



Staff Report February 12, 2019

TO: Honorable Mayor and Members of the Town Council
FROM: Roger Carroll, Finance Director
DATE: January 31, 2019
RE: Receipt of 2017/18 Fiscal Audit from Boler & Associates

Recommendation

Receive and file the Audited Financial Statements for the Year Ended June 30, 2017; the Report on Agreed-Upon Procedures on the Appropriations Limit; and the Communication with Those Charged with Governance.

Issue Statement and Discussion

There are three reports included with your council packet:

1. The Audited Financial Statements for the Year Ended June 30, 2018.
2. Report on Agreed-Upon Procedures on the Appropriations Limit.
3. Communication with Those Charged with Governance.

The Town contracts with an outside audit firm, Boler & Associates, which prepared the 2017-2018 audit and gave an "Unmodified Opinion". An Unmodified Opinion means that the financial statements fairly represent the Town's financial position without attaching adverse qualifications or conditions. The audit does not reflect any material areas of concern. If the Council desires, a representative from Boler & Associates would be glad to make a presentation to the Council at a future meeting.

For an overview of the audited financial statements, please read the Management's Discussion and Analysis in the audit report, pages 3 through 13. You will be interested to note that General fund revenues exceeded expenditures by \$73,966. This will be addressed, below.

The 2014-15 fiscal year was the first year that the Town was required to report the unfunded pension liabilities in the financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, which made a few changes in the way the financial statements are presented. Guidance regarding how this GASB statement's data is to be presented continues to develop, but appears to have stabilized. This year's and last year's reports should be comparable. This year's presentation can be found starting with Note 9 on pages 46 through 52 with additional data on pages 55 through 57.

The second report, the Report on Agreed-Upon Procedures on the Appropriations Limit addresses the tax revenue limits imposed upon the Town by Proposition 13. The auditor performed four procedures (found on pages 1 and 2) and noted no exceptions.

The third report is the Communication with Those Charged with Governance. This is a report directly to the Town Council that reports errors, weaknesses or failures in the Town's accounting system and procedures. There were no issues to report.

At the end of each fiscal year, General Fund expenses are subtracted from General Fund revenues and the difference is added to, or subtracted from, the fund balance. Generally, revenues have exceeded expenses, and the result has been a "Positive Net Position." "Positive Net Position" is the currently preferred term for what in the past has been known as equity, fund balance or reserves. For the sake of discussion, I will be using the term "reserves" in this discussion.

The Town of Loomis, over the years, has built a considerable amount of reserves. Going into this fiscal year, we had just over \$4.5 million in General Fund reserves – almost a full year's operating costs. This year's addition to reserves is \$73,966. \$573,927 was used from the Capital improvements designation for the Downtown Master Plan implementation project on Taylor Road.

The Town's financial policies dictate that when revenues exceed expenses in the General Fund, those excess revenues are to be designated, or "earmarked" for capital improvement expenditures. The Town Council, though, has the right to re-designate those funds as they see fit. Based on the current policy, the General Fund Balances stand as follows:

Drainage projects	359,359
Fire	45,863
Community facilities	200,000
Parks	50,000
Operating reserves	1,111,543
Litigation	50,000
Business assistance loans	100,000
COPS set aside	71,244
OPEB set aside	101,430
Capital improvements	1,958,399
Total General Fund Reserves	4,047,838

CEQA Requirements

There are no CEQA issues.

Financial and/or Policy Implications

None.

Attachments

- A. Audited Financial Statements
- B. Report on Agreed-upon Procedures on the Appropriations Limit
- C. Communication with Those Charged with Governance

TOWN OF LOOMIS, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL
YEAR ENDED JUNE 30, 2018



TOWN OF LOOMIS, CALIFORNIA

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TOWN OF LOOMIS, CALIFORNIA

TOWN OFFICIALS

TOWN COUNCIL

- | | |
|-------------------------|----------------|
| • Rhonda Morillas | Mayor |
| • Tim Onderko | Mayor Pro-Tem |
| • Brian Baker..... | Council member |
| • Jeff Duncan..... | Council member |
| • Miguel Ucovich..... | Council member |

OTHER TOWN OFFICIALS

- | | |
|-------------------------|--|
| • Sean Rabe | Town Manager |
| • Jeff Mitchell | Town Attorney |
| • Roger Carroll | Town Treasurer/ Finance Officer |
| • Britton Snipes | Director of Public Works/Town Engineer |
| • Robert King | Planner |
| • Rhonda Gannon | Building Inspector |
| • Crickett Strock | Town Clerk/Administrative Assistant |



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BOLER & ASSOCIATES

PROFESSIONAL ACCOUNTANCY CORPORATION
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(530) 756-1735

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Town Manager, and
Members of the Town Council
Town of Loomis, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Loomis, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town'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, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund and the major special revenue funds: Streets and Roads Fund, Low Income Density Fund, and Maintenance Districts of the Town of Loomis, California, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-13 and Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions on 55-56 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.

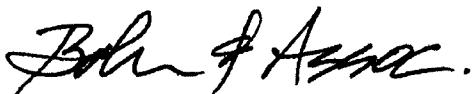
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Loomis, California's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining 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 October 30, 2018, on our consideration of the Town of Loomis, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Loomis, California's internal control over financial reporting and compliance.



October 30, 2018

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

As management of the Town of Loomis (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. We encourage the readers to consider the information presented here in conjunction with the accompanying basic financial statements and the additional information presented.

FINANCIAL HIGHLIGHTS

- The Town's government-wide net position increased in total by \$3,072,549, or 12.03%.
- The total governmental activities revenues from all sources were \$7,397,144.
- The total cost of all Town programs in the Town's governmental activities were \$4,324,595.
- The General Fund reported an excess of revenues over expenditures and other financing sources of \$73,967
- Actual resources received in the General Fund were over final budget by \$320,703 while actual expenditures were under the final budget by \$526,082.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$4,027,320.
- The net pension liability increased \$192,408 over the prior year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The government-wide Statement of Net Position on page 14 and the Statement of Activities on page 15 provide information about the activities as a whole and present a longer-term view of the Town's finances. Governmental Fund financial statements start on page 16. For governmental activities, these statements explain how programs and services were financed in the short term (the most recently completed fiscal year), as well as the amounts remaining available for future spending. Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. Fund financial statements also provide financial information about activities for which the Town acts solely as a trustee of agent (fiduciary) for the benefit of individuals and entities external to this governmental unit.

Government-wide Financial Statements - Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 14 with the government-wide financial statements. One of the most important questions asked about the Town's finances is, "*Is the Town as a whole better off or worse off as a result of the year's activities?*" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. The government-wide Statement of Net Position includes *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector business entities. The government-wide Statement of Activities focus is to measure net revenues or expenses of each activity and all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

These two statements report the Town's net position and changes in them. You can think of the Town's net position - the difference between assets and liabilities - as a way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. To reach a conclusion on this issue, you may need to consider other matters of a non-financial nature, such as:

- the condition of the Town's infrastructure (streets and roadways, storm drainage improvements, etc.), or
- the economic vitality of the core business districts, or
- the adequacy of staff to supply services required by the citizenry, in order to properly assess the overall health of the Town.

For many cities, the Statement of Net Position and the Statement of Activities are divided between Government and business-type activities. The Town has no Business-type activities (i.e. water or sewer utilities), so only reports Governmental activities. Governmental activities include general government, public safety, public works and planning (for land use). Taxes (primarily property and sales), licenses, permits, state and federal grants, and franchise payments finance most of these activities.

Governmental Fund Financial Statements - Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins on page 16. The Town's various funds are reported as Governmental type funds. Governmental funds focus on how money flows into and out of those funds, and the balances left at year-end that may be available for future spending. These funds are reported using an accounting method described as modified accrual accounting. This accounting method (basis) measures the availability of cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations, and the basic services it provides to residents and visitors of the Towns. Governmental fund information helps you to determine what financial resources are available to be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds, in a reconciliation at the bottom of the fund financial statements.

The fund financial statements provide detailed information about the major funds, not the Town as a whole. Some funds are required to be established by State law (Gas Tax and Law Enforcement Grant funds). However, the Town Council establishes many other funds to help it control and manage money for particular purposes (like the Flow-through fund) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received for recycling or park expansion). The funds shown in these statements are:

- The General Fund is the primary operating fund of the Town. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.
- The Streets and Roads Special Revenue Fund accounts for funding received for transportation purposes, including: public transportation, road construction and road maintenance. The

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

majority of the funds received are from gasoline and sales taxes collected by the state and passed to the Town by the state or through the county.

- The Low Income Density Special Revenue Fund represents the loan activity for the housing rehabilitation program.
- The Maintenance Districts Special Revenue Fund represents the various maintenance districts throughout the town.
- The Road Circulation Capital Projects Fund is for the creation of new roads, or improvements to existing arterials that create new capacity, such as the Taylor Road reconstruction.
- The Nonmajor Government funds column of the financial statements is an accumulation of all other funds that are of a size or nature that by themselves they are not significant to the Town as a whole. Therefore, they are combined and reported as one. They include funds for transportation, recycling, parks, and rehabilitation loans.

Fiduciary Fund Statements - The Town as a Fiduciary

The Town is a fiduciary for certain project amounts held on behalf of developers and other governmental agencies. These fiduciary activities are reported in separate statements on pages 28. These activities are excluded from the Town's other financial statements, because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used of their intended purposes.

Government-wide Financial Analysis - The Town as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial positions. In the case of the Town of Loomis, assets exceeded liabilities by \$28.6 million as of June 30, 2018 compared to \$25.5 million as of June 30, 2017.

A significant portion of the Town's net position reflects its investment in capital assets (e.g., land, streets, storm drain systems, buildings and park assets, machinery and equipment). The capital assets net of accumulated depreciation as a percentage of total assets was 49.50% and 47.32% for the fiscal year ended June 30, 2018 and 2017, respectively. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The Town's combined net position for the years ending June 30 are summarized, as follows:

	2018	2017
ASSETS:		
Current and other assets	\$ 14,929,044	\$ 14,196,592
Capital assets, net	14,632,239	12,751,575
TOTAL ASSETS	\$29,561,283	\$26,948,167
DEFERRED OUTFLOWS OF RESOURCES:		
Pension payments	\$ 841,763	\$ 479,190
LIABILITIES:		
Liabilities due after one year	\$ 1,296,983	\$ 1,101,097
Other liabilities	303,110	542,175
TOTAL LIABILITIES	\$ 1,600,093	\$ 1,643,272
DEFERRED INFLOWS OF RESOURCES:		
Pension receipts	\$ 195,558	\$ 249,239
NET ASSETS:		
Investment in capital assets	\$ 14,630,025	12,742,930
Restricted	8,786,413	8,179,883
Unrestricted	5,190,957	4,612,033
TOTAL NET ASSETS	\$28,607,395	\$25,534,846

As of June 30, 2018, \$8.8 million of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$5.2 million, may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town of Loomis is able to report positive balances in all three categories of net position.

As of June 30, 2017, \$8.2 million of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$4.6 million, may be used to meet the Town's ongoing obligations to citizens and creditors.

The government's net position increased \$3.07 million in most part due to the \$1.4 million capital grant received for infrastructure improvements and increase tax revenues of \$0.7 million for the fiscal year ended June 30, 2018. For the fiscal year ended June 30, 2017, net position increased \$0.2 million.

The amount reported for net position of Governmental activities does not include the value of the Town's infrastructure (roadways, bridges and storm drainage improvements) acquired upon incorporation on December 17, 1984.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Governmental Activities

The Town's changes in the net position of the government-wide activities are as follows:

	2018	2017
PROGRAM REVENUES:		
Charges for services	\$ 746,913	\$ 437,252
Operating grants and contributions	232,495	195,431
Capital grants and contributions	2,169,726	335,823
GENERAL REVENUES:		
Property taxes	1,841,729	1,266,392
Other taxes	182,477	168,908
Sales and use taxes	1,207,126	1,129,825
Property tax in-lieu of vehicle license fees	662,941	615,410
Franchise fees	277,003	262,999
Investment income	64,394	126,178
Refunds and reimbursements	10,013	-
Other income	2,327	6,615
TOTAL REVENUES	<u>7,397,144</u>	<u>4,544,833</u>
EXPENSES:		
General governmental	1,626,982	1,449,366
Public safety	1,636,709	1,591,988
Public works	829,016	830,172
Planning	230,948	449,919
Interest expense	940	886
TOTAL EXPENSES	<u>4,324,595</u>	<u>4,322,331</u>
CHANGE IN NET POSITION	3,072,549	222,502
NET POSITION, JULY 1	<u>25,534,846</u>	<u>25,312,344</u>
NET POSITION, JUNE 30	<u>\$ 28,607,395</u>	<u>\$ 25,534,846</u>

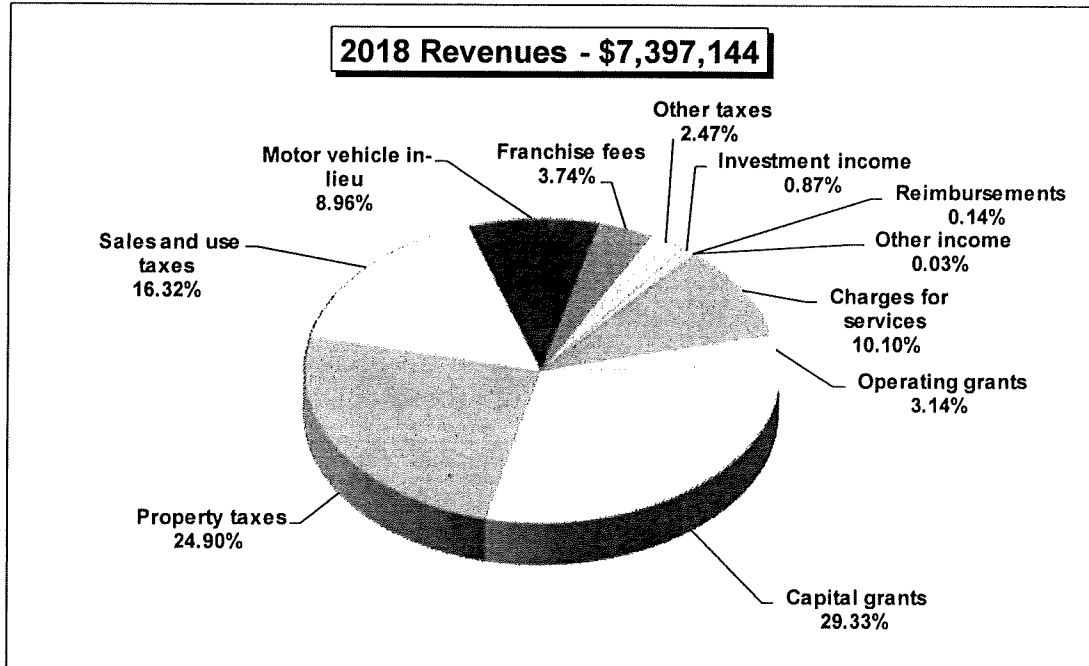
Highlights of the change in net position for the fiscal year ended June 30, 2018 were as follows:

- Charges for service increased by \$309,661.
- Capital grants increased by \$1,833,903. Largely from the \$1.4 million received from CalTrans for the Downtown Masterplan Implementation.
- Property tax revenues increased by \$575,337.
- Investment income decreased by \$61,784.
- Overall, the total governmental activities revenues increased by \$2,852,311.

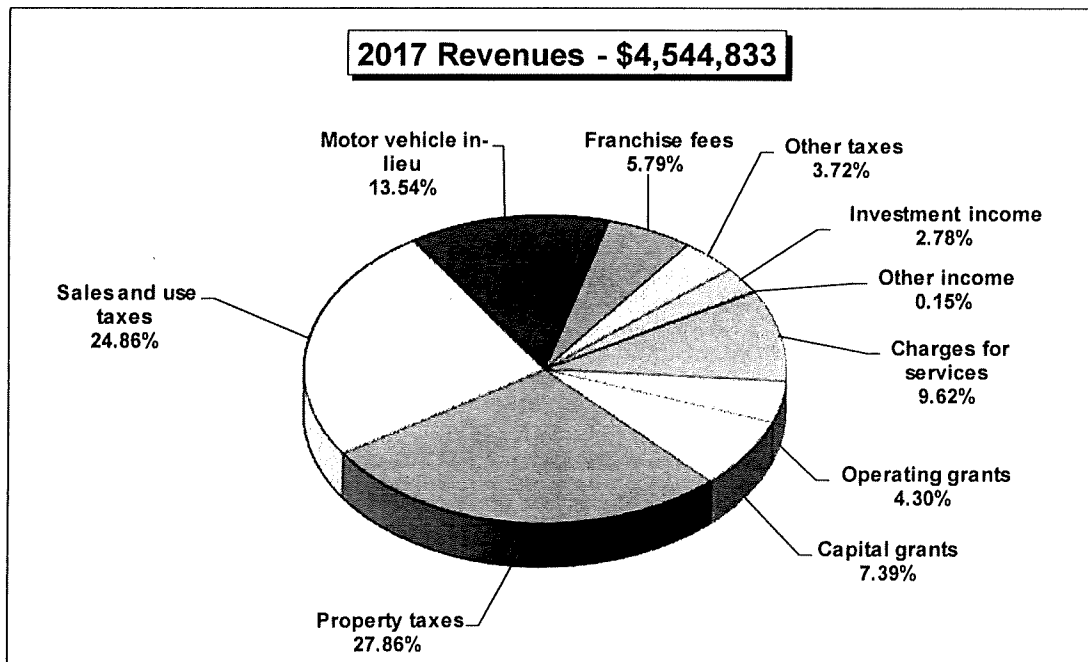
TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The fiscal year ended June 30, 2018 revenues are reflected graphically as follows:



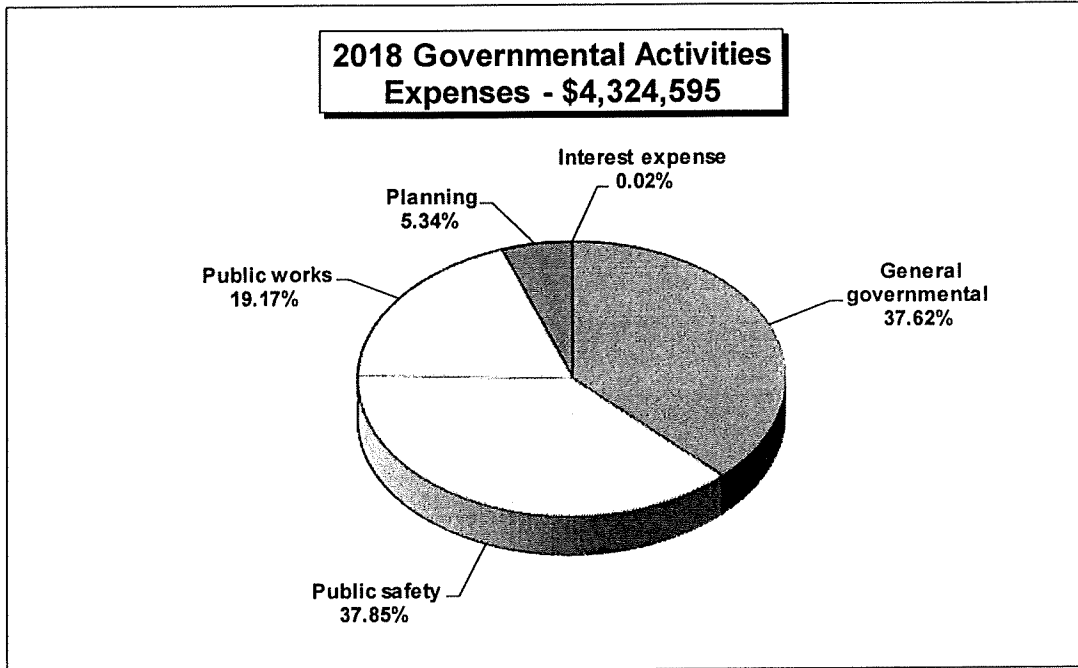
The fiscal year ended June 30, 2017 revenues are reflected graphically as follows:



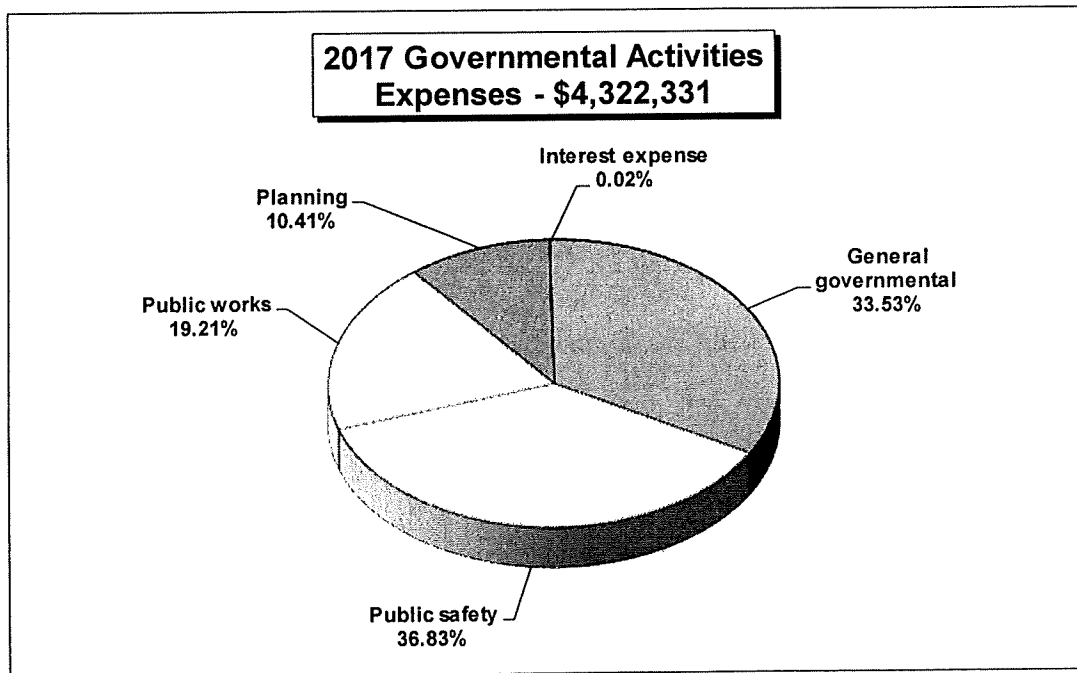
TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The fiscal year ended June 30, 2018 expenses are reflected graphically as follows:



The fiscal year ended June 30, 2017 expenses are reflected graphically as follows:



TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The table shows the cost of each of the Town's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the Town's taxpayers by each of the programs. For the fiscal year ended June 30, 2018 the net cost is as follows:

NET COST OF MAJOR PROGRAMS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Total cost of services	Charges for services	Grants		Net revenue (cost) of services
			Operating	Capital	
General governmental	\$ 1,626,982	\$ 25,913	\$ 5,000	\$ -	\$(1,596,069)
Public safety	1,636,709	4,796	139,416	-	(1,492,497)
Public works	829,016	637,177	88,079	2,169,726	2,065,966
Planning	230,948	79,027	-	-	(151,921)
Interest expense	940	-	-	-	(940)
	<u>\$ 4,324,595</u>	<u>\$ 746,913</u>	<u>\$ 232,495</u>	<u>\$2,169,726</u>	<u>\$(1,175,461)</u>

For the fiscal year ended June 30, 2017 the net cost is as follows:

NET COST OF MAJOR PROGRAMS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Total cost of services	Charges for services	Grants		Net revenue (cost) of services
			Operating	Capital	
General governmental	\$ 1,449,366	\$ 25,292	\$ -	\$ -	\$(1,424,074)
Public safety	1,591,988	3,198	129,324	-	(1,459,466)
Public works	830,172	327,978	66,107	335,823	(100,264)
Planning	449,919	80,784	-	-	(369,135)
Interest expense	886	-	-	-	(886)
	<u>\$ 4,322,331</u>	<u>\$ 437,252</u>	<u>\$ 195,431</u>	<u>\$ 335,823</u>	<u>\$(3,353,825)</u>

Financial Analysis of Government funds

General Fund: Fund balance was \$4,621,766 and \$4,547,799 for the fiscal year ended 2018 and 2017, respectively. Because the Town generally does not finance through debt, the General Fund is strong. Total fund balance is 97.05% and 98.0% of total assets for 2018 and 2017, respectively. For each dollar of liabilities, there is \$26.94 of cash and receivables, which shows that the General Fund can easily pay its obligations as they come due. For 2018, General Fund revenues exceeded expenditures by \$73,967. Expenditures and transfers out were 98.24% of total General fund revenues for 2018. For 2017, General Fund revenues exceeded expenditures by \$184,060. Expenditures and transfers out were 94.68% of total General fund revenues.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Streets and Roads Special Revenue Fund: Fund deficit is \$(447,751) and \$(770,847) for 2018 and 2017, respectively. This fund reports revenues received from Placer County and the State for use on building and maintaining road and transportation systems. Because the Town's road needs exceed the funds provided by the County and the State, funds were allocated from the gas tax funds and the General Fund.

Low Income Density Special Revenue Fund: This fund accounts for the Town's low income loan program's receipts and disbursement. Expenditures exceeded revenues by \$(12,459) and \$(6,341) for the years ended June 30, 2018 and 2017, respectively.

Maintenance Districts Special Revenue Fund: This fund accounts for the maintenance fees collected through the property tax rolls for the various districts within the Town. Revenues exceeded expenditures by \$139,081 for the year ended June 30, 2018. Revenues exceeded expenditures by \$147,634 for the year ended June 30, 2017.

Road Circulation Capital Projects Fund: This fund accounts for the revenues received for new road construction or improvements. Revenues exceeded expenditures by \$308,914 and \$105,862 for the years ended June 30, 2018 and 2017, respectively.

Nonmajor Governmental Funds: The combined fund balances of all nonmajor governmental funds totaled \$2,341,556 and \$2,341,556 for 2018 and 2017, respectively.

Overall, the year had a net increase in combined fund balances of the nonmajor governmental funds of \$134,702 for 2018 and a decrease of \$(42,393) for 2017. The nonmajor governmental funds' fund balances are 98.73% and 98.41% of total nonmajor governmental funds' assets for 2018 and 2017, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, Page 24, shows the difference between the budgeted revenues and expenditures and the actual amounts received and expended. In total for the fiscal year ended June 30, 2018, revenues were over budget by 8.26% and expenditures under budget by 13.61%. In total for the fiscal year ended June 30, 2017, revenues were over budget by 6.73% and expenditures under budget by 0.25%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital assets include police services and public works equipment, vehicles, buildings and roads. Net capital assets of the governmental activities totaled \$14.6 million and \$12.8 million at June 30, 2018 and 2017, respectively. Depreciation on capital assets is recognized in the Government-Wide Statement of Activities.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2018	2017
Capital assets, not being depreciated:		
Land	\$ 2,424,686	\$ 2,424,686
Construction in progress	-	568,224
Depreciable capital assets:		
Office equipment	1,147	8,241
Tools and equipment	50,634	57,268
Vehicles	76,691	92,493
Land improvements	124,278	135,037
Infrastructure	10,639,429	8,099,936
Buildings and improvements	984,375	1,010,976
Corp yard improvements	330,999	354,714
TOTAL	<u>\$14,632,239</u>	<u>\$ 12,751,575</u>

Major capital asset improvements and additions during the fiscal year ended June 30, 2018 included the following:

- Completed Phase 1 of the Downtown Master Plan. This phase included the following on Taylor Road between Horseshoe Bar Road and Oak Street:
 - Reconstructing the sidewalks and landscaping.
 - Installing new street lights.
 - Installing safety lighted crosswalks and texturing the asphalt to give it a brick-like look.
 - Repaving the road.
 - Installing ceramic replicas of local fruit labels into the sidewalks and adding fruit label murals to buildings to create a historical self-guided "Art Walk."

Debt administration

The Town's liabilities included compensated absences due after one year which had a balance of \$90,999 as of June 30, 2018, an increase of \$5,692 over the prior year. The Town has obligations under capital lease for copier leases with a balance at year-end of \$2,214.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The average resale price of homes in Loomis continues to increase at rates above the national average-people want to live in Loomis. Unfortunately, construction is currently restricted due to lack of sewer hookups. South Placer Municipal Utility District has been constructing a new sewer line to increase capacity within the Town limits, but has had, literally, tons of granite to bore through. If all goes well, this line should be serviceable some time in 2019.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

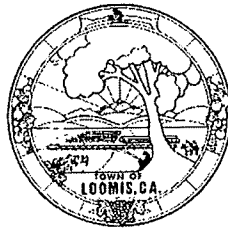
Two major planning projects are currently under way. A new commercial and residential development, The Village, has been proposed for the center of Town. As proposed, this development would bring up to 450 new homes, plus commercial and office space, to the Town. The environmental review has been complete and the Planning commission is working through the proposed project documents. We expect the Planning commission will make a recommendation to the Town Council early in 2018. That recommendation can be one of three things: approve the project as proposed; approve the project with conditions; or deny the project. While residential development increases the Town's property tax revenues, such development usually creates an equal amount of cost necessary to service it, like additional police, fire, road and park maintenance, and planning costs.

A second project is also under review. COSTCO has proposed locating one of its stores in the Town limits. The company has options to buy property and has submitted a proposed project, which is currently in the environmental review stage. Such a store, if indeed constructed, would likely generate \$1 million or more in sales tax revenue for the Town each year.

Phase 2 of the Downtown Master plan will be designed during 2018-19. This will include new sidewalks and road improvements on Taylor Road between Horseshoe Bar Road and King Road.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances, and how to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, Town of Loomis, 3665 Taylor Road, Loomis, California 95650.



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BASIC FINANCIAL STATEMENTS



TOWN OF LOOMIS, CALIFORNIA

GOVERNMENT-WIDE STATEMENT OF NET POSITION AS OF JUNE 30, 2018

ASSETS:

CURRENT ASSETS:

Cash and investments	\$ 13,460,426
Receivables:	
Accounts receivable	63,422
Due from other governments	130,929
Interest receivable	88,834
Assessments receivable	63,804
Due from employees	1,544
Loans receivable	525,639
Prepaid costs and deposits	594,446

TOTAL CURRENT ASSETS

14,929,044

NONCURRENT ASSETS:

Nondepreciable capital assets	2,424,686
Depreciable capital assets, net	12,207,553

TOTAL NONCURRENT ASSETS

14,632,239

TOTAL ASSETS

29,561,283

DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows related to pension and other post employment benefits payments	841,763
--	---------

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 30,403,046

LIABILITIES:

CURRENT LIABILITIES:

Accounts payable and other accrued expenses	\$ 257,906
Accrued payroll liabilities	42,990
Obligations under capital lease, due within one year	2,214

TOTAL CURRENT LIABILITIES

303,110

NONCURRENT LIABILITIES, due after one year

Net pension liability	1,205,984
Compensated absences	90,999

TOTAL NONCURRENT LIABILITIES

1,296,983

TOTAL LIABILITIES

\$ 1,600,093

DEFERRED INFLOWS OF RESOURCES:

Deferred inflows related to pensions	\$ 195,558
--------------------------------------	------------

NET POSITION:

Invested in capital assets, net of related debt	\$ 14,630,025
Restricted for:	
Maintenance projects	2,818,843
Capital project funds	5,967,570
Unrestricted	5,190,957

TOTAL NET POSITION

\$ 28,607,395

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LOOMIS, CALIFORNIA

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues		
		Grants and contributions		
		Operating	Capital	
	Expenses	Charges for Services		Net (expense) revenue - Governmental Activities
GOVERNMENTAL ACTIVITIES:				
General government	\$ 1,626,982	\$ 25,913	\$ 5,000	\$ (1,596,069)
Public safety	1,636,709	4,796	139,416	(1,492,497)
Public works	829,016	637,177	88,079	2,065,966
Planning	230,948	79,027	-	(151,921)
Interest expense	940	-	-	(940)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 4,324,595	\$ 746,913	\$ 232,495	(1,175,461)
GENERAL REVENUES:				
				1,841,729
				182,477
				1,207,126
				662,941
				277,003
				64,394
				10,013
				2,327
TOTAL GENERAL REVENUES				4,248,010
CHANGE IN NET POSITION				3,072,549
NET POSITION, JULY 1				25,534,846
NET POSITION, JUNE 30				\$ 28,607,395

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LOOMIS, CALIFORNIA

BALANCE SHEET - GOVERNMENTAL FUNDS AS OF JUNE 30, 2018

	Major Funds				
	General Fund	Special Revenue Funds			Capital Projects Fund
		Streets and Roads Fund	Low Income Density Fund	Maintenance Districts Fund	Road Circulation Fund
ASSETS					
ASSETS:					
Cash and investments	\$ 3,582,929	\$ 6,590	\$ 452,273	\$ 2,813,291	\$ 4,105,733
Receivables:					
Accounts receivable	54,811	-	-	-	-
Due from other governments	5,676	125,253	-	-	-
Interest receivable	88,834	-	-	-	-
Assessments receivable	57,799	-	-	6,005	-
Due from employees	1,544	-	-	-	-
Loans receivable	-	-	525,639	-	-
Prepaid costs and deposits	594,446	-	-	-	-
Due from other funds	376,421	-	-	-	75,388
TOTAL ASSETS	\$ 4,762,460	\$ 131,843	\$ 977,912	\$ 2,819,296	\$ 4,181,121

The accompanying notes to financial statements are an integral part of this statement.

Nonmajor Governmental Fund	TOTALS
\$ 2,499,610	\$ 13,460,426
8,611	63,422
-	130,929
-	88,834
-	63,804
-	1,544
-	525,639
-	594,446
-	451,809
<u>\$ 2,508,221</u>	<u>\$ 15,380,853</u>
	(Continued)

TOWN OF LOOMIS, CALIFORNIA

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED) AS OF JUNE 30, 2018

	Major Funds				
	General Fund	Special Revenue Funds			Capital Projects Fund
		Streets and Roads Fund	Low Income Density Fund	Maintenance Districts Fund	Road Circulation Fund
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 97,705	\$ 159,732	\$ -	\$ 453	\$ -
Accrued payroll liabilities	42,990	-	-	-	-
Due to other funds	-	419,862	-	-	-
TOTAL LIABILITIES	140,695	579,594	-	453	-
DEFERRED INFLOWS OF RESOURCES:					
Repayment of community development loans	-	-	525,639	-	-
TOTAL DEFERRED INFLOWS	-	-	525,639	-	-
FUND BALANCES:					
Restricted for:					
Maintenance districts	-	-	-	2,818,843	-
Prepaid costs and deposits	594,446	-	-	-	-
Capital projects	-	-	-	-	4,064,621
Committed to subsequent year's expenditure					
Special revenue funds	-	-	42,000	-	-
Capital project funds	-	-	-	-	116,500
Unassigned:					
General fund	4,027,319	-	-	-	-
Special revenue funds	-	(447,751)	410,273	-	-
TOTAL FUND BALANCES	4,621,765	(447,751)	452,273	2,818,843	4,181,121
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,762,460	\$ 131,843	\$ 977,912	\$ 2,819,296	\$ 4,181,121

<u>Nonmajor Governmental Fund</u>	<u>TOTALS</u>
\$ 16	\$ 257,906
-	42,990
<u>31,947</u>	<u>451,809</u>
<u>31,963</u>	<u>752,705</u>
<u>-</u>	<u>525,639</u>
<u>-</u>	<u>525,639</u>
-	2,818,843
-	594,446
1,786,449	5,851,070
-	42,000
-	116,500
-	4,027,319
<u>689,809</u>	<u>652,331</u>
<u>2,476,258</u>	<u>14,102,509</u>
<u>\$ 2,508,221</u>	<u>\$ 15,380,853</u>

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TOWN OF LOOMIS, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION AS OF JUNE 30, 2018

TOTAL GOVERNMENTAL FUND BALANCES \$ 14,102,509

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 14,632,239

Certain notes receivable and accounts receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds. 525,639

Pension and other postemployment benefits payments not available to pay for current period expenditures and, therefore are reported as deferred outflows in the governmental funds. 841,763

Pension liabilities in the general fund not due and payable in the current period and therefore are not reported in the general fund. (1,401,542)

Compensated absences in the general fund are not due and payable in the current period and therefore are not reported in the general fund. (90,999)

Long-term debt in the general fund are not due and payable in the current period and therefore are not reported in the general fund. (2,214)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 28,607,395

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Funds				Capital Pro- jects Fund
	Special Revenue Funds				Road Cir- culation Fund
	General Fund	Streets and Roads Fund	Low Income Density Fund	Maintenance Districts Fund	
REVENUES:					
Tax revenues	\$ 2,923,386	\$ -	\$ -	\$ 150,885	\$ -
License, fees and permits	286,142	-	3,750	-	296,326
Franchise fees	277,003	-	-	-	-
Intergovernmental revenues	662,941	2,169,726	-	-	-
Fines, forfeitures and penalties	4,796	-	-	-	-
Use of money and property	34,395	141	1,682	8,181	12,588
Refunds and reimbursements	10,013	-	-	-	-
Other income	2,327	-	-	-	-
TOTAL REVENUES	4,201,003	2,169,867	5,432	159,066	308,914
EXPENDITURES:					
Current:					
General government	1,030,107	-	-	2,766	-
Public safety	1,536,709	-	-	-	-
Public works	503,971	335,760	-	17,219	-
Planning	258,739	-	-	-	-
Debt service:					
Interest costs	277	-	-	-	-
Principal payments	6,431	-	-	-	-
Capital outlay	2,990	2,466,228	17,891	-	-
TOTAL EXPENDITURES	3,339,224	2,801,988	17,891	19,985	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	861,779	(632,121)	(12,459)	139,081	308,914
OTHER FINANCING SOURCES (USES):					
Transfers in	-	955,217	-	-	-
Transfers out	(787,813)	-	-	-	-
TOTAL OTHER FINANCING	(787,813)	955,217	-	-	-
NET CHANGE IN FUND BALANCES	73,966	323,096	(12,459)	139,081	308,914
FUND BALANCES (DEFICIT), JULY 1:	4,547,799	(770,847)	464,732	2,679,762	3,872,207
FUND BALANCES (DEFICIT), JUNE 30	\$ 4,621,765	\$ (447,751)	\$ 452,273	\$ 2,818,843	\$ 4,181,121

The accompanying notes to financial statements are an integral part of this statement.

Nonmajor Governmental Funds	TOTALS
\$ 157,061	\$ 3,231,332
155,899	742,117
-	277,003
232,495	3,065,162
-	4,796
7,407	64,394
-	10,013
-	2,327
<u>552,862</u>	<u>7,397,144</u>
94,436	1,127,309
100,000	1,636,709
55,657	912,607
-	258,739
663	940
-	6,431
-	2,487,109
<u>250,756</u>	<u>6,429,844</u>
302,106	967,300
-	955,217
<u>(167,404)</u>	<u>(955,217)</u>
<u>(167,404)</u>	<u>-</u>
134,702	967,300
<u>2,341,556</u>	<u>13,135,209</u>
<u>\$ 2,476,258</u>	<u>\$ 14,102,509</u>

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TOWN OF LOOMIS, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 967,300**

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

Governmental funds report capital outlays as expenditures. However, in the government wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

Capital outlay expenditures 2,489,348

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities:

Principal payments on long-term debt 6,431

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in the governmental funds.

(608,684)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in compensated absences not reported in the General Fund	(5,692)
Change in the other postemployment benefits liability	(79,920)
Change in the net pension liability	(192,408)
Change in deferred outflows of resources related to the pension plan	428,023

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.

Change in deferred inflows of resources related to the pension plan 68,151

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 3,072,549

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES:				
Tax revenues	\$ 2,665,000	\$ 2,665,000	\$ 2,923,386	\$ 258,386
License, fees and permits	167,000	167,000	286,142	119,142
Franchise fees	266,000	266,000	277,003	11,003
Intergovernmental	636,300	636,300	662,941	26,641
Fines, forfeitures and penalties	3,000	3,000	4,796	1,796
Use of money and property	138,000	138,000	34,395	(103,605)
Other	5,000	5,000	2,327	(2,673)
TOTAL REVENUES	3,880,300	3,880,300	4,201,003	320,703
EXPENDITURES:				
Current:				
General government	1,196,150	1,221,150	1,030,107	191,043
Public safety	1,548,820	1,548,820	1,536,709	12,111
Public works	540,480	540,480	503,971	36,509
Planning	425,800	450,705	258,739	191,966
Debt service:				
Interest costs	-	-	277	(277)
Principal payments	-	-	6,431	(6,431)
Capital outlay	104,150	104,150	2,990	101,160
TOTAL EXPENDITURES	3,815,400	3,865,305	3,339,224	526,081
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	64,900	14,995	861,779	846,784
OTHER FINANCING SOURCES:				
Transfers in	-	-	-	-
Transfers out	(752,038)	(752,038)	(787,813)	(35,775)
TOTAL OTHER FINANCING	(752,038)	(752,038)	(787,813)	(35,775)
NET CHANGE IN FUND BALANCES	(687,138)	(737,043)	73,966	811,009
FUND BALANCES (DEFICIT), JULY 1	4,547,799	4,547,799	4,547,799	-
FUND BALANCES (DEFICIT), JUNE 30	\$ 3,860,661	\$ 3,810,756	\$ 4,621,765	\$ 811,009

The accompanying notes to financial statements are an integral part of this statement.

Streets and Roads Special Revenue Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
1,772,486	1,772,486	2,169,726	397,240
-	-	-	-
800	800	141	(659)
451,000	451,000	-	(451,000)
<u>2,224,286</u>	<u>2,224,286</u>	<u>2,169,867</u>	<u>(54,419)</u>
-	-	-	-
-	-	-	-
109,600	109,600	335,760	(226,160)
-	-	-	-
-	-	-	-
-	-	-	-
2,809,061	2,809,061	2,466,228	342,833
<u>2,918,661</u>	<u>2,918,661</u>	<u>2,801,988</u>	<u>116,673</u>
<u>(694,375)</u>	<u>(694,375)</u>	<u>(632,121)</u>	<u>62,254</u>
752,038	752,038	955,217	203,179
-	-	-	-
<u>752,038</u>	<u>752,038</u>	<u>955,217</u>	<u>203,179</u>
57,663	57,663	323,096	265,433
<u>(770,847)</u>	<u>(770,847)</u>	<u>(770,847)</u>	<u>-</u>
<u>\$ (713,184)</u>	<u>\$ (713,184)</u>	<u>\$ (447,751)</u>	<u>\$ 265,433</u>

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Low Income Density Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Tax revenues	\$ -	\$ -	\$ -	\$ -
License, fees and permits	3,750	3,750	3,750	-
Investment income	10,872	10,872	1,682	(9,190)
TOTAL REVENUES	14,622	14,622	5,432	(9,190)
EXPENDITURES:				
Current:				
General government	1,500	1,500	-	1,500
Public works	-	-	-	-
Capital outlay	-	55,000	17,891	37,109
TOTAL EXPENDITURES	1,500	56,500	17,891	38,609
NET CHANGE IN FUND BALANCES	13,122	(41,878)	(12,459)	29,419
FUND BALANCES, JULY 1	464,732	464,732	464,732	-
FUND BALANCES, JUNE 30	\$ 477,854	\$ 422,854	\$ 452,273	\$ 29,419

The accompanying notes to financial statements are an integral part of this statement.

Maintenance Districts Special Revenue Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 150,870	\$ 150,870	\$ 150,885	\$ 15
-	-	-	-
64,640	64,640	8,181	(56,459)
215,510	215,510	159,066	(56,444)
2,972	2,972	2,766	206
58,566	58,566	17,219	41,347
-	-	-	-
61,538	61,538	19,985	41,553
153,972	153,972	139,081	(14,891)
2,679,762	2,679,762	2,679,762	-
<u>\$ 2,833,734</u>	<u>\$ 2,833,734</u>	<u>\$ 2,818,843</u>	<u>\$ (14,891)</u>

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS AS OF JUNE 30, 2018

ASSETS	
Cash and investments	<u>\$ 711,570</u>
TOTAL ASSETS	<u><u>\$ 711,570</u></u>
LIABILITIES	
Accounts payable	\$ 64,771
Due to other agencies	<u>646,799</u>
TOTAL LIABILITIES	<u><u>\$ 711,570</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Loomis ("the Town") was incorporated in 1984, under the laws and regulations of the State of California. The Town operates under Town Council - Manager form of government and provides or contracts for the following services: public safety (Police), highways and streets, public improvements, planning and zoning, and general administration. Authority and responsibility for operations is given to the Town Council by the voters of the Town of Loomis. The Town 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 Town's financial management is the financial budget which is adopted annually by the Town Council.

The Town operates as a self-governing governmental unit within the State of California. The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The Town 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.

These financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations. This is required supplementary information.
- Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting for all the Town's activities.

Basis of Accounting - Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule the effect of interfund activity has been eliminated from the government-wide financial 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 specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities in the statement of activities. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues that are not classified as program revenues are presented as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenue. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the Town 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 and fiduciary funds, even though the last is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Reporting Entity

The reporting entity for the Town of Loomis includes all funds and operations under the jurisdiction of the Town Council. There are no component or blended component units that are part of the Town's operations.

Fund Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town's accounts are organized into three fund types with the major funds described as follows:

Governmental Funds

General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specific purposes.

The Town reports the following major special revenue funds:

- Streets and Roads Fund is used to account for the Transportation Development Act revenues received for various street and road projects.
- Low Income Density Fund is used to account for the monies received for loan repayments.
- Maintenance Districts Fund is used to account for the monies received for the various maintenance districts of the Town.

Capital Projects Funds are used to account for revenues and expenditures restricted to the acquisition or construction of capital assets and are accounted for in a manner similar to the General Fund.

The Town reports the following major capital projects fund:

- Road Circulation Fund is used to account for the monies received for creation of new roads, or improvements to existing arterials that create new capacity.

Fiduciary Funds

Agency Fund is used to account for assets held by the Town. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cash and Cash Equivalents

The Town considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Loans Receivable

The Town has various loans receivable from past community development block grant awards and for economic development. Generally, the block grant loans are due on change of title of the underlying property. The block grant receivable balances are offset by deferred revenue. The activity for the fiscal year ended June 30, 2018 is as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018	Due within one year
General Fund					
Due from employees	\$ 2,527	\$ 2,081	\$ (3,064)	\$ 1,544	\$ 1,544
Low Income Density					
Special Revenue Fund	525,639	-	-	525,639	-
	<u>\$ 528,166</u>	<u>\$ 2,081</u>	<u>\$ (3,064)</u>	<u>\$ 527,183</u>	<u>\$ 1,544</u>

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The activity for the fiscal year ended June 30, 2017 is as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due within one year
General Fund:					
Due from employees	\$ 3,438	\$ 2,705	\$ (3,616)	\$ 2,527	\$ 2,232
Low Income Density					
Special Revenue Fund	525,639	-	-	525,639	-
	<u>\$ 529,077</u>	<u>\$ 2,705</u>	<u>\$ (3,616)</u>	<u>\$ 528,166</u>	<u>\$ 2,232</u>

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

The Town's current capitalization threshold is \$5,000.

Depreciation of capital assets is computed using the straight-line method. The estimated useful lives for these depreciated assets are as follows:

Improvements	30 years
Equipment and other improvements	5 to 20 years

General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements.

Allowance for Doubtful Accounts

No amount has been provided as an allowance for doubtful accounts because, in the opinion of management, all material amounts are fully collectible

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).

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Town. Unused vacation time accrued is payable at 100% of the accrual at termination of employment. The unpaid vacation liability of the Town amounted to \$41,376 and \$18,818 as of June 30, 2018 and 2017, respectively.

Accumulated sick leave benefits are recognized as liabilities of the Town. Employees vest in sick leave benefits after completing five years of service at a rate of 50%. The unpaid sick leave liability of the Town amounted to \$90,999 and \$85,471 as of June 30, 2018 and 2017, respectively.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenues

Deferred revenue in governmental funds arises when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also arise when resources are received by the Town before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

Net Position

The government-wide financial statements utilize a net position presentation. Net position are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of 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, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the Town not restricted for any project or other purpose.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Equity

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

- *Non-spendable* – includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors of amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action, i.e. – council resolution, of the highest level of decision making authority and does not lapse at year-end.
- *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance maybe assigned by the Town Manager or Department Heads with Town Council approval.
- *Unassigned* includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Town committed the following fund balance types by taking the following action:

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
Subsequent year's expenditures:		
Major funds:		
Low Income Density Special Revenue Fund	\$ 42,000	Council budget resolution
Road Circulation Capital Projects Fund	<u>116,500</u>	Council budget resolution
 TOTAL COMMITTED BALANCES	 <u><u>\$ 158,500</u></u>	

The Town considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

The Town does not have a formal minimum fund balance policy.

The revenue source of each major special revenue fund is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue source</u>
Streets and Roads Fund	State intergovernmental revenues
Low Income Density Fund	Interest revenue and fees
Maintenance District Fund	Tax assessments

Budgetary Policy and Data

The Town Council annually adopts a Town-wide budget resolution for the Town. Department heads submit budget requests to the Town Manager. Town employees prepare estimates of revenue and recommendations for the next year's budget. The preliminary budget may or may not be amended by the Town Council and is adopted by resolution of the Town Council on or before June 30. Budget appropriations lapse at the end of the year. The budget is prepared on a cash basis, which does not vary significantly from the basis of accounting used in the financial statements.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax

Secured property taxes attach as an enforceable lien on property as of July 1. Taxes are payable in two installments on November 1 and February 1. Placer County bills and collects the taxes for the Town. Tax revenue is recognized by the Town when notification of collection is received.

NOTE 2: CASH AND INVESTMENTS

Cash and investments consisted of the following for the fiscal year ended June 30:

	2018	2017
Cash on hand	\$ 175	\$ 175
Deposits with financial insitutions	124,833	475,944
Add: deposit in transit	495	295
Less: outstanding checks	(46,426)	(427,437)
Local agency investment fund	355,589	723,094
Total cash and cash equivalents	434,666	772,071
Certificates of deposit held with brokerage firm	4,075,504	3,548,410
Municipal obligations	2,605,459	1,792,918
Medium term corporate notes	3,365,113	3,507,508
Educational institutions	1,056,055	1,159,732
Hospitals	247,723	-
Other governmental units	2,387,476	3,561,108
Total debt instruments	9,661,826	10,021,266
Total investments	13,737,330	13,569,676
TOTAL CASH AND INVESTMENTS	\$ 14,171,996	\$ 14,341,747
Summary of cash and investments:		
Government-wide statement	\$ 13,460,426	\$ 13,446,523
Fiduciary funds	711,570	895,224
TOTAL	\$ 14,171,996	\$ 14,341,747

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (continued)

Investment policy: Investments are reported at fair value. California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, §53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the Town by the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The Town's investment policy provides for additional restrictions as to the investment type, maximum maturity, percentage of portfolio, and maximum in a single user. During the fiscal year ended June 30, 2018, the Town's permissible investments included the following instruments.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum Investment in One issuer</u>
Bonds issued by Town of Loomis	5 years	5%	100%
Federal treasury notes, bonds, bills	5 years	100%	50%
State agency bonds, etc.	5 years	50%	50%
Local agency bonds, etc.	5 years	50%	15%
Federal agency bonds	5 years	100%	100%
Bankers acceptances	180 days	40%	15%
Commercial paper	180 days	15%	15%
Negotiable certificates of deposit	5 years	30%	15%
Repurchase agreements	90 days	20%	15%
Reverse repurchase agreements	90 days	20%	15%
Local agency investment funds	n/a	100%	n/a
Time deposits	5 years	25%	15%

The Town complied with the provisions of the California Government Code and its investment policy pertaining to the types of investments held, institutions in which deposits were made and security requirements.

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

Information about the sensitivity of the fair value of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity at June 30, 2018:

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (continued)

Type of Investment	Total	Remaining Maturity (in months)				
		12 months or less	13-23 months	24-36 months	36-48 months	48-60 months
Local agency investment fund	\$ 355,589	\$ 355,589	\$ -	\$ -	\$ -	\$ -
Hospitals	247,723	-	-	-	-	247,723
Municipal obligations	2,605,460	500,840	691,737	884,217	380,590	148,076
Medium term corporate notes	3,365,113	298,558		1,807,415	672,796	586,344
Educational institutions	1,056,055	199,582	99,353	515,260	241,860	-
Other governmental units	2,387,476	-	1,104,749	545,171	396,816	340,740
TOTAL	\$ 10,017,416	\$ 1,354,569	\$ 1,895,839	\$ 3,752,063	\$ 1,692,062	\$ 1,322,883
Percentage of portfolio	100.00%	13.52%	18.93%	37.46%	16.89%	13.21%

The distribution of the Town's investments by maturity at June 30, 2017:

Type of Investment	Total	Remaining Maturity (in months)				
		12 months or less	13-23 months	24-36 months	36-48 months	48-60 months
Local agency investment fund	\$ 723,094	\$ 723,094	\$ -	\$ -	\$ -	\$ -
Municipal obligations	1,792,918	69,624	735,052	501,503	346,475	140,264
Medium term corporate notes	3,507,508	102,105	528,282	-	2,186,392	690,729
Educational institutions	1,159,732	140,251	150,696	101,170	519,690	247,925
Other governmental units	3,561,108	140,122	506,996	1,403,848	1,009,930	500,212
TOTAL	\$ 10,744,360	\$ 1,175,196	\$ 1,921,026	\$ 2,006,521	\$ 4,062,487	\$ 1,579,130
Percentage of portfolio	100.00%	10.94%	17.88%	18.68%	37.81%	14.70%

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the Town's actual ratings of its investments as of June 30, 2018:

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (continued)

Credit risk	Type of Investment						Total
	Local agency investment fund	Hospitals	Municipal obligations	Commercial Paper	Educational institutions	Other governmental units	
AAA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,400	\$ 149,400
AA+	-	247,723	498,962	-	-	-	746,685
AA	-	-	880,642	-	399,706	397,642	1,677,990
AA-	-	-	201,468	97,952	391,239	473,554	1,164,213
A+	-	-	96,402	821,921	-	247,416	1,165,739
A	-	-	241,015	1,029,610	265,110	699,472	2,235,207
A-	-	-	-	1,219,550	-	196,472	1,416,022
BBB+	-	-	-	196,082	-	-	196,082
No rating	355,589	-	490,497	-	-	419,992	1,266,078
TOTAL	\$ 355,589	\$ 247,723	\$ 2,408,986	\$ 3,365,115	\$ 1,056,055	\$ 2,583,948	\$ 10,017,416

The Town's actual ratings of the investments as of June 30, 2017:

Credit risk	Type of Investment						Total
	Local agency investment fund	Hospitals	Municipal obligations	Commercial Paper	Educational Institutions	Other governmental units	
AAA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AA+	-	-	250,295	-	140,251	511,672	902,218
AA	-	-	876,699	-	400,491	656,850	1,934,040
AA-	-	-	249,825	101,054	349,096	404,598	1,104,573
A+	-	-	69,624	591,292	-	1,247,286	1,908,202
A	-	-	346,475	1,814,591	269,894	-	2,430,960
A-	-	-	-	898,466	-	700,597	1,599,063
BBB+	-	-	-	102,105	-	-	102,105
BBB-	-	-	-	-	-	40,105	40,105
No rating	723,094	-	-	-	-	-	723,094
TOTAL	\$ 723,094	\$ -	\$ 1,792,918	\$ 3,507,508	\$ 1,159,732	\$ 3,561,108	\$ 10,744,360

Concentration of credit risk: The investment policy of the Town limits the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. As of June 30, 2018, the Town did not have any investment in any one issuer exceeding its existing investment policy.

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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (continued)

(e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town'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 Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the 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, 2018, the Town's account with Wells Fargo Bank had a total carrying amount of \$98,902 with a bank balance of \$124,832 all of which is insured by the FDIC.

At June 30, 2018, the Town's account with Wells Fargo Bank had a total carrying amount of \$48,801 with a bank balance of \$475,944 of which \$250,000 insured by the FDIC.

As of June 30, Town investments in the following investment types were held by the same custodial account that was used by the Town to buy the securities:

	2018	2017
Certificates of deposit held with brokerage firm	\$ 4,075,504	\$ 3,548,410
Municipal obligations	2,605,459	1,792,918
Medium term corporate notes	3,365,113	3,507,508
Educational institutions	1,056,055	1,159,732
Hospitals	247,723	-
Other governmental units	2,387,476	3,561,108
TOTAL INVESTMENTS	\$ 13,737,330	\$ 13,569,676

Investments by Fair Value Level: In accordance with GASB Statement No. 72, the Town's investments in its brokerage account are categorized into the following fair value categories:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town can access at the year end.
- Level 2 inputs – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs - Unobservable inputs for an asset or liability.

Fair value can be determined using the market approach, cost approach, and income approach. The Town's brokerage investments are valued with the market approach by using the available quoted market prices at year end.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (continued)

	Balance as of June 30, 2018	Fair Value Measurements Using		
		Quoted prices in active mar- kets for iden- ticle assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobserv- able inputs (Level 3)
Securities:				
Local agency investment fund	\$ 355,589	\$ 355,589	\$ -	\$ -
Hospitals	247,723	247,723	-	-
Municipal obligations	2,605,460	2,605,460	-	-
Medium term corporate notes	3,365,113	3,365,113	-	-
Educational institutions	1,056,055	1,056,055	-	-
Other governmental units	2,387,476	2,387,476	-	-
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	\$10,017,416	\$ 10,017,416	\$ -	\$ -

Investment in Local Agency Investment Fund (LAIF): LAIF is stated at fair value. The LAIF is a special fund of the State of California Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$88,798,232,977 and \$77,616,683,602 at June 30, 2018 and 2017, respectively. The fund is managed by the State Treasurer and consists of the following:

	As a percent of portfolio	
	2018	2017
Structured notes and medium-term asset backed securities	1.89%	2.25%
Short-term asset-backed commercial paper	0.78%	0.64%
All other investments	97.33%	97.11%
	<u>100.00%</u>	<u>100.00%</u>

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 Town's investment in this pool is reported in the accompanying financial statements at amounts based on the Town'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. The amortized cost of the pooled investments at June 30, 2018 was \$88,964,875,827.

The latest financial statements are available on-line at www.treasurer.ca.gov/pmia-laif/.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3: CAPITAL ASSETS AND DEPRECIATION

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. There were no impaired assets at the year end. Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance at July 1, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
Capital assets, not being depreciated					
Land	\$ 2,424,686	\$ -	\$ -	\$ -	\$ 2,424,686
Construction in progress	568,224	-	-	(568,224)	-
	<u>2,992,910</u>	<u>-</u>	<u>-</u>	<u>(568,224)</u>	<u>2,424,686</u>
Depreciable capital assets:					
Office equipment	35,056	-	-	-	35,056
Equipment under capital lease	29,734	-	-	-	29,734
Tools and equipment	163,363	-	-	-	163,363
Vehicles	311,589	-	-	-	311,589
Land improvements	255,715	-	-	-	255,715
Infrastructure	11,571,226	2,466,229	-	568,224	14,605,679
Buildings and improvements	1,420,848	23,119	-	-	1,443,967
Corp yard improvements	716,135	-	-	-	716,135
	<u>14,503,666</u>	<u>2,489,348</u>	<u>-</u>	<u>568,224</u>	<u>17,561,238</u>
Less accumulated depreciation					
Office equipment	(32,762)	(1,147)	-	-	(33,909)
Equipment under capital lease	(23,788)	(5,947)	-	-	(29,735)
Tools and equipment	(106,094)	(6,634)	-	-	(112,728)
Vehicles	(219,095)	(15,803)	-	-	(234,898)
Land improvements	(120,678)	(10,759)	-	-	(131,437)
Infrastructure	(3,471,290)	(494,960)	-	-	(3,966,250)
Buildings and improvements	(409,872)	(49,719)	-	-	(459,591)
Corp yard improvements	(361,422)	(23,715)	-	-	(385,137)
	<u>(4,745,001)</u>	<u>(608,684)</u>	<u>-</u>	<u>-</u>	<u>(5,353,685)</u>
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 12,751,575</u>	<u>\$1,880,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,632,239</u>

The depreciation expense for the year ended June 30, 2018 of \$608,684 is charged to the general government function.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3: CAPITAL ASSETS AND DEPRECIATION (continued)

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance at July 1, 2016	Additions	Deletions	Transfers	Balance at June 30, 2017
Capital assets, not being depreciated					
Land	\$ 2,424,686	\$ -	\$ -	\$ -	\$ 2,424,686
Construction in progress	137,439	568,224	-	(137,439)	568,224
	<u>2,562,125</u>	<u>568,224</u>	<u>-</u>	<u>(137,439)</u>	<u>2,992,910</u>
Depreciable capital assets:					
Office equipment	35,056	-	-	-	35,056
Equipment under capital lease	29,734	-	-	-	29,734
Tools and equipment	163,363	-	-	-	163,363
Vehicles	311,589	-	-	-	311,589
Land improvements	225,212	30,503	-	-	255,715
Infrastructure	10,939,189	494,598	-	137,439	11,571,226
Buildings and improvements	1,420,848	-	-	-	1,420,848
Corp yard improvements	716,135	-	-	-	716,135
	<u>13,841,126</u>	<u>525,101</u>	<u>-</u>	<u>137,439</u>	<u>14,503,666</u>
Less accumulated depreciation					
Office equipment	(31,615)	(1,147)	-	-	(32,762)
Equipment under capital lease	(17,841)	(5,947)	-	-	(23,788)
Tools and equipment	(99,460)	(6,634)	-	-	(106,094)
Vehicles	(203,292)	(15,803)	-	-	(219,095)
Land improvements	(109,919)	(10,759)	-	-	(120,678)
Infrastructure	(3,077,479)	(393,811)	-	-	(3,471,290)
Buildings and improvements	(362,465)	(47,407)	-	-	(409,872)
Corp yard improvements	(337,707)	(23,715)	-	-	(361,422)
	<u>(4,239,778)</u>	<u>(505,223)</u>	<u>-</u>	<u>-</u>	<u>(4,745,001)</u>
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 12,163,473</u>	<u>\$ 588,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,751,575</u>

The depreciation expense for the year ended June 30, 2017 of \$505,223 is charged to the general government function.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4: JOINT VENTURE

The Town is a member of the Small Cities Organized Risk Effort (SCORE) for worker's compensation and liability insurances purposes. SCORE is organized under a joint powers agreement pursuant to the California Government Code. The purpose of SCORE is to arrange and administer programs of insurance of risk pooling of self-insured losses and to purchase excess liability coverage. An annual audit of SCORE is performed and filed with the State Controller's office. There have not been any significant reductions in insurance coverage. The amount of settlements have not exceeded the insurance coverage for each of the past three fiscal years.

NOTE 5: LONG-TERM LIABILITIES

The changes in long-term liabilities for the fiscal year ended June 30, 2018 were as follows:

	<u>Balance at July 1, 2017</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance at June 30, 2018</u>	<u>Due within one year</u>
GOVERNMENTAL ACTIVITIES:					
Compensated absences	\$ 85,307	\$ 5,692	\$ -	\$ 90,999	\$ -
Obligations under capital lease	<u>8,645</u>	<u>-</u>	<u>(6,431)</u>	<u>2,214</u>	<u>2,214</u>
TOTAL	<u>\$ 93,952</u>	<u>\$ 5,692</u>	<u>\$ (6,431)</u>	<u>\$ 93,213</u>	<u>\$ 2,214</u>

Obligations under capital lease:

Copier lease dated September 18, 2017, due in monthly payments of \$559 including interest at 4.85% per annum through October, 2019. \$ 2,214

The annual requirements are as follows:

<u>Year Ended June 30,</u>	<u>Obligations under cap- ital lease</u>
2018	\$ 2,236
Less: interest	<u>(22)</u>
TOTAL	<u>2,214</u>

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5: LONG-TERM LIABILITIES (continued)

Assets under capital lease were as follows:

	Fiscal year ended June 30,	
	2018	2017
Assets under capital lease:		
Office equipment	\$ 29,734	\$29,734
Less: accumulated amortization	(29,734)	(23,787)
TOTAL, NET	\$ -	\$ 5,947

The changes in long-term liabilities for the fiscal year ended June 30, 2017 were as follows:

	Balance at July 1, 2016	Incurred	Retired	Balance at June 30, 2017	Due within one year
GOVERNMENTAL ACTIVITIES:					
Compensated absences	\$ 77,010	\$ 8,297	\$ -	\$ 85,307	\$ -
Obligations under capital lease	14,772	-	(6,127)	8,645	6,431
TOTAL	\$ 91,782	\$ 8,297	\$ (6,127)	\$ 93,952	\$ 6,431

NOTE 6: EXCESS EXPENDITURES OVER APPROPRIATIONS

The following funds had excess expenditures over appropriations for the year ended June 30, 2018:

Fund	Expenditures and transfers	Budget	Deficit
Non-major funds:			
Road Maintenance Special Revenue Fund*	\$ 621	\$ -	\$ (621)
State Disability Assess Special Revenue Fund*	25,670	-	(25,670)

* Fund was not budgeted

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: INTERFUND TRANSACTIONS

Interfund balances for operations as of June 30, 2018 were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 376,421	\$ -
Special Revenue Funds:		
Streets and Roads Fund	-	419,862
Non-major funds	-	31,947
Capital Projects Fund:		
Road Circulation Fund	75,388	-
Total	<u>\$ 451,809</u>	<u>\$ 451,809</u>

Interfund transfers for operations as of June 30, 2018 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 787,813
Special Revenue Funds:		
Streets and Roads Fund	955,217	-
Non-major funds	-	167,404
Total	<u>\$ 955,217</u>	<u>\$ 955,217</u>

Interfund balances for operations as of June 30, 2017 were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 438,365	\$ -
Special Revenue Funds:		
Streets and Roads Fund	-	419,862
Non-major funds	-	84,176
Capital Projects Fund:		
Road Circulation Fund	75,388	-
Agency Funds:		
Non-major funds	-	9,715
Total	<u>\$ 513,753</u>	<u>\$ 513,753</u>

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: INTERFUND TRANSACTIONS (continued)

Interfund transfers for operations as of June 30, 2017 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Special Revenue Funds:		
Non-major funds	\$ 6,842	\$ 6,842
Total	\$ 6,842	\$ 6,842

NOTE 8: FUND DEFICITS

The following funds had deficit fund balances as of June 30, 2018:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
Streets and Roads Fund	\$ (447,751)
Non-major funds:	
Master Plan Fund	(31,408)
Road Maintenance Fund	(311)

The following funds had deficit fund balances as of June 30, 2017:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
Streets and Roads Fund	\$ (770,847)
Non-major funds:	
Special revenue funds:	
Master Plan Fund	(31,537)

NOTE 9: DEFINED BENEFIT PENSION PLAN

Miscellaneous, Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Plan Description

The Town's Miscellaneous and Safety plans became part of CalPERS Miscellaneous and Safety Risk Pools for employers with less than 100 active plan members. When these risk pools were established, CalPERS assigned each entity in the pool a share of the net pension liability. The Miscellaneous employees are part of a three-tier cost-sharing multiple-employer defined benefit plan administered by CalPERS. The second tier retirement program provides a lower level of retirement benefits than the first tier. Employees hired on or after January 1, 1982 who meet eligibility requirements, are enrolled in the second tier program.

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The third tier program was implemented in January 2013 following the passage of AB340 (PEPRA) by the California Legislature. Employees hired on or after January 1, 2013, who were not previously enrolled in the PERS system elsewhere or who have had a break in service of at least 6 months are required to be enrolled in this retirement program which provides a benefit level that is lower than the first two tiers.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The basic death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by Town contracts with employee bargaining groups.

The Miscellaneous Rate Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

Hire date:	MISCELLANEOUS PLAN		
	Prior to January 1, 1982 Classic Tier 1	On or after January 1, 1982 Classic Tier 2	On or after January 1, 2013 PEPRA Tier 3
Formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	55	55
Monthly benefits, as a % of annual salary	2%	2%	2%
Required employee contribution rates	6.886%	6.886%	6.250%
Required employer contribution rates	8.88% + \$60,835	8.377% + \$80,664	6.55% + \$10

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Miscellaneous plan participants (tier 1) are required to contribute 7.00% of their annual covered salary. Miscellaneous tier 3 plan participants are required to contribute 6.25% of their annual covered salary. In addition, the Town is required to make an employer contribution at an actuarial determined rate of 8.418% (tier 1) and 6.533% (tier 3) of annual covered payroll for the year ended June 30, 2017. For the year ended June 30, 2018, contributions to the Plan were \$128,238; \$69,745 employer contributions and \$58,493 employee contributions.

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

As of June 30, 2018, the Town reported liability of \$1,205,984 for its proportionate share of the Plan's net pension liability.

The Town's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2017, and the total pension liability for used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017. The Town's proportion of the net pension liability based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2017, the Town's proportion was 0.03240 percent of the Miscellaneous risk pool; which was a decrease of 0.00033 percent from their proportions measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$122,836. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,745	\$ (25,004)
Changes in assumptions	216,541	(16,511)
Net difference between projected and actual earnings		
on pension plan investments	48,973	-
Pension contributions made sub- sequent to measurement date	<u>574,504</u>	<u>-</u>
 TOTAL	 <u>\$ 841,763</u>	 <u>\$ (41,515)</u>

The \$367,590 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement period ended June 30:</u>	<u>Deferred outflows/ (inflows) of resources</u>
2016	\$ 52,514
2017	126,413
2018	75,893
2019	(29,076)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuation were determined using the following actuarial assumptions:

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017
Actuarial cost method	Entry Age Normal
Asset valuation method	Actuarial value of assets
Actuarial assumptions:	
Discount rate	7.00%
Inflation rate	2.63%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.25% net of pension plan investment and administrative expenses
Mortality rate table	Based on the 2010 CalPERS Experience Study

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality, and retirement rates. The Experience Study Report may be accessed on the CalPERS website at www.calpers.ca.gov.

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 for each fund. 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 and rounded down to the nearest one quarter of one percent.

The table on the next page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

Asset class	New Strategic Allocation	Real Re- turn Years 1-10 (a)	Real Re- turn Years >10 (b)
Global equity	51.0%	5.25%	5.71%
Global fixed income	20.0%	0.99%	2.43%
Inflation sensitive	6.0%	0.45%	3.36%
Private equity	10.0%	6.83%	6.95%
Real estate	10.0%	4.50%	5.13%
Infrastructure and forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 2.5% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets.

Therefore, the current 7.00 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.00 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

The following presents the Town's proportionate share of the net pension liability for the Miscellaneous plan, calculated using the discount rate of 7.00 percent, as well as what the Town'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:

	Discount Rate		
	1.00% Decrease (6.65%)	Current (7.65%)	1.00% Decrease (8.65%)
Plan's net pension liability	<u>\$1,753,556</u>	<u>\$1,277,223</u>	<u>\$686,058</u>

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

As of June 30, 2018, the Town reported total net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety plans as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous plan	<u>\$ 1,205,984</u>	<u>\$841,763</u>	<u>\$ (41,515)</u>

NOTE 10: POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The Town's employees are eligible for post-retirement health benefits if they meet certain service year requirements and retire upon separation from the Town. The Town has computed the post-employment benefits using the alternative measurement method permitted under GASB No. 45. The Town has use information from the Town's payroll records to develop all significant assumptions and methods. The liability has not been funded nor has a trustee been appointed. The benefit provisions are to be established and may be amended by the Town Council. The plan currently does not issue stand-alone financial statements.

Basis of Accounting

Employees are not required to contribute to the plan. Employer contributions are recognized when due and when a formal commitment is made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funding Policy

Future contribution requirements of plan members, if any, and the Town will be established and amended as needed by the Town Council. The required contribution will be based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the Council. For 2018 and 2017, the Town paid monthly premiums totaling \$7,812 and \$7,975, respectively. The projected liabilities were \$184,320 and \$183,813 for the year ended June 30, 2018 and 2017, respectively.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), the amount was determined using the Alternative Measurement Method permitted for employers with less than 100 employees in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over an anticipated period of twenty years. The following table shows the amount contributed to the plan, and changes in the Town's net OPEB obligation:

	2018	2017
Annual required contribution	\$ 21,323	\$ 24,236
Interest on net OPEB obligation	959	1,090
Payments made	(7,812)	(7,975)
Increase in net OPEB obligation	14,470	17,351
Net OPEB obligation, July 1	139,573	122,222
Net OPEB obligation, June 30	\$ 154,043	\$ 139,573

The ARC was determined as part of the June 30, 2018 alternative measurement method computation. The ARC rate was 2.63% and 3.45% of annual covered payroll for the fiscal years ended June 30, 2018 and 2017, respectively.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

Year ended June 30,	Annual OPEB Cost	Percentage of annual OPEB cost contributed	Increase OPEB obligation
2016	\$ 48,575	83.92%	\$ 40,763
2017	22,282	77.87%	17,351
2018	22,282	64.94%	14,470

Funded Status and Funding Process

The funded status of the liability was as follows:

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

	2018	2017
Accrued liability (AL)	\$ 183,813	\$ 183,813
Value of plan assets contributed	-	-
Adjustment to prior plan assets	-	-
Unfunded accrued liability (UAL)	<u>\$ 183,813</u>	<u>\$ 183,813</u>
Funded ratio (value of plan assets/AL)	<u>0.00%</u>	<u>0.00%</u>
Covered payroll (active plan members)	<u>\$ 810,629</u>	<u>\$ 702,040</u>
UAL as a percentage of covered payroll	<u>22.68%</u>	<u>26.18%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

For the fiscal year ended June 30, 2018, the alternative measurement method was used. The assumptions included a 4.00% investment rate of return (net of administrative expenses), discount rate of 4.50% and average salary increases of 3.30%. The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method the plan's normal cost is developed as a level percent of payroll over the participants' working lifetime. There are no plan assets as of June 30, 2018 and 2017. The unfunded actuarial accrued liability will be amortized using the flat dollar amount method over 25 years.

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF LOOMIS, CALIFORNIA

MISCELLANEOUS PLAN, A COST SHARING DEFINED BENEFIT PENSION PLAN SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST TEN FISCAL YEARS*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Proportion of the net pension liability	0.028190%	0.026910%	0.029180%	0.030593%
Proportionate share of the net pension liability	\$ 696,698	\$ 738,347	\$ 1,013,576	\$ 1,205,984
Covered payroll	\$ 660,429	\$ 677,599	\$ 666,518	\$ 681,332
Proportionate share of the net pension liability as a percentage of covered payroll	105.49%	108.97%	152.07%	177.00%
Plan fiduciary net position as a percentage of the total pension liability	15.89%	16.51%	21.95%	23.24%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

* Fiscal year 2015 was the first year of implementation, therefore, only 4 years are shown.

TOWN OF LOOMIS, CALIFORNIA

MISCELLANEOUS PLAN, A COST SHARING DEFINED BENEFIT PENSION PLAN SCHEDULE OF CONTRIBUTIONS LAST TEN FISCAL YEARS*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contributions	\$ 54,082	\$ 56,073	\$ 54,460	\$ 45,298
Contributions in relation to the actuarially determined contribution	<u>(62,109)</u>	<u>(51,130)</u>	<u>(52,323)</u>	<u>(69,745)</u>
Contribution deficiency (excess)	<u>\$ (8,027)</u>	<u>\$ 4,943</u>	<u>\$ 2,137</u>	<u>\$ (24,447)</u>
Covered payroll	\$ 660,429	\$ 677,599	\$ 666,518	\$ 681,332
Contributions as a percentage of covered payroll	9.40%	7.55%	7.85%	10.24%

* Fiscal year 2015 was the first year of implementation, therefore, only 4 years are shown.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 - CHANGE IN BENEFIT TERMS

The amounts above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amount to be separately financed employer-specific liabilities.

NOTE 2 - CHANGE IN ASSUMPTIONS

The discount rate was lowered from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016.

NOTE 3 - SIGNIFICANT METHODS AND ASSUMPTIONS

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017
Actuarial cost method	Entry Age Normal
Asset valuation method	Actuarial value of assets
Actuarial assumptions:	
Discount rate	7.00%
Inflation rate	2.625%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.25% net of pension plan investment and administrative expenses
Mortality rate table	Based on the 2010 CalPERS Experience Study

NOTE 4 - PENSION EXPENSE RECOGNIZED

The pension expense recognized by the employer for the fiscal year ended June 30, 2018 was \$122,836.

COMBINING FUND FINANCIAL STATEMENTS



TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS NONMAJOR GOVERNMENTAL FUNDS AS OF JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	TOTALS
ASSETS			
ASSETS:			
Cash and cash equivalents	\$ 713,161	\$ 1,786,449	\$ 2,499,610
Receivables:			
Accounts receivable	8,611	-	8,611
TOTAL ASSETS	\$ 721,772	\$ 1,786,449	\$ 2,508,221
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 16	\$ -	\$ 16
Due to other funds	31,947	-	31,947
TOTAL LIABILITIES	31,963	-	31,963
FUND BALANCES:			
Restricted for capital projects	-	1,786,449	1,786,449
Unassigned	689,809	-	689,809
TOTAL FUND BALANCES	689,809	1,786,449	2,476,258
TOTAL LIABILITIES AND FUND BALANCES	\$ 721,772	\$ 1,786,449	\$ 2,508,221

TOWN OF LOOMIS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	TOTALS
REVENUES:			
Tax revenues	\$ 157,061	\$ -	\$ 157,061
License, fees and permits	2,479	153,420	155,899
Intergovernmental revenues	232,495	-	232,495
Investment income	2,292	5,115	7,407
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	394,327	158,535	552,862
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Current:			
General government	94,436	-	94,436
Public safety	100,000	-	100,000
Public works	55,657	-	55,657
Debt service:			
Interest costs	663	-	663
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	250,756	-	250,756
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	143,571	158,535	302,106
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES:			
Transfers out	(167,404)	-	(167,404)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING	(167,404)	-	(167,404)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(23,833)	158,535	134,702
FUND BALANCES, JULY 1	713,642	1,627,914	2,341,556
	<hr/>	<hr/>	<hr/>
FUND BALANCES, JUNE 30	\$ 689,809	\$ 1,786,449	\$ 2,476,258
	<hr/>	<hr/>	<hr/>

TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS AS OF JUNE 30, 2018

	Gas Tax Funds	Tree Removal Fund	AB 939 Fund	Transit Fund	Supplemental Law En- forcement Fund
ASSETS					
Cash and investments	\$ 1,729	\$ 348,698	\$ 228,879	\$ 15,882	\$ 112,621
Receivables:					
Accounts receivable	-	-	8,611	-	-
TOTAL ASSETS	<u>\$ 1,729</u>	<u>\$ 348,698</u>	<u>\$ 237,490</u>	<u>\$ 15,882</u>	<u>\$ 112,621</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT):					
Unassigned	<u>1,729</u>	<u>348,698</u>	<u>237,490</u>	<u>15,882</u>	<u>112,621</u>
TOTAL FUND BALANCES	<u>1,729</u>	<u>348,698</u>	<u>237,490</u>	<u>15,882</u>	<u>112,621</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,729</u>	<u>\$ 348,698</u>	<u>\$ 237,490</u>	<u>\$ 15,882</u>	<u>\$ 112,621</u>

<u>Master Plan Fund</u>	<u>Westside Specific Plan Fund</u>	<u>State Disability Access Fund</u>	<u>Road Mainten- ance Fund</u>	<u>TOTALS</u>
\$ 208	\$ 1,137	\$ 4,007	\$ -	\$ 713,161
-	-	-	-	8,611
<u>\$ 208</u>	<u>\$ 1,137</u>	<u>\$ 4,007</u>	<u>\$ -</u>	<u>\$ 721,772</u>

\$ -	\$ -	\$ 16	\$ -	\$ 16
<u>31,616</u>	<u>-</u>	<u>-</u>	<u>331</u>	<u>31,947</u>
<u>31,616</u>	<u>-</u>	<u>16</u>	<u>331</u>	<u>31,963</u>

<u>(31,408)</u>	<u>1,137</u>	<u>3,991</u>	<u>(331)</u>	<u>689,809</u>
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<u>(31,408)</u>	<u>1,137</u>	<u>3,991</u>	<u>(331)</u>	<u>689,809</u>
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<u>\$ 208</u>	<u>\$ 1,137</u>	<u>\$ 4,007</u>	<u>\$ -</u>	<u>\$ 721,772</u>
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TOWN OF LOOMIS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Gas Tax Funds</u>	<u>Tree Removal Fund</u>	<u>AB 939 Fund</u>	<u>Transit Fund</u>	<u>Supplemental Law Enforcement Fund</u>
REVENUES:					
Tax revenues	\$ 142,308	\$ -	\$ 14,753	\$ -	\$ -
License, fees and permits	-	-	-	-	-
Intergovernmental	7,702	-	5,000	55,037	139,417
Investment income	-	1,269	799	223	-
	<u>150,010</u>	<u>1,269</u>	<u>20,552</u>	<u>55,260</u>	<u>139,417</u>
TOTAL REVENUES					
EXPENDITURES:					
Current:					
General government	87,836	-	6,600	-	-
Public safety	-	-	-	-	100,000
Public works	-	-	-	55,040	-
Debt service:					
Interest costs	158	-	-	-	257
	<u>87,994</u>	<u>-</u>	<u>6,600</u>	<u>55,040</u>	<u>100,257</u>
TOTAL EXPENDITURES					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>62,016</u>	<u>1,269</u>	<u>13,952</u>	<u>220</u>	<u>39,160</u>
OTHER FINANCING USES:					
Transfers out	<u>(141,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING	<u>(141,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(79,962)	1,269	13,952	220	39,160
FUND BALANCES (DEFICITS), JULY 1	<u>81,691</u>	<u>347,429</u>	<u>223,538</u>	<u>15,662</u>	<u>73,461</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 1,729</u>	<u>\$ 348,698</u>	<u>\$ 237,490</u>	<u>\$ 15,882</u>	<u>\$ 112,621</u>

<u>Master Plan Fund</u>	<u>Westside Specific Plan Fund</u>	<u>State Disability Access Fund</u>	<u>Road Mainten- ance Fund</u>	<u>TOTALS</u>
\$ -	\$ -	\$ -	\$ -	\$ 157,061
128	-	2,351	-	2,479
-	-	-	25,339	232,495
1	-	-	-	2,292
<u>129</u>	<u>-</u>	<u>2,351</u>	<u>25,339</u>	<u>394,327</u>
-	-	-	-	94,436
-	-	-	-	100,000
-	-	617	-	55,657
<u>-</u>	<u>-</u>	<u>4</u>	<u>244</u>	<u>663</u>
<u>-</u>	<u>-</u>	<u>621</u>	<u>244</u>	<u>250,756</u>
<u>129</u>	<u>-</u>	<u>1,730</u>	<u>25,095</u>	<u>143,571</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,426)</u>	<u>(167,404)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,426)</u>	<u>(167,404)</u>
129	-	1,730	(331)	(23,833)
<u>(31,537)</u>	<u>1,137</u>	<u>2,261</u>	<u>-</u>	<u>713,642</u>
<u><u>\$ (31,408)</u></u>	<u><u>\$ 1,137</u></u>	<u><u>\$ 3,991</u></u>	<u><u>\$ (331)</u></u>	<u><u>\$ 689,809</u></u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET MAJOR MAINTENANCE DISTRICTS SPECIAL REVENUE FUNDS AS OF JUNE 30, 2018

	Hunters Crossing Fund	Loomis Maintenance District I Fund	Loomis Maintenance District II Fund	Heather Heights Fund	Sunrise Loomis Fund	Live Oak Fund	Loomis Acres Fund
ASSETS							
Cash and investments	\$ 291,431	\$ 5,466	\$ 28,779	\$ 353,154	\$ 258,478	\$ 135,614	\$ 182,033
Receivables:							
Assessments receivable	-	25	52	-	-	140	250
TOTAL ASSETS	<u>\$ 291,431</u>	<u>\$ 5,491</u>	<u>\$ 28,831</u>	<u>\$ 353,154</u>	<u>\$ 258,478</u>	<u>\$ 135,754</u>	<u>\$ 182,283</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:							
Restricted for maintenance districts	291,431	5,491	28,831	353,154	258,478	135,754	182,283
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 291,431</u>	<u>\$ 5,491</u>	<u>\$ 28,831</u>	<u>\$ 353,154</u>	<u>\$ 258,478</u>	<u>\$ 135,754</u>	<u>\$ 182,283</u>

<u>Hunters Crossing II Fund</u>	<u>King Road Village Fund</u>	<u>Saunders Avenue Fund</u>	<u>Rachel Estates Fund</u>	<u>No Name Lane Fund</u>	<u>Sherwood Estates Fund</u>	<u>Heritage Park Estates Fund</u>	<u>Hunter Oaks Fund</u>	<u>Sierra De Mon- serat Fund</u>	<u>TOTALS</u>
\$ 102,192	\$ 170,729	\$ 23,096	\$ 274,078	\$ 3,000	\$ 125,596	\$ 284,150	\$ 233,059	\$ 342,436	\$ 2,813,291
154	390	48	559	-	342	887	1,133	2,025	6,005
<u>\$ 102,346</u>	<u>\$ 171,119</u>	<u>\$ 23,144</u>	<u>\$ 274,637</u>	<u>\$ 3,000</u>	<u>\$ 125,938</u>	<u>\$ 285,037</u>	<u>\$ 234,192</u>	<u>\$ 344,461</u>	<u>\$ 2,819,296</u>

<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ 453</u>
<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353</u>	<u>-</u>	<u>453</u>

<u>102,346</u>	<u>171,119</u>	<u>23,044</u>	<u>274,637</u>	<u>3,000</u>	<u>125,938</u>	<u>285,037</u>	<u>233,839</u>	<u>344,461</u>	<u>2,818,843</u>
<u>\$ 102,346</u>	<u>\$ 171,119</u>	<u>\$ 23,144</u>	<u>\$ 274,637</u>	<u>\$ 3,000</u>	<u>\$ 125,938</u>	<u>\$ 285,037</u>	<u>\$ 234,192</u>	<u>\$ 344,461</u>	<u>\$ 2,819,296</u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MAJOR MAINTENANCE DISTRICTS SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Hunters Crossing Fund	Loomis Maintenance		Heather Heights Fund	Sunrise Loomis Fund	Live Oak Fund	Loomis Acres Fund
		District I Fund	District II Fund				
REVENUES:							
Tax revenues	\$ 7,687	\$ 500	\$ 1,030	\$ 9,075	\$ 6,914	\$ 9,945	\$ 4,996
Investment income	952	12	90	1,143	839	344	590
TOTAL REVENUES	8,639	512	1,120	10,218	7,753	10,289	5,586
EXPENDITURES:							
Current:							
General government	935	5	10	91	69	99	50
Public works	-	-	-	-	-	-	-
TOTAL EXPEND- ITURES	935	5	10	91	69	99	50
NET CHANGE IN FUND BALANCES	7,704	507	1,110	10,127	7,684	10,190	5,536
FUND BALANCES, JULY 1	283,727	4,984	27,721	343,027	250,794	125,564	176,747
FUND BALANCES, JUNE 30	\$ 291,431	\$ 5,491	\$ 28,831	\$ 353,154	\$ 258,478	\$ 135,754	\$ 182,283

Hunters Crossing II Fund	King Road Village Fund	Saunders Avenue Fund	Rachel Estates Fund	No Name Lane Fund	Sherwood Estates Fund	Heritage Park Estates Fund	Hunter Oaks Fund	Sierra De Mon- serat Fund	TOTALS
\$ 3,084 331	\$ 7,802 545	\$ 960 70	\$ 11,172 840	\$ - -	\$ 6,844 357	\$ 17,728 776	\$ 22,651 618	\$ 40,497 674	\$ 150,885 8,181
3,415	8,347	1,030	12,012	-	7,201	18,504	23,269	41,171	159,066
509 -	- 3,704	9 -	112 563	- -	68 -	178 -	226 11,147	405 1,805	2,766 17,219
509	3,704	9	675	-	68	178	11,373	2,210	19,985
2,906	4,643	1,021	11,337	-	7,133	18,326	11,896	38,961	139,081
99,440	166,476	22,023	263,300	3,000	118,805	266,711	221,943	305,500	2,679,762
<u>\$ 102,346</u>	<u>\$ 171,119</u>	<u>\$ 23,044</u>	<u>\$ 274,637</u>	<u>\$ 3,000</u>	<u>\$ 125,938</u>	<u>\$ 285,037</u>	<u>\$ 233,839</u>	<u>\$ 344,461</u>	<u>\$ 2,818,843</u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS AS OF JUNE 30, 2018

	Drainage Fund	Community Facilities Capital Projects Fund	Park Fee Fund	TOTALS
<u>ASSETS</u>				
Cash and investments	\$ 261,102	\$ 767,715	\$ 757,632	\$ 1,786,449
TOTAL ASSETS	<u>\$ 261,102</u>	<u>\$ 767,715</u>	<u>\$ 757,632</u>	<u>\$ 1,786,449</u>
<u>FUND BALANCES</u>				
Restricted for capital projects	\$ 261,102	\$ 767,715	\$ 757,632	\$ 1,786,449
TOTAL FUND BALANCES	<u>\$ 261,102</u>	<u>\$ 767,715</u>	<u>\$ 757,632</u>	<u>\$ 1,786,449</u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Drainage Fund	Community Facilities Capital Projects Fund	Park Fee Fund	TOTALS
REVENUES:				
License, fees and permits	\$ 13,590	\$ 47,944	\$ 91,886	\$ 153,420
Investment income	972	2,341	1,802	5,115
TOTAL REVENUES	<u>14,562</u>	<u>50,285</u>	<u>93,688</u>	<u>158,535</u>
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	14,562	50,285	93,688	158,535
FUND BALANCES, JULY 1	<u>246,540</u>	<u>717,430</u>	<u>663,944</u>	<u>1,627,914</u>
FUND BALANCES, JUNE 30	<u><u>\$ 261,102</u></u>	<u><u>\$ 767,715</u></u>	<u><u>\$ 757,632</u></u>	<u><u>\$ 1,786,449</u></u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET - AGENCY FUNDS AS OF JUNE 30, 2018

	<u>Revolving Funds</u>	<u>County Facilities Fees</u>	<u>Dry Creek Watershed Fees</u>	<u>TOTALS</u>
<u>ASSETS</u>				
Cash and investments	<u>\$ 685,839</u>	<u>\$ 23,642</u>	<u>\$ 2,089</u>	<u>\$ 711,570</u>
TOTAL ASSETS	<u><u>\$ 685,839</u></u>	<u><u>\$ 23,642</u></u>	<u><u>\$ 2,089</u></u>	<u><u>\$ 711,570</u></u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	<u>\$ 52,893</u>	<u>\$ 10,396</u>	<u>\$ 1,482</u>	<u>\$ 64,771</u>
Due to other agencies	<u>632,946</u>	<u>13,246</u>	<u>607</u>	<u>646,799</u>
TOTAL LIABILITIES	<u><u>\$ 685,839</u></u>	<u><u>\$ 23,642</u></u>	<u><u>\$ 2,089</u></u>	<u><u>\$ 711,570</u></u>

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>REVOLVING FUNDS:</u>				
<u>ASSETS</u>				
Cash and investments	\$ 877,479	\$ 259,862	\$ (451,502)	\$ 685,839
TOTAL ASSETS	\$ 877,479	\$ 259,862	\$ (451,502)	\$ 685,839
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 15,176	\$ 287,115	\$ (249,398)	\$ 52,893
Due to other agencies	862,303	333,458	(562,815)	632,946
TOTAL LIABILITIES	\$ 877,479	\$ 620,573	\$ (812,213)	\$ 685,839
<u>COUNTY FACILITIES FEE:</u>				
<u>ASSETS</u>				
Cash and investments	\$ 16,516	\$ 31,760	\$ (24,634)	\$ 23,642
TOTAL ASSETS	\$ 16,516	\$ 31,760	\$ (24,634)	\$ 23,642
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 4,054	\$ 30,334	\$ (23,992)	\$ 10,396
Due to other agencies	12,462	31,760	(30,976)	13,246
TOTAL LIABILITIES	\$ 16,516	\$ 62,094	\$ (54,968)	\$ 23,642
<u>DRY CREEK WATERSHED FEES:</u>				
<u>ASSETS</u>				
Cash and investments	\$ 1,229	\$ 36,821	\$ (35,961)	\$ 2,089
TOTAL ASSETS	\$ 1,229	\$ 36,821	\$ (35,961)	\$ 2,089
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 622	\$ 36,821	\$ (35,961)	\$ 1,482
Due to other agencies	607	16,879	(16,879)	607
TOTAL LIABILITIES	\$ 1,229	\$ 53,700	\$ (52,840)	\$ 2,089

(Continued)

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>TOTAL ALL AGENCY FUNDS:</u>				
<u>ASSETS</u>				
Cash and investments	\$ 895,224	\$ 328,443	\$ (512,097)	\$ 711,570
Due from other governments or agencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 895,224</u>	<u>\$ 328,443</u>	<u>\$ (512,097)</u>	<u>\$ 711,570</u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 19,852	\$ 354,270	\$ (309,351)	\$ 64,771
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due to other agencies	<u>875,372</u>	<u>382,097</u>	<u>(610,670)</u>	<u>646,799</u>
TOTAL LIABILITIES	<u>\$ 895,224</u>	<u>\$ 736,367</u>	<u>\$ (920,021)</u>	<u>\$ 711,570</u>

OTHER REPORTS



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BOLER & ASSOCIATES

PROFESSIONAL ACCOUNTANCY CORPORATION
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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 Town Council
Town of Loomis
Loomis, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loomis, California as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Loomis, California's basic financial statements, and have issued our report thereon dated October 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Loomis, California's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Loomis, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Loomis, California'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

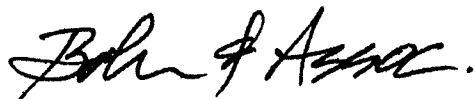
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Loomis, California'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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



October 30, 2018

TOWN OF LOOMIS, CALIFORNIA

**REPORT ON AGREED-UPON PROCEDURES
ON THE APPROPRIATIONS LIMIT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



BOLER & ASSOCIATES

PROFESSIONAL ACCOUNTANCY CORPORATION
750 F STREET • DAVIS, CA 95616

(530) 756-1735

REPORT ON AGREED-UPON PROCEDURES ON THE APPROPRIATIONS LIMIT

Honorable Mayor, Town Manager, and
Members of the Town Council
Town of Loomis, California

We have applied the procedures enumerated below to the accompanying Appropriations Limit worksheet number 6 of the Town of Loomis for the year ended June 30, 2018. These procedures, which were agreed to by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The Town of Loomis's management is responsible for the Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Town of Loomis. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the complete worksheets, and compared that the limit and annual adjustment factors in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Town Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Town Council.

Finding: It was noted that the adopted population factor was transposed in the computation of the limit. Rather than the actual rate of 0.89%, the factor used was 0.98%. As a result, the adopted limit for the fiscal year ended June 30, 2018 was overstated by \$6,336.

2. For the accompanying Appropriations Limit Worksheet, we added line A, last year's limit, to line E, total adjustments, and agreed the resulting amount to line F, this year's limit.

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

3. We agreed the current year information presented in the accompanying Appropriations Limit Worksheet to the other worksheets described in number 1 above.

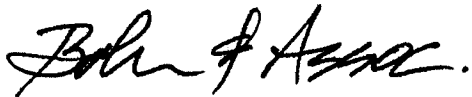
Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the Town Council for the prior year.

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

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

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



October 30, 2018

TOWN OF LOOMIS, CALIFORNIA

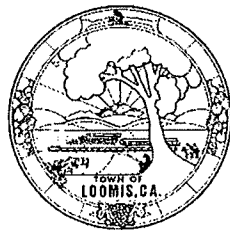
APPROPRIATIONS LIMIT WORKSHEET NUMBER 6 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>AMOUNT AS ADOPTED</u>	<u>AMOUNT AS CORRECTED</u>
A. LAST YEAR'S LIMIT (APPROVED BY RESOLUTION NO. 16-19, Dated June 14, 2016)	\$ 7,032,795	\$ 7,032,795
B. ADJUSTMENT FACTORS		
1. Population percentage	100.98000%	100.89000%
2. Personal income percentage	<u>103.69000%</u>	<u>103.69000%</u>
Total Adjustment Percentage	<u>104.70616%</u>	<u>104.61284%</u>
C. ANNUAL DOLLAR ADJUSTMENT	<u>330,976</u>	<u>324,413</u>
D. OTHER ADJUSTMENTS		
Unreconciled difference	-	-
Transfer to private	-	-
Transfer to fees	-	-
Assumed responsibility	-	-
Rounding	<u>(227)</u>	<u>-</u>
Subtotal	<u>(227)</u>	<u>-</u>
E. TOTAL ADJUSTMENTS	330,749	<u>324,413</u>
As recomputed	<u> </u>	7,357,208
F. THIS YEAR'S LIMIT (APPROVED BY RESOLUTION NO. 17-18, Dated June 13, 2017)	<u>\$ 7,363,544</u>	<u>7,363,544</u>
AMOUNT ADOPTED LIMIT IS OVERSTATED		<u>\$ 6,336</u>

TOWN OF LOOMIS, CALIFORNIA

COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



BOLER & ASSOCIATES

PROFESSIONAL ACCOUNTANCY CORPORATION
750 F STREET • DAVIS, CA 95616

(530) 756-1735

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Town Council
Town of Loomis, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loomis, California for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 30, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Loomis, California are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Capital asset lives

Management's estimates of the expected lives of capital assets impacts the computation of the depreciation expense for the year. We evaluated the estimated useful lives of the capital assets for reasonableness and consistency. The resulting depreciation expense computations were reviewed for reasonableness in relation to the financial statements taken as a whole.

Deferred inflows (outflows) of Resources

Management's estimate of the deferred inflows (outflows) of resources is based evaluations as to whether the resources are available to pay current liabilities or if the Town had completed the earning process. We evaluated the key factors and assumptions used to develop the deferred inflows (outflows) of resources balances in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

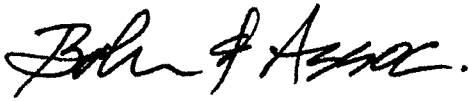
Other Matters

We applied certain limited procedures to the Schedule of Net Pension Liability, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

A handwritten signature in black ink, appearing to read "Bob F. Asano".

October 30, 2018

