				
Interest	-	-	18	(18)
Total Expenditures	-	-	18	(18)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	1,616	(1,616)
Net Change in Fund Balance	\$ -	\$ -	1,616	\$ (1,616)
Fund Balance, Beginning of Year			360,786	
Fund Balance, End of Year			\$ 362,402	

CITY OF IONE, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CDBG PROGRAM
GRANT SPECIAL REVENUE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 161	\$ 161
Total Revenues	-	-	161	161
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	161	(161)
Net Change in Fund Balance	\$ -	\$ -	161	\$ (161)
Fund Balance, Beginning of Year			36,669	
Fund Balance, End of Year			\$ 36,830	

CITY OF IONE, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - LOCAL TRAFFIC MITIGATION
SPECIAL REVENUE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 110,000	\$ 110,000	\$ 65,047	\$ (44,953)
Use of money and property	4,569	4,569	6,016	1,447
Total Revenues	<u>114,569</u>	<u>114,569</u>	<u>71,063</u>	<u>(43,506)</u>
EXPENDITURES				
Public ways and facilities/ transportation	13,000	13,000	-	13,000
Capital outlay	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total Expenditures	<u>163,000</u>	<u>163,000</u>	<u>-</u>	<u>163,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(48,431)</u>	<u>(48,431)</u>	<u>71,063</u>	<u>(119,494)</u>
Net Change in Fund Balance	<u>\$ (48,431)</u>	<u>\$ (48,431)</u>	<u>71,063</u>	<u>\$ (119,494)</u>
Fund Balance, Beginning of Year			<u>1,300,061</u>	
Fund Balance, End of Year			<u>\$ 1,371,124</u>	

CITY OF IONE, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (UNAUDITED)
Last 10 Years**

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.02731%	0.02833%	0.02865%	0.03033%	0.03218%	0.03283%
Proportionate share of the net pension liability	\$ 2,798,560	\$ 2,729,538	\$ 2,842,254	\$ 2,604,553	\$ 2,271,408	\$ 2,017,127
Covered payroll - measurement period	\$ 1,025,773	\$ 1,069,246	\$ 1,017,722	\$ 1,007,465	\$ 1,007,814	\$ 790,982
Proportionate share of the net pension liability as a percentage of covered payroll	272.82%	255.28%	279.28%	258.53%	225.38%	255.02%
Plan fiduciary net position as a percentage of the total pension liability	70.03%	68.70%	66.53%	67.14%	70.86%	Not available
Notes to Schedule:						
Changes in assumptions: Discount rate changes	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years**

	2020	2019	2018	2017	2016	2015
Contractually required contribution - (actuarially determined)	\$ 375,960	\$ 305,254	\$ 355,084	\$ 324,467	\$ 308,706	\$ 209,467
Contributions in relation to the actuarially determined contributions	(375,960)	(305,254)	(355,084)	(324,467)	(308,706)	(209,467)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	\$ 1,204,236	\$ 1,025,773	\$ 1,069,246	\$ 1,017,722	\$ 1,007,465	\$ 1,007,814
Contributions as a percentage of covered payroll	31.22%	29.76%	33.21%	31.88%	30.64%	20.78%
Contribution valuation date - June 30	2017	2016	2015	2014	2013	2012
Reporting valuation date - June 30	2018	2017	2016	2015	2014	2013
Reporting measurement date - June 30	2019	2018	2017	2016	2015	2014

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal cost method					
Amortization method	Level percentage of payroll, closed					
Remaining amortization period	Varies by rate plan, but not more than 30 years					
Asset valuation method	Market value					
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service					
Investment rate of return and discount rate	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50 to 67 years. Probabilities of retirement based on most recent CalPERS Experience Study					
Mortality	Most recent CalPERS Experience Study					

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

CITY OF IONE, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 229,483	\$ 403,832	\$ 404,341
Interest on the OPEB liability	92,023	76,138	50,970
Changes in benefit terms	140,911	-	-
Differences between expected and actual experience	(1,056,718)	-	-
Changes in assumptions	(315,368)	(142,637)	-
Benefit payments	(50,281)	(56,601)	(53,530)
Net change in total OPEB liability	(959,950)	280,732	401,781
Total OPEB liability - beginning	2,337,505	2,056,773	1,654,992
Total OPEB liability - ending (a)	<u>\$ 1,377,555</u>	<u>\$ 2,337,505</u>	<u>\$ 2,056,773</u>
Plan fiduciary net position			
Contributions - employer	\$ 50,281	\$ 56,601	\$ 53,530
Benefit payments	(50,281)	(56,601)	(53,530)
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 1,377,555</u>	<u>\$ 2,337,505</u>	<u>\$ 2,056,773</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll - measurement period	<u>\$ 1,087,305</u>	<u>\$ 1,017,722</u>	<u>not available</u>
Net OPEB liability as percentage of covered-employee payroll	<u>126.69%</u>	<u>229.68%</u>	
Notes to schedule:			
Valuation date	July 1, 2019	July 1, 2017	July 1, 2016
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017
Benefit changes	None	None	None

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Future years will be reported prospectively as they become available.

CITY OF IONE, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	2020	2019	2018
Contractually determined contribution - employer fiscal year	\$ 35,752	\$ 50,281	\$ 56,601
Contributions in relation to the contractually determined contributions	(35,752)	(50,281)	(56,601)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll - employer fiscal year	\$ 1,067,483	\$ 1,087,305	\$ 1,017,722
Contributions as a percentage of covered-employee payroll	16.35%	16.35%	24.28%

Notes to Schedule:

Valuation date	July 1, 2019	July 1, 2017	July 1, 2016
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017

Methods and assumptions used to determine contribution rates:

Discount rate	3.13%	3.62%	3.13%
Healthcare trend rates			
Pre-Medicare initial	5.00%	5.00%	6.00%
Pre-Medicare ultimate	4.00%	4.00%	5.00%
Medicare	4.00%	4.00%	N/A
Salary increases	3.00%	3.00%	3.00%
Inflation	3.00%	3.00%	3.00%
Age adjustment factor	4.00%	4.00%	4.00%
Percent of retirees with spouses	66.6%	66.6%	50.0%
Investment rate of return	N/A	N/A	N/A

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS

CITY OF IONE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

	Special Revenue Funds				
	Gas Tax Fund	Transportation Development Act Fund	Safer Grant Fund	State Grant Fund	Rehab Housing Fund
ASSETS					
Cash and investments	\$ 376,904	\$ 86,767	\$ -	\$ 10,123	\$ 50,018
Receivables:					
Accounts receivable	-	-	-	-	-
Due from other governments	24,202	-	-	-	-
Interest receivable - investments	-	-	-	-	-
Interest receivable - loans receivable	-	-	-	-	16,781
Loans receivable	-	-	-	-	31,715
Deposits with others	2,331	-	-	-	-
Advances to other funds	241,001	530,439	-	-	-
Total Assets	<u>\$ 644,438</u>	<u>\$ 617,206</u>	<u>\$ -</u>	<u>\$ 10,123</u>	<u>\$ 98,514</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and other liabilities	\$ 1,868	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	3,945	-	-	-	-
Due to other funds	-	-	1,801	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	<u>5,813</u>	<u>-</u>	<u>1,801</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - other receivables	30	-	-	-	-
Unavailable revenue - loans interest receivable	-	-	-	-	16,781
Unavailable revenue - loans principal receivable	-	-	-	-	32,815
Total Deferred Inflows of Resources	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,596</u>
FUND BALANCES					
Restricted for public safety	-	-	-	-	-
Restricted for community development	-	-	-	10,123	48,918
Restricted for streets and roads	638,595	617,206	-	-	-
Restricted for capital projects	-	-	-	-	-
Unassigned	-	-	(1,801)	-	-
Total Fund Balances (Deficit)	<u>638,595</u>	<u>617,206</u>	<u>(1,801)</u>	<u>10,123</u>	<u>48,918</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 644,438</u>	<u>\$ 617,206</u>	<u>\$ -</u>	<u>\$ 10,123</u>	<u>\$ 98,514</u>

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

Special Revenue Funds							
Low Income Housing Fund	Self Help Housing Fund	Conservation Fire Break Assessment Fund	Ione District 1 COIC Fund	Railroad Depot Fund	Public Safety Maintenance District	COPS SLESF AB3229 Fund	Measure M Special Revenue Fund
\$ 85,054	\$ 157,895	\$ 46,714	\$ 63,356	\$ -	\$ 2,696	\$ 79,128	\$ 411,379
-	-	-	478	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	36,617
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	342,950
<u>\$ 85,054</u>	<u>\$ 157,895</u>	<u>\$ 46,714</u>	<u>\$ 63,834</u>	<u>\$ -</u>	<u>\$ 2,696</u>	<u>\$ 79,128</u>	<u>\$ 790,946</u>
\$ -	\$ -	\$ -	\$ 1,626	\$ 1,328	\$ -	\$ -	\$ 5,000
-	-	-	-	-	-	-	-
-	-	-	-	13,246	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,626	14,574	-	-	5,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(14,574)	-	-	-
85,054	157,895	46,714	62,208	(14,574)	2,696	79,128	785,946
<u>85,054</u>	<u>157,895</u>	<u>46,714</u>	<u>62,208</u>	<u>(14,574)</u>	<u>2,696</u>	<u>79,128</u>	<u>785,946</u>
<u>\$ 85,054</u>	<u>\$ 157,895</u>	<u>\$ 46,714</u>	<u>\$ 63,834</u>	<u>\$ -</u>	<u>\$ 2,696</u>	<u>\$ 79,128</u>	<u>\$ 790,946</u>

CITY OF IONE, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	Prop 172 Sales Tax Fire Fund	Restricted Police Fund	Restricted Fire Fund	Affordable Housing Developer Fee Fund	
ASSETS					
Cash and investments	\$ 2,760	\$ 758,398	\$ 308,022	\$ 53,363	\$ 2,492,577
Receivables:					
Accounts receivable	-	1,286	-	-	1,764
Due from other governments	-	2,368	1,182	-	27,752
Interest receivable - investments	-	-	-	-	36,617
Interest receivable - loans receivable	-	-	-	-	16,781
Loans receivable	-	-	-	-	31,715
Deposits with others	-	-	-	-	2,331
Advances to other funds	-	-	-	-	1,114,390
Total Assets	<u>\$ 2,760</u>	<u>\$ 762,052</u>	<u>\$ 309,204</u>	<u>\$ 53,363</u>	<u>\$ 3,723,927</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and other liabilities	\$ -	\$ 40,724	\$ -	\$ -	\$ 50,546
Accrued payroll and benefits	-	-	-	-	3,945
Due to other funds	-	-	-	-	15,047
Advance from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>40,724</u>	<u>-</u>	<u>-</u>	<u>69,538</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - other receivables	-	-	-	-	30
Unavailable revenue - loans interest receivable	-	-	-	-	16,781
Unavailable revenue - loans principal receivable	-	-	-	-	32,815
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,626</u>
FUND BALANCES					
Restricted for public safety	2,760	721,328	309,204	-	1,901,062
Restricted for community development	-	-	-	53,363	355,353
Restricted for streets and roads	-	-	-	-	1,364,723
Restricted for capital projects	-	-	-	-	-
Unassigned	-	-	-	-	(16,375)
Total Fund Balances (Deficit)	<u>2,760</u>	<u>721,328</u>	<u>309,204</u>	<u>53,363</u>	<u>3,604,763</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,760</u>	<u>\$ 762,052</u>	<u>\$ 309,204</u>	<u>\$ 53,363</u>	<u>\$ 3,723,927</u>

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

Capital Project Funds					Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Fire Services Impact Fees Fund	Police Services Impact Fees Fund	Parks and Recreation Fund	Governmental Impact Fees Fund	Drainage Fund		
\$ -	\$ 103,961	\$ 715,396	\$ 48,752	\$ 126,140	\$ 994,249	\$ 3,486,826
-	-	-	-	-	-	1,764
-	-	-	-	-	-	27,752
-	-	-	-	-	-	36,617
-	-	-	-	-	-	16,781
-	-	21,046	-	-	21,046	52,761
-	-	-	-	-	-	2,331
-	796,804	-	25,000	-	821,804	1,936,194
<u>\$ -</u>	<u>\$ 900,765</u>	<u>\$ 736,442</u>	<u>\$ 73,752</u>	<u>\$ 126,140</u>	<u>\$ 1,837,099</u>	<u>\$ 5,561,026</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,546
-	-	-	-	-	-	3,945
71,036	-	-	-	-	71,036	86,083
929,257	-	-	598,000	-	1,527,257	1,527,257
<u>1,000,293</u>	<u>-</u>	<u>-</u>	<u>598,000</u>	<u>-</u>	<u>1,598,293</u>	<u>1,667,831</u>
-	-	-	-	-	-	30
-	-	-	-	-	-	16,781
-	-	21,046	-	-	21,046	53,861
-	-	21,046	-	-	21,046	70,672
-	-	-	-	-	-	1,901,062
-	-	-	-	-	-	355,353
-	-	-	-	-	-	1,364,723
-	900,765	715,396	-	126,140	1,742,301	1,742,301
(1,000,293)	-	-	(524,248)	-	(1,524,541)	(1,540,916)
<u>(1,000,293)</u>	<u>900,765</u>	<u>715,396</u>	<u>(524,248)</u>	<u>126,140</u>	<u>217,760</u>	<u>3,822,523</u>
<u>\$ -</u>	<u>\$ 900,765</u>	<u>\$ 736,442</u>	<u>\$ 73,752</u>	<u>\$ 126,140</u>	<u>\$ 1,837,099</u>	<u>\$ 5,561,026</u>

CITY OF IONE, CALIFORNIA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	Special Revenue Funds				
	Gas Tax Fund	Transportation Development Act Fund	Safer Grant Fund	State Grant Fund	Rehab Housing Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Impact fees	-	-	-	-	-
Use of money and property	6,636	13,081	-	45	221
Intergovernmental revenues	372,025	-	19,600	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Charges for services	560	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>379,221</u>	<u>13,081</u>	<u>19,600</u>	<u>45</u>	<u>221</u>
EXPENDITURES					
Current:					
Public ways and facilities/ transportation	384,380	-	-	-	-
Public safety	-	-	15,272	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	3,154	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	2,354	-	-
Total Expenditures	<u>387,534</u>	<u>-</u>	<u>17,626</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,313)</u>	<u>13,081</u>	<u>1,974</u>	<u>45</u>	<u>221</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(8,313)	13,081	1,974	45	221
Fund Balances (Deficit), Beginning of Year	<u>646,908</u>	<u>604,125</u>	<u>(3,775)</u>	<u>10,078</u>	<u>48,697</u>
Fund Balances (Deficit), End of Year	<u>\$ 638,595</u>	<u>\$ 617,206</u>	<u>\$ (1,801)</u>	<u>\$ 10,123</u>	<u>\$ 48,918</u>

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

Special Revenue Funds							
Low Income Housing Fund	Self Help Housing Fund	Conservation Fire Break Assessment Fund	Ione District 1 COIC Fund	Railroad Depot Fund	Public Safety Maintenance District	COPS SLESF AB3229 Fund	Measure M Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	393,166
379	704	208	235	-	2,696	350	9,959
-	-	-	-	-	-	155,948	-
-	-	-	-	-	-	-	-
-	-	-	67,422	-	-	-	11,794
-	-	-	-	-	-	-	-
379	704	208	67,657	-	2,696	156,298	414,919
-	-	-	62,609	-	-	-	-
-	-	-	-	-	-	127,017	390,761
-	-	-	-	887	-	-	-
-	-	-	-	14,517	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	23	-	-	-
-	-	-	62,609	15,427	-	127,017	390,761
379	704	208	5,048	(15,427)	2,696	29,281	24,158
-	-	-	-	-	-	-	-
-	-	-	-	-	(649,551)	-	-
-	-	-	-	-	(649,551)	-	-
379	704	208	5,048	(15,427)	(646,855)	29,281	24,158
84,675	157,191	46,506	57,160	853	649,551	49,847	761,788
\$ 85,054	\$ 157,895	\$ 46,714	\$ 62,208	\$ (14,574)	\$ 2,696	\$ 79,128	\$ 785,946

CITY OF IONE, CALIFORNIA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	Prop 172 Sales Tax Fire Fund	Restricted Police Fund	Restricted Fire Fund	Affordable Housing Developer Fee Fund	
REVENUES					
Taxes	\$ -	\$ 5,583	\$ -	\$ -	\$ 5,583
Impact fees	-	183,276	91,501	-	667,943
Use of money and property	12	1,233	1,144	238	37,141
Intergovernmental revenues	-	1,103	-	-	548,676
Fines, forfeitures and penalties	-	756	-	-	756
Charges for services	-	154,992	7,930	-	242,698
Other	-	982	43,760	-	44,742
Total Revenues	12	347,925	144,335	238	1,547,539
EXPENDITURES					
Current:					
Public ways and facilities/ transportation	-	-	-	-	446,989
Public safety	-	345,183	14,279	-	892,512
Parks and recreation	-	-	-	-	887
Capital outlay	-	58,620	239,444	-	315,735
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	2,377
Total Expenditures	-	403,803	253,723	-	1,658,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	12	(55,878)	(109,388)	238	(110,961)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	431,099	218,452	-	649,551
Transfers out	-	-	-	-	(649,551)
Total Other Financing Sources (Uses)	-	431,099	218,452	-	-
Net Change in Fund Balances	12	375,221	109,064	238	(110,961)
Fund Balances (Deficit), Beginning of Year	2,748	346,107	200,140	53,125	3,715,724
Fund Balances (Deficit), End of Year	\$ 2,760	\$ 721,328	\$ 309,204	\$ 53,363	\$ 3,604,763

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

Capital Projects Funds					Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Fire Services Impact Fees Fund	Police Services Impact Fees Fund	Parks and Recreation Fund	Governmental Impact Fees Fund	Drainage Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,583
28,985	28,985	139,830	19,201	-	217,001	884,944
-	4,129	3,006	577	562	8,274	45,415
-	-	-	-	-	-	548,676
-	-	-	-	-	-	756
-	-	-	-	-	-	242,698
-	-	-	-	-	-	44,742
28,985	33,114	142,836	19,778	562	225,275	1,772,814
-	-	-	-	-	-	446,989
-	-	-	-	-	-	892,512
-	-	-	-	-	-	887
-	55,000	-	-	-	55,000	370,735
29,713	-	-	-	-	29,713	29,713
16,422	-	-	2,945	-	19,367	21,744
46,135	55,000	-	2,945	-	104,080	1,762,580
(17,150)	(21,886)	142,836	16,833	562	121,195	10,234
-	-	-	-	-	-	649,551
-	-	-	-	-	-	(649,551)
-	-	-	-	-	-	-
(17,150)	(21,886)	142,836	16,833	562	121,195	10,234
(983,143)	922,651	572,560	(541,081)	125,578	96,565	3,812,289
\$ (1,000,293)	\$ 900,765	\$ 715,396	\$ (524,248)	\$ 126,140	\$ 217,760	\$ 3,822,523

CITY OF IONE, CALIFORNIA

COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS

June 30, 2020

	Community Facilities Districts	Regional Traffic Mitigation	Asset Seizure Police	Total
ASSETS				
Cash and investments	\$ 168,377	\$ 152,261	\$ 8,508	\$ 329,146
Accounts receivable	1,545	-	-	1,545
Due from other governments	111,595	-	-	111,595
Cash and investments with fiscal agent	363,924	-	-	363,924
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 645,441</u>	<u>\$ 152,261</u>	<u>\$ 8,508</u>	<u>\$ 806,210</u>
LIABILITIES				
Refundable deposits	\$ -	\$ -	\$ 46	\$ 46
Due to others	645,441	152,261	8,462	806,164
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 645,441</u>	<u>\$ 152,261</u>	<u>\$ 8,508</u>	<u>\$ 806,210</u>

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

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ione, California (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 11, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control, described in the accompanying schedule of findings and responses as findings 2020-001 and 2020-002 that we consider to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 are required to be reported under *Government Auditing Standards*.

The City of Ione's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Richardson & Company, LLP

May 11, 2023

CITY OF IONE, CALIFORNIA
SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

INTERNAL CONTROL OVER FINANCIAL REPORTING

MATERIAL WEAKNESSES

Finding 2020-001

Condition: Restatements and a significant number of audit adjustments and closing entries were required to report the City's financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria: Internal controls over financial reporting should exist to ensure the financial statements are complete and accurate.

Cause: The City implemented a new accounting system and experienced turnover in the Finance Director position prior to the start of the audit, which slowed the closing process. The City's chart of accounts also does not use fund numbers that help identify the fund type, includes stale terminology that makes it difficult to classify entries and is missing certain accounts necessary to report financial transactions.

Effect: Although improvement was noted, 33 audit adjustments and closing entries were required to complete the financial statements, which slowed the completion of the audit and resulted in the audit taking more time to complete than expected.

Recommendation: We recommend the City post all of the audit adjustments provided during the audit, reconcile fund balance and net position in each fund to the 2020 financial statements, create a closing checklist that includes reconciliations necessary to identify adjustments identified during the audit and use the adjustments and suggested changes to the chart of accounts provided to make the chart of accounts complete and account names consistent with the financial statements.

Management's Response: The City now has a Finance Manager and Administrative Analyst to share the workload. These positions along with better documentation of the finance system and procedures will ensure that audit adjustments and supporting reconciliations are completed prior to the audit.

Finding 2020-002:

Condition: We noted a number of internal control exceptions in our detail testing of financial transactions, including the following:

- Cash Disbursements Tests of Controls – No evidence could be found of management review of check registers on the sample of check runs tested.
- Payroll Disbursements Tests of Controls – No Personnel Action Forms could be found on two payroll disbursements selected for testing. We noted different versions of the Personnel Action Forms were being used by different departments. We noted the City Manager and Finance Director payroll disbursements tested had no timesheets. In addition, no evidence could be found of management review of the payroll register/reconciliation of the payroll register to the general ledger on the sample of payroll runs tested.
- The 2018 audit findings indicated the City was over withholding health insurance and in lieu payments from employees and a payable for this amount appeared on the balance sheet at June 20, 2019 and 2020.

CITY OF IONE, CALIFORNIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2020

- We were told that credit card bills were reviewed by the Finance Manager, but no evidence of the review was available.

Criteria: Internal controls over financial transactions should be in place and documented to ensure evidence exists that the control was implemented and operating effectively, and evidence exists that duties are separated to limit the possibility of errors and fraud occurring and not being detected by the City's internal controls.

Cause: The City did not maintain adequate evidence of the completion of internal controls or did not maintain consistent documentation that was easy for new staff to locate to support the controls performed over these transactions.

Effect: Errors and fraud could occur and not be detected by the City's internal controls.

Recommendation: We recommend the City review the transactions above and maintain consistent evidence of the performance of the internal controls. The City should review employee files to ensure an approved and complete Personnel Action Form exists for each employee documenting the approved pay rate, step, etc. Timesheets should be completed by all employees and contract employees with pay that is assigned to restricted revenue sources or that are subject to vacation to support vacation used. Payroll tax and withholding payable accounts should be reconciled to the subsequent payment each pay period and any differences investigated and cleared. Documentation of transactions should be maintained in a consistent manner that is well labeled and easy to find by City staff. A transition to high quality, well labeled electronic copies of financial records on the City's server should be the City's goal to organize documentation, which is easier to find in future years.

Management's Response: The City has taken measures to ensure documents including approvals are easily retrievable: a Personnel Action Form is completed, approved, and filed when employee payroll changes are made; review and approval processes have been implemented throughout the City which document transaction authorizations; paper and electronic files are being reorganized to ensure retention of required document.

COMPLIANCE AND OTHER MATTERS

None

PRIOR YEAR FINDINGS

INTERNAL CONTROL OVER FINANCIAL REPORTING

MATERIAL WEAKNESSES

Finding 2019-001

Condition: Restatements and a significant number of audit adjustments and closing entries were required to report the City's financial statements in accordance with generally accepted accounting principles (GAAP).

Current Status: This finding was not resolved. Finding 2020-001 is a continuation of this finding.

CITY OF IONE, CALIFORNIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2020

Finding 2019-002:

Condition: We noted a number of internal control exceptions in our detail testing of financial transactions, including the following:

- Cash Receipts Tests of Controls – Several cash receipts selected for testing were charged rates for services from a rate schedule that could not be located by City staff and supporting documentation for one transaction selected for testing could not be located by City staff. No support existed for the number of fixtures billed to commercial sewer fund accounts.
- Cash Disbursements Tests of Controls – Three of 25 cash disbursements selected for testing were missing checks or other supporting documentation. Also, no evidence could be found of management review of check registers on the sample of check runs tested.
- Payroll Disbursements Tests of Controls – No Personnel Action Forms could be found on eight of 25 payroll disbursements selected for testing and five additional Personnel Action Forms selected for testing were missing information. We noted different versions of the Personnel Action Forms were being used by different departments. We noted eight of 25 payroll disbursements tested had unsigned timesheets. In addition, no evidence could be found of management review of the payroll register/reconciliation of the payroll register to the general ledger on the sample of payroll runs tested.
- The 2018 audit findings indicated the City was over withholding health insurance and in lieu payments from employees and a payable for this amount appeared on the balance sheet at June 20, 2019.

Current Status: Although rate schedules were able to be found for cash receipts tested, this finding was not resolved. Finding 2020-002 is a continuation of this finding.

COMPLIANCE AND OTHER MATTERS

Finding 2019-003:

Condition: A number of issues were noted related to the SAFER grant by the predecessor auditor as noted in Finding 2018-06, including the lack of an approved employment agreement for the volunteer coordinator, a relative of the volunteer coordinator was approving timesheets of the volunteer coordinator, claims were submitted prior to the volunteer coordinator being paid, which may not be allowable under the grant agreement, grant receivables were not accrued by the Finance Department, the volunteer coordinator was reimbursed for fringe benefits directly from grant funds rather than by the City, and it was unclear whether the volunteer coordinator worked over 1,000 hours and was eligible for the City's pension plan with CalPERS and contributions were required to be made to CalPERS for the volunteer coordinator.

Management's Response: The referenced Grant Procedure Policy has not yet been established; however, will be in the near future and incorporated in the Financial Policy and Procedure Manual. The City Council approved creation of a Grant Coordinator as part of the grant; however, the position was omitted from the Salary Range Schedule and is in the process of being incorporated noting that it dates back to the time of grant approval.

Current Status: The City Council approved a Salary Range Schedule that included the Grant Coordinator position in March 2022. The City Council approved the response to the finding when taking this action. This issue is considered resolved.

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