

City of Angels | Angels Camp, CA

Financial Statements

For the Year Ended June 30, 2023



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Angels, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Angels, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of proportionate share of net pension liability, the schedule of contributions, and schedule of changes in net OPEB liability, on pages 48 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Angels basic financial statements. The accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 July 30, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
July 30, 2024

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ANGELS | JUNE 30, 2023

Statement of Net Position

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 7,799,107	\$ 16,094,150	\$ 23,893,257
Accounts receivable	12,943	520,050	532,993
Due from other governments	1,119,026	-	1,119,026
Taxes receivable	376,263	-	376,263
Interest receivable	311,657	-	311,657
Prepaid expenses	62,230	26,877	89,107
Inventory	36,762	-	36,762
Loans receivable	742,443	-	742,443
Lease receivable	282,812	-	282,812
Capital assets, net of accumulated depreciation	<u>10,973,832</u>	<u>14,291,122</u>	<u>25,264,954</u>
 Total assets	 <u>21,717,075</u>	 <u>30,932,199</u>	 <u>52,649,274</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	2,248,970	765,210	3,014,180
Deferred outflows from OPEB	<u>182,074</u>	<u>341,876</u>	<u>523,950</u>
 Total deferred outflows of resources	 <u>2,431,044</u>	 <u>1,107,086</u>	 <u>3,538,130</u>
LIABILITIES			
Accounts payable	322,846	123,760	446,606
Accrued expenses	82,663	-	82,663
Due to other agencies	25,088	-	25,088
Retainage	184,511	-	184,511
Deposit liability	810	62,701	63,511
Accrued wages	68,088	-	68,088
Accrued interest payable	-	21,408	21,408
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	92,127	18,211	110,338
Long-term debt	4,256	272,096	276,352
Portion due or payable after one year:			
Compensated absences	3,582	24,533	28,115
Long-term debt	-	2,462,205	2,462,205
Net pension liability	5,138,243	1,849,950	6,988,193
Net OPEB liability	<u>707,673</u>	<u>1,328,907</u>	<u>2,036,580</u>
 Total liabilities	 <u>6,629,887</u>	 <u>6,163,771</u>	 <u>12,793,658</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	270,386	183,428	453,814
Deferred inflows from OPEB	1,058,764	1,988,039	3,046,803
Deferred inflows from leases	<u>262,793</u>	<u>-</u>	<u>262,793</u>
 Total deferred inflows of resources	 <u>1,591,943</u>	 <u>2,171,467</u>	 <u>3,763,410</u>
NET POSITION			
Net investment in capital assets	10,969,576	11,556,821	22,526,397
Restricted	3,421,219	-	3,421,219
Unrestricted	<u>1,535,494</u>	<u>12,147,226</u>	<u>13,682,720</u>
 Total net position	 <u>\$ 15,926,289</u>	 <u>\$ 23,704,047</u>	 <u>\$ 39,630,336</u>

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

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Statement of Activities

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary government:							
Governmental activities:							
General government	\$ 755,907	\$ 387,206	\$ 5,679	\$ -	\$ (363,022)	\$ -	\$ (363,022)
Public safety	2,687,201	90,556	10,226	626,588	(1,959,831)	-	(1,959,831)
Public works	1,329,912	323,300	1,161,146	204,240	358,774	-	358,774
Community services/recreation	521,279	-	76,819	26,409	(418,051)	-	(418,051)
Interest on long-term debt	(602)	-	-	-	602	-	602
Total governmental activities	5,293,697	801,062	1,253,870	857,237	(2,381,528)	-	(2,381,528)
Business-type activities:							
Water	1,210,857	1,903,303	-	5,475	-	697,921	697,921
Sewer	2,344,789	3,242,025	-	-	-	897,236	897,236
Total business-type activities	3,555,646	5,145,328	-	5,475	-	1,595,157	1,595,157
Total primary government	\$ 8,849,343	\$ 5,946,390	\$ 1,253,870	\$ 862,712	(2,381,528)	1,595,157	(786,371)
General revenues:							
Taxes:							
Property taxes					730,316	-	730,316
Sales and use tax					1,887,485	-	1,887,485
Transient occupancy tax					1,308,455	-	1,308,455
Franchise tax					193,950	-	193,950
Motor vehicle in lieu tax					331,805	-	331,805
Business license and permits					35,245	-	35,245
Rents					60,167	-	60,167
Other income					15,786	-	15,786
Sales of assets					847,080	-	847,080
Investment income					208,190	251,212	459,402
Total general revenues					5,618,479	251,212	5,869,691
Changes in net position					3,236,951	1,846,369	5,083,320
Net position - beginning (restated)					12,689,338	21,857,678	34,547,016
Net position - ending					<u>\$ 15,926,289</u>	<u>\$ 23,704,047</u>	<u>\$ 39,630,336</u>

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

FUND FINANCIAL STATEMENTS

CITY OF ANGELS | JUNE 30, 2023

Governmental Funds

Balance Sheet

	General Fund	Special Revenue Fund	Capital Projects Fund	Other Nonmajor Funds	Total Governmental Funds
		Local Transportation	Major Capital Projects Fund		
ASSETS					
Cash and investments	\$ 4,068,558	\$ -	\$ 304,936	\$ 3,425,613	\$ 7,799,107
Receivables:					
Accounts	12,943	-	-	-	12,943
Due from other governments	446,559	172,364	414,795	85,308	1,119,026
Taxes	376,263	-	-	-	376,263
Interest	110,063	-	-	201,594	311,657
Leases	282,812	-	-	-	282,812
Inventory	36,762	-	-	-	36,762
Prepaid expense	62,230	-	-	-	62,230
Due from other funds	629,245	-	-	-	629,245
Loans/notes receivable	19,885	-	-	722,558	742,443
Total assets	\$ 6,045,320	\$ 172,364	\$ 719,731	\$ 4,435,073	\$ 11,372,488
LIABILITIES					
Accounts payable	\$ 173,319	\$ 9,450	\$ 75,020	\$ 65,057	\$ 322,846
Accrued expenses	82,663	-	-	-	82,663
Due to other agency	25,088	-	-	-	25,088
Retainage	184,511	-	-	-	184,511
Deposit liability	810	-	-	-	810
Accrued wages	68,088	-	-	-	68,088
Due to other funds	-	561,109	-	68,136	629,245
Total liabilities	534,479	570,559	75,020	133,193	1,313,251
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - unavailable	-	-	7,675	201,594	209,269
Deferred inflows - leases	262,793	-	-	-	262,793
Total deferred inflows of resources	262,793	-	7,675	201,594	472,062
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid expenses	62,230	-	-	-	62,230
Long-term receivables	19,885	-	-	722,558	742,443
Restricted for:					
Public safety	-	-	-	252,222	252,222
Buildings, grounds and parks	-	-	-	77,097	77,097
Street construction and maintenance	-	-	-	1,834,941	1,834,941
Community development	-	-	-	1,256,959	1,256,959
Assigned to:					
Subsequent year budget deficit	756,826	-	-	-	756,826
Capital projects	-	-	637,036	-	637,036
Unassigned	4,409,107	(398,195)	-	(43,491)	3,967,421
Total fund balances	5,248,048	(398,195)	637,036	4,100,286	9,587,175
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,045,320	\$ 172,364	\$ 719,731	\$ 4,435,073	\$ 11,372,488

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

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

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

Total fund balances - governmental funds	\$ 9,587,175
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds.	10,973,832
Certain revenues received after 180 days from the end of the fiscal year are recorded as deferred revenue in the funds and as revenues in the government-wide statement.	209,269
Deferred outflows and inflows of resources are reported in the Statement of Net Position, but are not recognized in the governmental funds:	
Deferred outflow of resources related to pensions and OPEB	2,431,044
Deferred inflows of resources related to pensions and OPEB	(1,329,150)
Certain amounts have been recorded as OPEB and pension liability, deferred outflows and deferred inflows of resources that are not due and payable and not reported in the funds.	(5,845,916)
Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(99,965)</u>
Net position of governmental activities	<u>\$ 15,926,289</u>

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

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Fund		Capital Projects Fund		Other Nonmajor Funds	Total Governmental Funds
	General Fund	Local Transportation	Major Capital Projects Fund			
REVENUES						
Taxes	\$ 3,818,748	\$ -	\$ -	\$ 650,658	\$ 4,469,406	
Licenses and permits	514,583	-	-	-	514,583	
Intergovernmental	531,639	1,104,104	549,795	-	2,185,538	
Fines, forfeitures and penalties	40,301	-	-	-	40,301	
Charges for current services	73,388	-	-	-	73,388	
Use of money and property	173,574	-	-	21,472	195,046	
Other	7,860	-	-	643,125	650,985	
Developer contributions	-	-	-	426,464	426,464	
Investment Income	-	-	-	60,235	60,235	
Total revenues	5,160,093	1,104,104	549,795	1,801,954	8,615,946	
EXPENDITURES						
Current:						
General government	1,319,323	-	-	5,508	1,324,831	
Public ways and facilities/transportation	946,996	-	1,900	6,099	954,995	
Public safety	3,008,056	-	-	-	3,008,056	
Community development	53,925	-	-	427,920	481,845	
Debt service:						
Interest	480	-	-	-	480	
Capital outlay	206,989	548,534	723,220	168,776	1,647,519	
Total expenditures	5,535,769	548,534	725,120	608,303	7,417,726	
Excess (deficiency) of revenues over (under) expenditures	(375,676)	555,570	(175,325)	1,193,651	1,198,220	
OTHER FINANCING SOURCES (USES)						
Sales of assets	-	-	847,080	-	847,080	
Operating transfers in	543,950	-	-	-	543,950	
Operating transfers out	-	-	-	(543,950)	(543,950)	
Total other financing sources (uses)	543,950	-	847,080	(543,950)	847,080	
Net change in fund balances	168,274	555,570	671,755	649,701	2,045,300	
Fund balances - beginning (restated)	5,079,774	(953,765)	(34,719)	3,450,585	7,541,875	
Fund balances - ending	\$ 5,248,048	\$ (398,195)	\$ 637,036	\$ 4,100,286	\$ 9,587,175	

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

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

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

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

Net change in fund balances - total governmental funds \$ 2,045,300

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, the amounts below represent the capital outlay portion that was capitalized for the government-wide financial statements:

Capital expenditures	1,878,419
Depreciation and amortization expense	(443,146)
Disposal of assets	(285,815)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of debt principal are reported as expenditures in the governmental funds. The repayment of debt principal reduces long-term liabilities in the Statement of Net Position:

Payment of finance purchase payable	7,256
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Changes to compensated absences 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. (9,210)

Interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. 1,082

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (932,379)

Changes to net other post employment benefit (OPEB) liability and OPEB related deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 1,379,679

Changes to net pension liability and pension related deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (404,235)

Change in net position of governmental activities \$ 3,236,951

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

CITY OF ANGELS | JUNE 30, 2023

Proprietary Funds

Statement of Net Position

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and investments	\$ 9,454,630	\$ 6,639,520	\$ 16,094,150
Receivables:			
Accounts, net of allowance	207,858	312,192	520,050
Prepaid expense	26,877	-	26,877
Total current assets	<u>9,689,365</u>	<u>6,951,712</u>	<u>16,641,077</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	68,965	47,550	116,515
Construction in progress	389,887	441,870	831,757
Depreciable, net of accumulated depreciation	<u>1,043,103</u>	<u>12,299,747</u>	<u>13,342,850</u>
Total noncurrent assets	<u>1,501,955</u>	<u>12,789,167</u>	<u>14,291,122</u>
Total assets	<u>11,191,320</u>	<u>19,740,879</u>	<u>30,932,199</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	410,937	354,273	765,210
Deferred outflows from OPEB	<u>159,647</u>	<u>182,229</u>	<u>341,876</u>
Total deferred outflows of resources	<u>570,584</u>	<u>536,502</u>	<u>1,107,086</u>
LIABILITIES			
Current liabilities:			
Accounts payable	63,700	60,060	123,760
Customer deposits	29,989	32,712	62,701
Notes and loans payable	-	272,096	272,096
Compensated absence	8,527	9,684	18,211
Interest payable	-	21,408	21,408
Total current liabilities	<u>102,216</u>	<u>395,960</u>	<u>498,176</u>
Noncurrent liabilities:			
Compensated absences	15,604	8,928	24,532
Net pension liability	994,239	855,711	1,849,950
Net OPEB liability	620,520	708,387	1,328,907
Long-term debt	-	2,462,205	2,462,205
Total noncurrent liabilities	<u>1,630,363</u>	<u>4,035,231</u>	<u>5,665,594</u>
Total liabilities	<u>1,732,579</u>	<u>4,431,191</u>	<u>6,163,770</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	95,756	87,673	183,429
Deferred inflows from OPEB	<u>928,361</u>	<u>1,059,678</u>	<u>1,988,039</u>
Total deferred inflows of resources	<u>1,024,117</u>	<u>1,147,351</u>	<u>2,171,468</u>
NET POSITION			
Net investment in capital assets	1,501,955	10,054,866	11,556,821
Unreserved	<u>7,503,253</u>	<u>4,643,973</u>	<u>12,147,226</u>
Total net position	<u>\$ 9,005,208</u>	<u>\$ 14,698,839</u>	<u>\$ 23,704,047</u>

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

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Charges for services	\$ 1,884,544	\$ 3,225,446	\$ 5,109,990
Other Income	24,234	-	24,234
Connection fees	-	16,579	16,579
Total operating revenues	<u>1,908,778</u>	<u>3,242,025</u>	<u>5,150,803</u>
Operating expenses:			
Salaries and benefits	649,862	723,595	1,373,457
Services and supplies	396,816	558,942	955,758
Operations and Maintenance	44,052	386,583	430,635
Depreciation expense	<u>120,127</u>	<u>603,111</u>	<u>723,238</u>
Total operating expenses	<u>1,210,857</u>	<u>2,272,231</u>	<u>3,483,088</u>
Operating income (loss)	<u>697,921</u>	<u>969,794</u>	<u>1,667,715</u>
Non-operating revenues (expenses)			
Interest income	114,059	137,153	251,212
Interest expense	-	(72,558)	(72,558)
Total non-operating revenues (expenses)	<u>114,059</u>	<u>64,595</u>	<u>178,654</u>
Net income (loss)	811,980	1,034,389	1,846,369
Net position - beginning (restated)	<u>8,193,228</u>	<u>13,664,450</u>	<u>21,857,678</u>
Net position - ending	<u>\$ 9,005,208</u>	<u>\$ 14,698,839</u>	<u>\$ 23,704,047</u>

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

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Funds

Statement of Cash Flows

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,919,136	\$ 3,378,976	\$ 5,298,112
Cash payments to employees	(592,038)	(460,912)	(1,052,950)
Cash payments to suppliers	(437,120)	(1,020,596)	(1,457,716)
Net cash provided by (used for) operating activities	<u>889,978</u>	<u>1,897,468</u>	<u>2,787,446</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Cash received from grants	-	-	-
Other cash payments	-	8,852	8,852
(Loans) repayments to/from other funds	431,960	(431,960)	-
Net cash provided by (used for) non-capital financing activities	<u>431,960</u>	<u>(423,108)</u>	<u>8,852</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(169,713)	(84,052)	(253,765)
Principal paid on long-term debt	(74,468)	(266,992)	(341,460)
Interest paid on capital debt	-	(77,852)	(77,852)
Net cash provided by (used for) capital and related financing activities	<u>(244,181)</u>	<u>(428,896)</u>	<u>(673,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>114,059</u>	<u>137,153</u>	<u>251,212</u>
Net cash provided by (used for) investing activities	<u>114,059</u>	<u>137,153</u>	<u>251,212</u>
Net increase (decrease) in cash and cash equivalents	1,191,816	1,182,617	2,374,433
Cash and cash equivalents - beginning	<u>8,262,814</u>	<u>5,456,903</u>	<u>13,719,717</u>
Cash and cash equivalents - ending	<u>\$ 9,454,630</u>	<u>\$ 6,639,520</u>	<u>\$ 16,094,150</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 697,921	\$ 969,794	\$ 1,667,715
Adjustments to operating income:			
Depreciation expense	120,127	603,111	723,238
Change in assets and liabilities:			
(Increase) decrease in consumer receivables	2,027	12,101	14,128
(Increase) decrease in prepaid expenses	(26,877)	35,828	8,951
(Increase) decrease in pension related deferred outflows of resource	(80,789)	(84,849)	(165,638)
Increase (decrease) in accounts payable	30,625	14,101	44,726
Increase (decrease) in salaries and benefits payable	(11,528)	(12,067)	(23,595)
Increase (decrease) in customer deposits	8,331	(150)	8,181
Increase (decrease) in compensated absences	(6,740)	(4,411)	(11,151)
Increase (decrease) in net pension liability	323,926	155,138	479,064
Increase (decrease) in other post employment benefits	55,771	63,661	119,432
(Increase) decrease in pension related deferred inflows of resources	(222,816)	145,211	(77,605)
Net cash provided by (used for) operating activities	<u>\$ 889,978</u>	<u>\$ 1,897,468</u>	<u>\$ 2,787,446</u>

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

CITY OF ANGELS | JUNE 30, 2023
 Fiduciary Funds
 Statement of Fiduciary Net Position

	Custodial Funds				Total
	Greenhorn Creek			LAFCO Trust Fund	
	School Impact Fees	Assessment District	UWPA Reserve Fund		
ASSETS					
Cash and investments	\$ 86,515	\$ -	\$ 264,208	\$ 266,424	\$ 617,147
Accounts receivable	-	-	45,862	-	45,862
Total assets	86,515	-	310,070	266,424	663,009
LIABILITIES					
Accounts Payable	-	-	-	4,952	4,952
Total liabilities	-	-	-	4,952	4,952
NET POSITION					
Restricted for:					
Greenhorn Creek			-	-	-
Held for benefit of other organizations	86,515	-	310,070	-	396,585
Held in trust for LAFCO	-	-	-	261,472	261,472
Held in trust for OPEB	-	-	-	-	-
Total net position	\$ 86,515	\$ -	\$ 310,070	\$ 261,472	\$ 658,057

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

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

	Custodial Funds				Total
	Greenhorn Creek				
	School Impact Fees	Assessment District	UWPA Reserve Fund	LAFCO Trust Fund	
ADDITIONS					
Contributions	\$ -	\$ -	\$ -	\$ 95,733	\$ 95,733
School impact fees	52,216	-	-	-	52,216
Utility Fee Collections	-	-	456,952	-	456,952
Investment earnings	-	-	-	7,403	7,403
Total additions	<u>52,216</u>	<u>-</u>	<u>456,952</u>	<u>103,136</u>	<u>612,304</u>
DEDUCTIONS					
Administrative costs	-	110,134	-	89,702	199,836
Refunds to property owners	-	591,046	-	-	591,046
Distribution of school fees	-	-	490,000	-	490,000
Total deductions	<u>-</u>	<u>701,180</u>	<u>490,000</u>	<u>89,702</u>	<u>1,280,882</u>
Net increase (decrease) in fiduciary net position	52,216	(701,180)	(33,048)	13,434	(668,578)
Net position - beginning (restated)	<u>34,299</u>	<u>701,180</u>	<u>343,118</u>	<u>248,038</u>	<u>1,326,635</u>
Net position - ending	<u>\$ 86,515</u>	<u>\$ -</u>	<u>\$ 310,070</u>	<u>\$ 261,472</u>	<u>\$ 658,057</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Angels, California (the City) have been prepared in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the acceptable standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated in 1912 as a municipal corporation operating under the general laws of the State of California. The City operates under a Council-Manager form of government and provides services including general government, public works, public safety, water, sewer, building inspections, public improvements, planning and zoning, and parks and recreation. Control or dependence is determined on the basis of budget adoption, selection of governing authority and designation of management, outstanding debt secured by revenues or general obligations of the City and ability to significantly influence operations.

The financial reporting entity, as defined by the GASB, consists of the primary government, the City, organizations for which the primary government is financially accountable, and any other organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or complete.

B. Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from sales tax is recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The City considers property taxes available if they are collected within 60 days after year-end. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

When applicable, the City reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, deferred revenue is removed from the combined balance sheet and revenue is recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

When applicable, the City reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the occurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the primary government (the City) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the City. 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 charged to external parties.

The Statement of Activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in separate columns. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

The City reports the following major governmental funds:

General Fund – This fund accounts for all financial resources not required to be accounted for in another fund. This fund consists primarily of general government-type activities.

Local Transportation Fund – This fund accounts for financial resources that support a wide range of transportation-related projects and initiatives within our community. Funded through a combination of state and local sources, the LTF is primarily used to finance pedestrian and bicycle facilities, street and road maintenance, and other transportation infrastructure improvements.

Major Capital Projects Fund – This fund accounts for the financial resources accumulated for the acquisition and construction of capital projects.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major enterprise funds:

Water and Sewer Funds – Account for the operation of the City’s water and sewer utilities. Activities of these funds include administration, operating and maintenance of the water and sewer systems and billing and collection activities. The funds also accumulate resources for and payment of long-term debt principal and interest. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

The City reports the following fiduciary fund types:

Custodial Funds – Account for assets held by the City as an agent for individuals, private organizations, and other governments.

D. Use of Estimates

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

E. Cash and Investments

For the purpose of the statement of cash flows, the City considers cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of change in value because of changes in interest rates.

Restricted cash and unrestricted pooled cash and investments held by the City are considered cash equivalents for purposes of the Combined Statement of Cash Flows because the City’s cash management pool and funds invested by the City possess the characteristics of demand deposit accounts.

F. Accounts Receivable

Accounts receivable are recorded for services provided to individual or non-governmental entities that are billed but unpaid. Proprietary Fund receivables are shown net of allowance for uncollectible accounts.

G. Capital Assets

Capital assets, recorded at historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful lives of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings and improvements	20-40 years
Plant system	20-60 years
Equipment and machinery	5-10 years
Infrastructure	40 years

H. Software Subscription Arrangements

The city has subscriptions for various information technology applications. The city recognizes subscription-based information technology arrangement (SBITA) liabilities and intangible right-to-use software arrangement assets in the government-wide financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). At the commencement of a subscription arrangement, the city initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of the payments made. The Intangible Right-to-Use Software Arrangement asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the commencement of the subscription term. Subsequently, the intangible right-to-use software arrangement asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the city determines (1) the rate it uses to discount the expected SBITA payments to present value, (2) the SBITA term, and (3) the SBITA payments.

- The city uses the interest rate charged by the SBITA vendors as the discount rate. When the interest rate charged by the SBITA vendors is not provided, the city generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the non-cancellable period of the arrangement. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments made during the subscription term.

The city monitors changes in circumstances that would require a remeasurement of its SBITA liability and related asset and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the Statement of Net Position. Payments made on the SBITA liability are reported as debt service expenditures within the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Tax

Calaveras County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is levied each July 1 on the assessed values of the prior January 1 for all real or personal property located in the City. Property sold after the assessment date (January 1) is reassessed and the amount of property tax levied is prorated.

Secured property taxes are due in two equal installments; the first is due November 1 and delinquent with penalties after April 10. Unsecured property tax is levied on July 1 and due on July 31 and becomes delinquent on August 31.

Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the City, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on the related delinquent taxes.

J. Balance Sheet Classifications

Certain resources are classified as restricted assets as their use is restricted for specific purposes by bond agreements, lease agreements, trust agreements, grant agreements, City Charter provisions, or other requirements. Governmental fund types of restricted assets are for future payments of other post-retirement employment benefits. Proprietary fund type restricted assets are for grant/bond reserve requirements and future payments of other post-employment benefits.

K. Pensions

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

L. Compensated Absences

City employees accumulate vacation pay in varying amounts as services are provided. All outstanding vacation pay is payable upon termination of employment. In the governmental funds, the amount of vacation pay recognized during the year is the amount liquidated with expendable available financial resources. In the Proprietary Funds, the amount of vacation pay recognized is the amount earned during the year.

City employees accrue sick leave in varying amounts as services are provided. Sick leave benefits do not vest with employees. Unused sick leave shall be accumulated from year to year. Upon retirement, unused sick leave may be credited as service time as provided in the City's contract with PERS.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Intergovernmental Revenues

Federal and state governments reimburse the City for costs incurred on certain fixed asset construction projects under capital grant agreements. Amounts claimed under such grants are credited to intergovernmental revenues if the project is being administered by a Capital Projects Fund. Additionally, the City receives reimbursement from federal and state governments for other programs, such as housing and rehabilitation. These reimbursements are recorded in the fund administering the program as intergovernmental revenues with the related program costs included in expenditures.

The respective grant agreements generally require the City to maintain accounting records and substantiating evidence to determine if all costs incurred and claimed are proper and that the City is in compliance with other terms of the grant agreements. These records are subject to audit by the appropriate government agency. Any amounts disallowed will reduce future claims or be directly recovered from the City.

N. Net Position

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

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

Restricted – Consists of net position with constraints on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.

Unrestricted – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

O. Fund Balances

As prescribed by GASB Statement No. 54, governmental fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2023, fund balances for governmental funds are made up of the following:

Nonspendable – includes amounts that are a) not in spendable form, or b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted – includes amounts that can be spent for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

Assigned – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by 1) the City Council or 2) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, that fund would report a negative unassigned fund balance.

P. Leases

Lessee: The City recognizes lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for noncancellable leases of various city owned properties. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Leases (Continued)

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

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

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

Q. Encumbrances

The City does not use encumbrance accounting.

R. Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as cash and investments. Unless otherwise dictated by legal or contractual requirements, income earned or losses arising from the investment of pooled cash are allocated on a quarterly basis to the participating funds and component units based on their proportionate shares of the average quarterly cash balance. The City maintains “restricted cash and investments”.

Cash and investments at June 30, 2023 are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 7,799,107	\$ 16,094,150	\$ 45,862	\$ 23,939,119
Cash and investments consist of the following as of June 30, 2023:				
Cash on hand		\$ 850		
Deposits with financial institutions		640,462		
Investments		23,297,807		
Total cash and investments		\$ 23,939,119		

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. Investments Authorized by the California Government Code and the Entity’s Investment Policy

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

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Investment pools authorized under CA Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of all investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investment maturity:

Investment Type	Remaining Maturity (in Months)				
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Month
Local Agency Investment Fund	\$ 6,370,203	\$ 6,370,203	\$ -	\$ -	\$ -
Money Market	6,927,604	6,927,604	-	-	-
Certificates of Deposits	10,000,000	10,000,000	-	-	-
Total	\$ 23,297,807	\$ 23,297,807	\$ -	\$ -	\$ -

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Disclosures Relating to Credit Risk

Investment Type	Total	Rating as of Year-End		
		AAA	AAAm	Not Rated
Local Agency Investment Fund	\$ 6,370,203	\$ -	\$ -	\$ 6,370,203
Money Market	6,927,604	-	-	6,927,604
Certificates of Deposits	10,000,000	-	-	10,000,000
Total	\$ 23,297,807	\$ -	\$ -	\$ 23,297,807

D. Concentrations of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are not investments to one issuer exceeding those limits.

E. 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 deposit 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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; the California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair 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 the City’s deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2023, the City’s deposits balance was \$747,987 and the carrying amount was \$653,625. The difference between the bank balance and the carrying amount was due to outstanding checks and deposits in transit. Of the bank balance \$250,000 was covered by the Federal Depository Insurance or by collateral held in the pledging bank’s trust department in the City’s name and the remaining balance was collateralized with pledged securities.

F. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amount based upon the City’s pro-rata share of the amortized cost provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in LAIF in the amount of \$6,370,203. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the City’s position in the pool.

NOTE 3 – CAPITAL ASSETS

Capital asset activity of the governmental activities for the year ended June 30, 2023 was as follows:

	Restated Balance			Balance
	July 1, 2022	Additions	Reductions	June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 1,001,602	\$ 630,856	\$ (285,815)	\$ 1,346,643
Construction in progress	6,306,642	792,133	-	7,098,775
Total capital assets, not being depreciated	<u>7,308,244</u>	<u>1,422,989</u>	<u>(285,815)</u>	<u>8,445,418</u>
Capital assets, being depreciated:				
Buildings and improvements	1,063,912	71,921	-	1,135,833
Equipment and vehicles	2,368,523	351,518	-	2,720,041
Infrastructure	3,932,472	31,990	-	3,964,462
Total capital assets, being depreciated	<u>7,364,907</u>	<u>455,429</u>	<u>-</u>	<u>7,820,336</u>
Less accumulated depreciation for:				
Buildings and improvements	(786,124)	(17,857)	-	(803,981)
Equipment and vehicles	(1,717,264)	(253,099)	-	(1,970,363)
Infrastructure	(2,345,388)	(172,190)	-	(2,517,578)
Total accumulated depreciation	<u>(4,848,776)</u>	<u>(443,146)</u>	<u>-</u>	<u>(5,291,922)</u>
Total capital assets being depreciated, net	<u>2,516,131</u>	<u>12,283</u>	<u>-</u>	<u>2,528,414</u>
Governmental activities capital assets, net	<u>\$ 9,824,375</u>	<u>\$ 1,435,272</u>	<u>\$ (285,815)</u>	<u>\$ 10,973,832</u>

Depreciation expense was charged to the following functions/programs of the governmental activities of the primary government as follows:

Governmental Activities:	
General government	\$ 202,920
Public safety	217,358
Streets and roads	<u>22,868</u>
 Total depreciation expense - governmental activities	 <u>\$ 443,146</u>

NOTE 3 – CAPITAL ASSETS (Continued)

Capital assets activity of the business-type activities ended June 30, 2023 was as follows:

Business-type activities	Restated Balance			Balance June 30, 2023
	July 1, 2022	Additions	Reductions	
Capital assets, not being depreciated:				
Land	\$ 116,515	\$ -	\$ -	\$ 116,515
Construction in progress	<u>729,634</u>	<u>102,123</u>	<u>-</u>	<u>831,757</u>
Total capital assets, not being depreciated	<u>846,149</u>	<u>102,123</u>	<u>-</u>	<u>948,272</u>
Capital assets, being depreciated:				
Buildings and improvements	22,675,045	-	-	22,675,045
Equipment	1,480,021	151,642	-	1,631,663
Site improvements	<u>4,428,037</u>	<u>-</u>	<u>-</u>	<u>4,428,037</u>
Total capital assets, being depreciated	<u>28,583,103</u>	<u>151,642</u>	<u>-</u>	<u>28,734,745</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,711,112)	(547,541)	-	(11,258,653)
Equipment	(1,346,535)	(61,869)	-	(1,408,404)
Site improvements	<u>(2,611,010)</u>	<u>(113,828)</u>	<u>-</u>	<u>(2,724,838)</u>
Total accumulated depreciation	<u>(14,668,657)</u>	<u>(723,238)</u>	<u>-</u>	<u>(15,391,895)</u>
Total capital assets being depreciated, net	<u>13,914,446</u>	<u>(571,596)</u>	<u>-</u>	<u>13,342,850</u>
Business-type activities capital assets, net	<u>\$ 14,760,595</u>	<u>\$ (469,473)</u>	<u>\$ -</u>	<u>\$ 14,291,122</u>

Depreciation expense was charged to the following functions/programs of the business-type activities of the City as follows:

Business-Type Activities:	
Water	\$ 120,127
Sewer	<u>603,111</u>
Total depreciation expense - business-type activities	<u>\$ 723,238</u>

NOTE 4 – LOANS/NOTES RECEIVABLE

Loans receivable in the amount of \$722,558 reported in the nonmajor governmental funds consisted of mortgage loans for housing and property rehabilitation and construction.

The City entered into a promissory note receivable in the amount of \$49,644 effective September 1, 2017 and payable in 36 monthly installments of \$500. After the initial 36 monthly payments interest of 3.25% will start accruing on the remaining balance of \$41,644 which will be payable in 60 payments of \$752.92 due on the first of each month. The following is a schedule of payments due for the period of the promissory note:

Year Ending June 30	Principal	Interest	Total
2024	\$ 8,502	\$ 556	\$ 9,058
2025	8,782	276	9,058
2026	<u>2,601</u>	<u>28</u>	<u>2,629</u>
Total	<u>\$ 19,885</u>	<u>\$ 860</u>	<u>\$ 20,745</u>

NOTE 5 – LEASES

In 2017, the City began leasing one of its buildings to a third party. The initial lease agreement was for five years and has been renewed to extend through 2033. Under the terms of the lease, the city will receive monthly payments of \$2,515. As of June 30, 2023, the City’s receivable for lease payments was \$270,680 and the related deferred inflow of resources was \$229,903.

In 2020, the City began leasing one of its buildings to a third party for five years. The City will receive monthly payments of \$783 under the terms of the lease. As of June 30, 2023, the City’s receivable for lease payments was \$18,890 and the balance of the deferred inflow of resources was \$18,805.

In 2020, the City began leasing a parcel of land to a third party for five years. The City will receive annual payments of \$7,500 under the terms of the lease. As of June 30, 2023, the City’s receivable for lease payments was \$14,299 and the balance of the deferred inflow of resources was \$14,085.

The city recognized \$36,289 in lease revenue and \$10,646 in interest revenue during the current fiscal year related to these leases.

A summary of maturity for lease receivables for the fiscal year ended June 30, 2023 is as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 38,424	\$ 8,727	\$ 47,151
2025	39,688	7,463	47,151
2026	25,573	6,253	31,826
2027	24,806	5,454	30,260
2028	25,625	4,636	30,261
2029-2033	<u>128,696</u>	<u>6,206</u>	<u>134,902</u>
Total	<u>\$ 282,812</u>	<u>\$ 38,739</u>	<u>\$ 321,551</u>

NOTE 6 – LONG-TERM LIABILITIES

A summary of the changes in the City’s long-term liabilities reported in the governmental activities column of the government-wide financial statements for the year ended June 30, 2023:

	Balance 7/1/2022	Additions	Retirements/ Adjustments	Balance 6/30/2023	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 86,499	\$ 71,385	\$ (62,175)	\$ 95,709	\$ 92,127	\$ 3,582
Finance purchases	11,512	-	(7,256)	4,256	4,256	-
Total	\$ 98,011	\$ 71,385	\$ (69,431)	\$ 99,965	\$ 96,383	\$ 3,582

Long-term debt payable at June 30, 2023 was comprised of the following individual issue:

A. Finance Purchases

Vehicle Finance Purchases

In November 2018, the City entered into an agreement with Municipal Management, Inc. to lease purchase one police vehicle in the amount of \$31,512. The lease is secured by the related property. The City will make 60 monthly payments of \$605 each with interest at 5.70%. All remaining amounts are due and payable in the year-ended June 30, 2024.

Business-Type Activities

A summary of the changes in the City’s long-term business-type liabilities reported in the proprietary funds statement of net position and the business-type activities column of the government-wide financial statements for the year ended June 30, 2023:

	Balance 7/1/2022	Additions	Retirements/ Adjustments	Balance 6/30/2023	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 53,895	\$ 31,392	\$ (42,543)	\$ 42,744	\$ 18,211	\$ 24,533
Dept. of Water Resources note payable	74,468	-	(74,468)	-	-	-
Dept. of Water Resources revolving loan	136,449	-	(14,565)	121,884	15,929	105,955
Loan payable	2,864,844	-	(252,427)	2,612,417	256,167	2,356,250
Total	\$ 3,129,656	\$ 31,392	\$ (384,003)	\$ 2,777,045	\$ 290,307	\$ 2,486,738

NOTE 6 – LONG-TERM LIABILITIES (Continued)

B. 2017 Refinancing Loan Agreement

On May 4, 2017, the City borrowed \$4,043,725 to refund the United States Department of Agriculture Rural Development Loan. The semi-annual payments are due on September 1 and March 1 each year and the loan matures on March 1, 2032. The loan is considered a direct placement under GASB88 and under certain conditions such as nonpayment, may be considered immediately due and payable. The loan calls for annual payments between \$326,027 and \$331,102 and carries a 2.73% interest rate as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 259,907	\$ 62,399	\$ 322,306
2025	267,379	55,048	322,427
2026	274,841	47,494	322,335
2027	282,295	39,737	322,032
2028	289,740	31,776	321,516
2029-2032	<u>1,238,255</u>	<u>45,502</u>	<u>1,283,757</u>
Total	<u>\$ 2,612,417</u>	<u>\$ 281,956</u>	<u>\$ 2,894,373</u>

C. State of California Department of Water Resources Revolving Loan

The City entered into a revolving loan agreement with the State of California Department of Water Resources in March 2011. The agreement provides for a loan of up to \$3,372,800 for sewer system upgrades. Upon project completion \$3,086,400 of this loan was forgiven through the receipt of a federal grant in the same amount. The final loan of \$286,400 bears interest at 1% per annum with repayment beginning September 1, 2011 over a twenty-year period. The loan is considered a direct placement under GASB88 and under certain conditions such as nonpayment, may be considered immediately due and payable. The note calls for annual payments of \$15,959 including interest at 1% until September 2030 as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 14,710	\$ 1,219	\$ 15,929
2025	14,857	1,072	15,929
2026	15,006	923	15,929
2027	15,156	773	15,929
2028	15,308	622	15,930
2029-2031	<u>46,847</u>	<u>940</u>	<u>47,787</u>
Total	<u>\$ 121,884</u>	<u>\$ 5,549</u>	<u>\$ 127,433</u>

NOTE 7 – DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire between the ages 50 and 57, dependent upon the individual plan criteria, 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.

The Plans’ provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Miscellaneous 1st Tier</u>	<u>Miscellaneous PEPR A</u>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.70% @ 55	2.00% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-57
Monthly benefits, as a % of eligible compensation	2.00% to 2.70%	1.00% to 2.50%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	14.03%	7.47%
	<u>Safety Police 1st Tier</u>	<u>Safety PEPR A Police</u>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.00% @ 50	2.70% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.00% to 2.70%
Required employee contribution rates	9.00%	13.00%
Required employer contribution rates	22.47%	12.78%
	<u>Safety Fire 1st Tier</u>	<u>Safety PEPR A Fire</u>
Hire date	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	2.00% @ 55	2.70% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50-57
Monthly benefits, as a % of eligible compensation	1.426% to 2.00%	2.00% to 2.70%
Required employee contribution rates	9.00%	10.00%
Required employer contribution rates	14.74%	10.80%

NOTE 7 – DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$2,113,954 for the fiscal year ended June 30, 2023.

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer rates for all public employers are 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 CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The City’s contributions to the plan recognized as a part of pension expense for the year ended June 30, 2023 were \$765,297.

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

As of June 30, 2023, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Plans	\$ 4,159,994
Safety Plans	\$ 2,828,199

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability as of June 30, 2021 and 2022 was as follows:

	<u>Miscellaneous Plans</u>	<u>Safety Plans</u>
Proportion - June 30, 2021	0.10703%	0.04445%
Proportion - June 30, 2022	0.08890%	0.04116%
Change - Increase (Decrease)	-0.01813%	-0.00329%

NOTE 7 – DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense of \$60,402. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 863,853	\$ -
Changes of assumptions	711,446	-
Differences between actual and expected experience	200,590	86,664
Net differences between projected and actual earnings on retirement plan investments	1,208,612	-
Changes in employer's proportion	29,679	25,621
Differences between the employer's actual contributions and the employer's proportionate share of contributions	<u>-</u>	<u>341,529</u>
 Total	 <u>\$ 3,014,180</u>	 <u>\$ 453,814</u>

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

Year Ending June 30		
2024	\$	408,605
2025		353,700
2026		195,700
2027		738,508
2028		-
Thereafter		-

NOTE 7 – DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (Continued)

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry- Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽²⁾

⁽¹⁾ Net of pension plan investment expenses, including inflation

⁽²⁾ The mortality table was developed based on CalPERS specific data.
The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2020.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

D. Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated 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.

NOTE 7 – DEFINED BENEFIT PENSION COST-SHARING EMPLOYER PLAN (Continued)

D. Discount Rate (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. 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+ 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 adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class (a)</u>	<u>New Strategic Allocation</u>	<u>Real Return(a,b)</u>
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5%	-0.59%

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

(b) Figures are based on the 2021 Asset Liability Management study.

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

The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than that current rate:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	5.90%	6.90%	7.90%
Miscellaneous Plans	\$ 6,269,081	\$ 4,159,994	\$ 2,424,739
Safety Plans	\$ 4,203,852	\$ 2,828,199	\$ 1,703,914

F. Pension Plan Fiduciary Net Position

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

G. Payable to the Pension Plan

The City had \$21,525 of outstanding contributions payable to the pension plan as of June 30, 2023.

NOTE 8 – POST-RETIREMENT HEALTHCARE BENEFITS

A. Plan Description

City of Angels Camp (City) Post-Retirement Healthcare Plan is a single-employer defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits only to eligible retirees and their eligible dependents. The City approved post-retirement health insurance benefits for all of its employees under the Public Employee’s Medical and Hospital Care Act (PEMHCA).

B. Benefits Provided

The City Council passed a resolution to establish health benefit vesting requirements for future retirees under public employees’ medical and hospital care act. For full time employees, if additional conditions are satisfied, the City contributes greater amounts, instead of the minimum employer contributions (MEC) whereas a) if an employee retired prior to July 1, 2009 and met eligibility requirements in effect at that time, the City contributes 50% of PERS select premium for the retiree and spouse for their lifetime, or b) an employee who is hired full time by the City of Angels Camp for 5 years or longer prior to July 1, 2009 or 10 years or longer after July 1, 2009 and who has met other vesting requirements, shall receive up to a maximum 50% of the health benefit for the retiree lifetime only.

C. Funding Policy

The contribution requirements of plan members and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. As of June 30, 2022 the City Council approved the public Agency Retirement Services (PARS) irrevocable trust to fund the OPEB obligation.

D. Plan Membership

At the OPEB liability measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	15
Active employees	<u>29</u>
Total	<u><u>44</u></u>

Net OPEB Liability

At June 30, 2023, the City reported a net OPEB liability of \$2,036,580. The net OPEB liability was measured from July 1, 2022 to June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2022.

NOTE 8 – POST-RETIREMENT HEALTHCARE BENEFITS (Continued)

E. Actuarial Methods and Assumptions

The City’s Net OPEB Liability was measured as of June 30, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022 to June 30, 2023
Actuarial Assumptions:	
Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair value of assets
Discount Rate	4.17%
Inflation rate	2.80%
Salary increase	3.00%
Healthcare trend rates	3.94% to 6.50%
Investment Rate of Return	5.25%, net of OPEB plan investment expense

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return</u>
Broad U.S. Equity	30%	4.40%
U.S. Fixed	65%	1.80%
Cash Equivalents	5%	0.20%

F. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e., fair value of Plan assets), and the net OPEB liability during the measurement period ended June 30, 2023.

Total OPEB Liability	
Service cost	\$ 182,289
Interest	94,009
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	11,873
Benefits payments, including refunds*	(92,700)
Net change in total OPEB liability	195,471
Total OPEB liability - beginning (a)	2,129,320
Total OPEB liability - ending (b)	\$ 2,324,791
Plan fiduciary net position	
Contributions - employer	\$ 92,700
Net investments income (loss)	13,856
Benefit payments ¹	(92,700)
Administrative expense	(1,422)
Net change in plan fiduciary net position	12,434
Plan fiduciary net position - beginning (c)	275,777
Plan fiduciary net position - ending (d)	288,211
Net OPEB liability - beginning (a) - (c)	1,853,543
Net OPEB liability - ending (b) - (d)	\$ 2,036,580

¹ Amount includes any implicit subsidy associated with benefits paid.

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

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

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	3.17%	4.17%	5.17%
Net OPEB liability (asset)	\$ 2,389,540	\$ 2,036,580	\$ 1,746,694

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Trend Rate	1% Increase
Net OPEB liability (asset)	\$ 1,671,297	\$ 2,036,580	\$ 2,505,854

NOTE 8 – POST-RETIREMENT HEALTHCARE BENEFITS (Continued)

I. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the City recognized an OPEB credit of \$397,547. OPEB credit represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or methods. At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (929,567)
Changes of assumptions	473,452	(2,117,236)
Net differences between projected and actual earnings on retirement plan investments	468	-
City contributions subsequent to the measurement date	<u>50,029</u>	<u>-</u>
 Total	 <u>\$ 523,949</u>	 <u>\$ (3,046,803)</u>

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

Measurement Period Ending June 30	
2024	\$ (385,049)
2025	(385,049)
2026	(385,049)
2027	(430,679)
2028	(499,250)
Thereafter	<u>(487,807)</u>
 Total	 <u>\$ (2,572,883)</u>

NOTE 9 – DEFERRED INFLOWS OF RESOURCES

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

NOTE 10 – INTERFUND TRANSACTIONS

Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

A. Receivables and Payables

Balances representing lending/borrowing transactions between funds outstanding at the fiscal year end are reported as either “due from/due to other funds” (amounts due within one year), “advances to/from other funds” (non-current portions of interfund lending/borrowing transactions), or “loans to/from other funds” (long-term lending/borrowing transactions evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

	Due from Other Funds	Due to Other Funds
Governmental Funds		
Major Funds:		
General Fund	\$ 629,245	\$ -
Local Transportation Fund	-	561,109
Nonmajor Funds:		
SB2 Housing Grant	-	54,000
Fire Impact Fees	-	14,136
Total	<u>\$ 629,245</u>	<u>\$ 629,245</u>

Interfund transactions for the fiscal year ended June 30, 2023, are summarized as follows:

Transfers	In	Out
Major Funds:		
General Fund	\$ 543,950	\$ -
Nonmajor Funds:		
Gas Tax	-	147,231
Public Safety	-	144,655
TOT Emergency Service	-	120,000
TOT Roads	-	120,000
TOT Tourism	-	7,000
Park Impact Fees	-	5,064
Total	<u>\$ 543,950</u>	<u>\$ 543,950</u>

Transfers to the general fund noted during the year are to cover eligible expenditures reported in the General Fund.

NOTE 11 – JOINT VENTURE – UTICA POWER AUTHORITY

The City of Angels entered into a joint exercise of powers agreement with Union Public Utility District (UPUD) for the purpose of purchasing and operating the Utica/Angels Hydro Electric Projects. Each of the member entities shall be responsible for paying one-half (1/2) of all UPA Project costs and liabilities, including annual operation, maintenance and replacement costs of the Project, and all costs of maintaining the Projects in compliance with requirements of the FERC or other regulatory authorities. The agreement establishes a separate and distinct entity, the Utica Power Authority (UPA). The UPA is not a component unit of the City.

NOTE 12 – RISK MANAGEMENT

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each worker’s compensation claim through the CSJVRMA. The City has the right to receive dividends and the obligation to pay assessments based on a formula which, among other expenses, charges the City’s account for liability losses under \$50,000 and workers’ compensation losses under \$50,000. The CSJVRMA purchases excess reinsurance from \$1,000,000 to \$1,500,000 to the statutory limit.

The CSJVRMA is a consortium of 55 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. Seq. The CSJVMRA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2023 is available at www.cjsvrma.org.

NOTE 13 – DEFICIT FUND BALANCE

The following funds contained a deficit fund balance or net position as of June 30, 2023. Future revenues or transfers from other funds are expected to offset these deficits.

Major Funds:		
Local Transportation Fund	\$	(398,195)
Nonmajor Funds:		
SB2 Housing Grant		(43,491)

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

In the normal course of business, the City is subject to various lawsuits. Defense of lawsuits is typically handled by the City’s insurance carrier and losses, if any, are expected to be covered by insurance.

B. Commitments

During the year ended June 30, 2021, the City entered into an agreement with the Calaveras Visitors Bureau (Bureau) whereby the Bureau leases the museum property from the City for \$1 per year. The City, in turn, agreed to pay the Bureau \$50,000 per year to operate the museum. The Bureau has agreed to use all revenues generated from performance of the services solely for performing the services, maintaining the museum, or making improvements to the museum. The term of the lease is from July 15, 2020 to July 15, 2025.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2023, various misstatements were identified that resulted in a restatement of the city’s opening fund balance and net position. A summary of the original fund balance and net position, including the effects of the correction are noted below.

	Government- Wide	Governmental Funds	
	Governmental Activities	General Fund	Nonmajor Governmental Funds
Fund balance/net position, June 30, 2022, as previously reported	\$ 12,407,329	\$ 5,037,774	\$ 3,440,530
Prior period adjustments:			
Understatement of capital assets	134,127	-	-
Overstatement of unavailable revenues	10,055	-	10,055
Overstatement of other post employment benefits	95,827	-	-
Overstatement of expenses	42,000	42,000	-
Total prior period adjustments	282,009	42,000	10,055
Fund balance/net position, July 1, 2022, as restated	\$ 12,689,338	\$ 5,079,774	\$ 3,450,585

NOTE 15 – PRIOR PERIOD ADJUSTMENTS (Continued)

	Government-		
	Wide	Enterprise Funds	
	Business-type Activities	Water Fund	Sewer Fund
Net position, June 30, 2022, as previously reported	\$ 21,618,882	\$ 8,109,203	\$ 13,509,679
Prior period adjustments:			
Overstatement of capital assets	(66,154)	-	(66,154)
Overstatement of accounts payable	125,000	-	125,000
Overstatement of other post employment benefits	179,950	84,025	95,925
Total prior period adjustments	238,796	84,025	154,771
Net position, July 1, 2022, as restated	\$ 21,857,678	\$ 8,193,228	\$ 13,664,450
		Fiduciary Funds - Custodial	
		School Impact Fees	OPEB Trust Fund
Fiduciary net position, June 30, 2022, as previously reported	\$ -	\$ 275,769	
Prior period adjustments:			
Overstatement of cash and investments	-	(275,769)	
Understatement of revenue	34,299	-	
Total prior period adjustments	34,299	(275,769)	
Fiduciary net position, July 1, 2022, as restated	\$ 34,299	\$ -	

NOTE 16 – FUND RECLASSIFICATION

During the fiscal year ending June 30, 2023, the City reassessed certain funds and identified previously misreported activities. A summary of the reclassified funds is provided below.

Previously Reported as	Reclassified to	Reclassified amount
Utica Power Authority - Special Revenue	UWPA Reserve Fund - Custodial Fund	\$ 343,118
Major Capital Projects Fund	Local Transportation - Special Revenue Fund	(990,121)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedule

General Fund

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property - secured/unsecured	\$ 690,000	\$ 690,000	\$ 730,315	\$ 40,315
Sales	1,302,000	1,302,000	707,386	(594,614)
Transaction and usage tax	960,000	960,000	1,533,121	573,121
Transient occupancy	565,000	565,000	847,926	282,926
Total taxes	3,517,000	3,517,000	3,818,748	301,748
Licenses and permits:				
Business licenses	38,000	38,000	35,245	(2,755)
Building permits	98,500	231,650	285,388	53,738
Franchise fees	192,000	192,000	193,950	1,950
Total licenses and permits	328,500	461,650	514,583	52,933
Intergovernmental:				
Reimbursement - highway sweeping	4,600	4,600	4,622	22
Reimbursement - public safety	75,000	84,620	55,680	(28,940)
Grants	578,952	594,209	471,337	(122,872)
Total intergovernmental	658,552	683,429	531,639	(151,790)
Fines, forfeitures and penalties:				
Parking citations public safety reimbursements	10,400	38,528	40,301	1,773
Total fines, forfeitures and penalties	10,400	38,528	40,301	1,773
Charges for current services:				
Plan checking	50,000	131,740	31,574	(100,166)
Administrative fees	23,200	23,761	27,287	3,526
Other charges for services	11,000	12,500	14,527	2,027
	84,200	168,001	73,388	(94,613)
Use of money and property:				
Interest and investment income	10,000	10,792	113,407	102,615
Rent	45,317	52,087	60,167	8,080
Total use of money and property	55,317	62,879	173,574	110,695
Other:				
Miscellaneous - all others	14,135	14,135	7,860	(6,275)
Total other	14,135	14,135	7,860	(6,275)
Total revenues	4,668,104	4,945,622	5,160,093	214,471

The accompanying notes are an integral part of this statement.

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedule

General Fund

(Continued)

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Current:				
General government:				
City council	36,382	36,382	36,852	(470)
City attorney	75,000	75,000	61,569	13,431
Finance and administration	1,459,105	1,211,849	1,220,902	(9,053)
Total general government	1,570,487	1,323,231	1,319,323	3,908
Public ways and facilities/transportation:				
Engineering	57,360	57,360	41,523	15,837
Building and planning	468,517	486,277	494,412	(8,135)
Public works	457,886	457,886	411,061	46,825
Total public ways and facilities/transportation	983,763	1,001,523	946,996	54,527
Public safety:				
Fire	899,273	900,864	937,581	(36,717)
Police	2,127,411	2,277,780	2,070,475	207,305
Total public safety	3,026,684	3,178,644	3,008,056	170,588
Community development:				
Community support	60,520	90,520	53,925	36,595
Total community development	60,520	90,520	53,925	36,595
Debt service:				
Interest	-	-	480	(480)
Total debt service	-	-	480	(480)
Capital outlay:				
Structures and improvements	-	-	56,911	(56,911)
Equipment	320,153	355,700	150,078	205,622
Total capital outlay	320,153	355,700	206,989	148,711
Total expenditures	5,961,607	5,949,618	5,535,769	413,849
Excess (deficiency) of revenues over (under) expenditures	(1,293,503)	(1,003,996)	(375,676)	628,320
OTHER FINANCING SOURCES (USES)				
Sales of assets	40,000	40,000	-	40,000
Operating transfers in	624,240	726,984	543,950	183,034
Total other financing sources (uses)	664,240	766,984	543,950	223,034
Net change in fund balances	\$ (629,263)	\$ (237,012)	168,274	\$ 851,354
Fund balances - beginning (restated)			5,079,774	
Fund balances - ending			\$ 5,248,048	

The accompanying notes are an integral part of this statement.

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedule

Local Transportation Fund

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental:				
Grants	\$ 178,049	\$ 300,524	\$ 1,104,104	\$ 803,580
Total intergovernmental	<u>178,049</u>	<u>300,524</u>	<u>1,104,104</u>	<u>803,580</u>
 Total revenues	<u>178,049</u>	<u>300,524</u>	<u>1,104,104</u>	<u>803,580</u>
 EXPENDITURES				
Capital outlay:				
Structures and improvements	-	58,413	548,534	(490,121)
Total capital outlay	<u>-</u>	<u>58,413</u>	<u>548,534</u>	<u>(490,121)</u>
 Total expenditures	<u>-</u>	<u>58,413</u>	<u>548,534</u>	<u>(490,121)</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>\$ 178,049</u>	<u>\$ 242,111</u>	<u>555,570</u>	<u>\$ 313,459</u>
 Fund balances - beginning (restated)			<u>(953,765)</u>	
 Fund balances - ending			<u>\$ (398,195)</u>	

The accompanying notes are an integral part of this statement.

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

As required by the laws of the State of California, the City prepares and legally adopts a final balanced operating budget. Public hearings were conducted on the proposed final budget to review all appropriations and the sources of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in financing requirements.

Budgets for the general, special revenue, debt service and capital project funds are adopted on the modified accrual basis of accounting. The budgets for the general and special revenue funds are the only legally adopted budgets. Budgets for the debt service, capital project funds and proprietary funds are used for management and control purposes only.

At the fund level, actual expenditures cannot exceed budgeted appropriations. In order to accommodate operational changes that may result during the course of a budget year, management can modify in line items of a budget, not to exceed 20% of said line item, with the limitation that the overall departmental budget shall not be exceeded without Council approval.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the City Council.

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

The City incurred expenditure in excess of appropriations in the following amounts for the year ended June 20, 2023.

Excess expenditures over appropriations:

General Fund:

Current:

General government:

City council	\$	470
Finance and administration		9,053

Public ways and facilities/transportation:

Building and planning		8,135
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Public safety:

Fire		36,717
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Debt service:

Interest		480
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Capital outlay:

Structures and improvements		56,911
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Local Transportation Fund:

Capital outlay:

Structures and improvements		490,121
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CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

**Cost-Sharing Multiple-Employer Pension Plan – Schedule of Proportionate Share of Net Pension Liability
Last 10 Years***

	CalPERS Miscellaneous Plan								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.07682%	0.08448%	0.08029%	0.08197%	0.07998%	0.08248%	0.09133%	0.10706%	0.08890%
City's proportionate share of the net pension liability (asset) \$	1,898,683	\$ 2,317,727	\$ 2,791,702	\$ 3,231,636	\$ 3,094,369	\$ 3,303,407	\$ 3,507,893	\$ 2,032,225	\$ 4,159,994
City's covered employee payroll \$	1,384,358	\$ 1,706,505	\$ 1,708,084	\$ 1,517,642	\$ 1,365,455	\$ 1,148,102	\$ 1,100,364	\$ 1,045,510	\$ 1,027,315
City proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	137.15%	135.81%	163.30%	212.91%	220.75%	287.67%	350.10%	194.44%	404.94%
Plan fiduciary net position as a percentage of the total pension liability	79.41%	76.07%	75.94%	72.11%	75.04%	74.10%	72.63%	72.63%	73.11%
	CalPERS Safety Plan								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.04088%	0.03951%	0.03806%	0.03271%	0.03698%	0.03769%	0.04042%	0.04444%	0.04116%
City's proportionate share of the net pension liability (asset) \$	1,532,286	\$ 1,628,162	\$ 1,980,349	\$ 2,223,932	\$ 2,218,378	\$ 2,352,044	\$ 2,527,177	\$ 1,559,873	\$ 2,828,199
City's covered employee payroll \$	654,449	\$ 705,201	\$ 804,721	\$ 873,005	\$ 810,991	\$ 911,212	\$ 962,855	\$ 1,058,163	\$ 1,002,133
City proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	234.33%	230.87%	244.95%	254.68%	267.53%	258.19%	279.67%	147.40%	282.22%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	75.06%	74.60%	70.01%	70.37%	69.78%	69.98%	69.98%	71.61%

Notes to Schedule:

Change in Benefit Terms None

Changes of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Cost-Sharing Multiple-Employer Pension Plan

Schedule of Contributions

Last 10 Years*

	CalPERS Miscellaneous Plan								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 301,836	\$ 339,319	\$ 364,769	\$ 368,568	\$ 371,970	\$ 319,125	\$ 346,073	\$ 379,617	\$ 431,382
Contributions in relation to the actuarially determined contributions	<u>301,836</u>	<u>339,319</u>	<u>364,769</u>	<u>368,568</u>	<u>371,970</u>	<u>319,125</u>	<u>346,073</u>	<u>379,617</u>	<u>431,382</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,384,358	\$ 1,706,505	\$ 1,708,084	\$ 1,517,642	\$ 1,365,455	\$ 1,148,102	\$ 1,100,364	\$ 1,045,510	\$ 1,027,315
Contributions as a percentage of covered payroll	21.80%	19.88%	21.36%	24.29%	27.24%	27.80%	31.45%	36.31%	41.99%
	CalPERS Safety Plan								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 227,418	\$ 223,426	\$ 245,124	\$ 251,548	\$ 272,348	\$ 314,983	\$ 349,690	\$ 385,680	\$ 432,471
Contributions in relation to the actuarially determined contributions	<u>227,418</u>	<u>223,426</u>	<u>245,124</u>	<u>251,548</u>	<u>272,348</u>	<u>314,983</u>	<u>349,690</u>	<u>385,680</u>	<u>432,471</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 654,449	\$ 705,201	\$ 804,721	\$ 873,005	\$ 810,991	\$ 911,212	\$ 962,855	\$ 1,058,163	\$ 1,002,133
Contributions as a percentage of covered payroll	34.75%	31.68%	30.46%	28.81%	33.58%	34.57%	36.32%	36.45%	43.16%

*Schedules are intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Retiree Healthcare Plan (OPEB)

Schedule of Changes in Net OPEB Liability and Related Ratios

Last 10 Years*

	2018	2019	2020	2021	2022	2023
Total OPEB Liability:						
Service cost	\$ 289,525	\$ 289,525	\$ 298,211	\$ 411,801	\$ 478,155	\$ 182,289
Interest on total OPEB liability	113,643	127,292	153,023	122,211	114,826	94,009
Changes of assumptions	-	-	867,042	81,974	(2,822,982)	11,873
Differences between expected and actual experience benefit payments, including rerunds or employee contributions**	(63,938)	-	(31,950)	(82,431)	(72,697)	(92,700)
Net change in total OPEB liability	339,230	416,817	1,286,326	376,369	(3,409,216)	195,471
Total OPEB liability - beginning (a)	3,119,794	3,459,024	3,875,841	5,162,167	5,538,536	2,129,320
Total OPEB liability - ending (b)	<u>\$ 3,459,024</u>	<u>\$ 3,875,841</u>	<u>\$ 5,162,167</u>	<u>\$ 5,538,536</u>	<u>\$ 2,129,320</u>	<u>\$ 2,324,791</u>
OPEB Plan Fiduciary Net Position:						
Net investment income	\$ 563	\$ 490	\$ 625	\$ -	\$ -	\$ 13,856
Contributions:						
Employer - City's Contribution**	68,694	27,798	32,544	-	72,697	92,700
Adjustment: Creation of trust	-	-	-	-	275,777	-
Administrative expenses	-	-	-	-	-	(1,422)
Benefit payments, including refunds of employee contributions	(63,938)	(29,196)	(31,950)	(45,939)	(72,697)	(92,700)
Implicit rate subsidy fulfilled	-	-	-	-	-	-
Net change in plan fiduciary net position	5,319	(908)	1,219	(45,939)	275,777	12,434
Plan fiduciary net position - beginning (c)	40,309	45,628	44,720	45,939	-	275,777
Plan fiduciary net position - ending (d)	<u>\$ 45,628</u>	<u>\$ 44,720</u>	<u>\$ 45,939</u>	<u>\$ -</u>	<u>\$ 275,777</u>	<u>\$ 288,211</u>
Net OPEB liability - beginning (a) - (c)	\$ 3,079,485	\$ 3,413,396	\$ 3,831,121	\$ 5,116,228	\$ 5,538,536	\$ 1,853,543
Net OPEB liability - ending (b) - (d)	\$ 3,413,396	\$ 3,831,121	\$ 5,116,228	\$ 5,538,536	\$ 1,853,543	\$ 2,036,580
Plan fiduciary net position as a percentage of the total OPEB liability	1.32%	1.15%	0.89%	0.00%	12.95%	12.40%
Covered-employee payroll	\$ 2,390,647	\$ 2,176,446	\$ 2,059,314	\$ 2,379,363	\$ 1,618,702	\$ 1,958,529
Net OPEB liability as a percentage of covered-employee payroll	142.78%	176.03%	248.44%	232.77%	114.51%	103.99%
Measurement date	6/30/2018	6/30/2018	6/30/2020	6/30/2021	6/30/2022	6/30/2023

Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

**Amount includes implicit subsidy associated with benefits paid.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

Capital project funds are used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays.

CITY OF ANGELS | JUNE 30, 2023

Nonmajor Governmental Funds

Combining Balance Sheet

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 1,929,091	\$ 1,496,522	\$ 3,425,613
Receivables:			
Due from other governments	62,252	23,056	85,308
Interest	201,594	-	201,594
Loans/notes receivable	<u>722,558</u>	<u>-</u>	<u>722,558</u>
 Total assets	 <u>\$ 2,915,495</u>	 <u>\$ 1,519,578</u>	 <u>\$ 4,435,073</u>
LIABILITIES			
Accounts payable	\$ 65,057	\$ -	\$ 65,057
Due to other funds	<u>54,000</u>	<u>14,136</u>	<u>68,136</u>
 Total liabilities	 <u>119,057</u>	 <u>14,136</u>	 <u>133,193</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - unavailable	<u>201,594</u>	<u>-</u>	<u>201,594</u>
 Total deferred inflows of resources	 <u>201,594</u>	 <u>-</u>	 <u>201,594</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Long-term receivables	722,558	-	722,558
Restricted for:			
Public safety	179,586	72,636	252,222
Buildings, grounds and parks	75,345	1,752	77,097
Street construction and maintenance	403,887	1,431,054	1,834,941
Community development	1,256,959	-	1,256,959
Unassigned	<u>(43,491)</u>	<u>-</u>	<u>(43,491)</u>
 Total fund balances	 <u>2,594,844</u>	 <u>1,505,442</u>	 <u>4,100,286</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,915,495</u>	 <u>\$ 1,519,578</u>	 <u>\$ 4,435,073</u>

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 650,658	\$ -	\$ 650,658
Use of money and property	21,472	-	21,472
Other	587,962	55,163	643,125
Developer contributions	-	426,464	426,464
Investment Income	22,212	38,023	60,235
	<u>1,282,304</u>	<u>519,650</u>	<u>1,801,954</u>
Total revenues			
EXPENDITURES			
Current:			
General government	5,508	-	5,508
Public ways and facilities/transportation	1,253	4,846	6,099
Community development	427,920	-	427,920
Capital outlay	112,613	56,163	168,776
	<u>547,294</u>	<u>61,009</u>	<u>608,303</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>735,010</u>	<u>458,641</u>	<u>1,193,651</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>(538,886)</u>	<u>(5,064)</u>	<u>(543,950)</u>
	<u>(538,886)</u>	<u>(5,064)</u>	<u>(543,950)</u>
Total other financing sources (uses)			
Net change in fund balances	196,124	453,577	649,701
Fund balances - beginning (restated)	<u>2,398,720</u>	<u>1,051,865</u>	<u>3,450,585</u>
Fund balances - ending	<u>\$ 2,594,844</u>	<u>\$ 1,505,442</u>	<u>\$ 4,100,286</u>

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Balance Sheet

	Special Revenue Funds				
	Gas Tax	L&L District	Public Safety	TOT Emergency Service	TOT Roads
ASSETS					
Cash and investments	\$ 363,954	\$ 85,203	\$ 61,860	\$ 106,503	\$ 23,955
Receivables:					
Due from other Governments	16,630	17,217	11,223	-	-
Interest	-	-	-	-	-
Loans/notes receivable	-	-	-	-	-
Total assets	<u>\$ 380,584</u>	<u>\$ 102,420</u>	<u>\$ 73,083</u>	<u>\$ 106,503</u>	<u>\$ 23,955</u>
LIABILITIES					
Accounts payable	\$ 652	\$ 27,075	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>652</u>	<u>27,075</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Long-term receivables	-	-	-	-	-
Restricted for:					
Public safety	-	-	73,083	106,503	-
Buildings, grounds and parks	-	75,345	-	-	-
Street construction and maintenance	379,932	-	-	-	23,955
Community development	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>379,932</u>	<u>75,345</u>	<u>73,083</u>	<u>106,503</u>	<u>23,955</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 380,584</u>	<u>\$ 102,420</u>	<u>\$ 73,083</u>	<u>\$ 106,503</u>	<u>\$ 23,955</u>

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 (Continued)

	Special Revenue Funds					Total
	TOT Tourism	CDBG Housing	SB 2 Housing Grant	FEMA	COVID ARPA	
ASSETS						
Cash and investments	\$ 51,842	\$ 411,130	\$ -	\$ 20,703	\$ 803,941	\$ 1,929,091
Receivables:						
Due from other governments	-	-	17,182	-	-	62,252
Interest	-	201,594	-	-	-	201,594
Loans/notes receivable	-	722,558	-	-	-	722,558
Total assets	<u>\$ 51,842</u>	<u>\$ 1,335,282</u>	<u>\$ 17,182</u>	<u>\$ 20,703</u>	<u>\$ 803,941</u>	<u>\$ 2,915,495</u>
LIABILITIES						
Accounts payable	\$ 22,969	\$ 7,688	\$ 6,673	\$ -	\$ -	\$ 65,057
Due to other funds	-	-	54,000	-	-	54,000
Total liabilities	<u>22,969</u>	<u>7,688</u>	<u>60,673</u>	<u>-</u>	<u>-</u>	<u>119,057</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - unavailable	-	201,594	-	-	-	201,594
Total deferred inflows of resources	<u>-</u>	<u>201,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,594</u>
FUND BALANCES (DEFICITS)						
Nonspendable:						
Long-term receivables	-	722,558	-	-	-	722,558
Restricted for:						
Public safety	-	-	-	-	-	179,586
Buildings, grounds and parks	-	-	-	-	-	75,345
Street construction and maintenance	-	-	-	-	-	403,887
Community development	28,873	403,442	-	20,703	803,941	1,256,959
Unassigned	-	-	(43,491)	-	-	(43,491)
Total fund balances	<u>28,873</u>	<u>1,126,000</u>	<u>(43,491)</u>	<u>20,703</u>	<u>803,941</u>	<u>2,594,844</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,842</u>	<u>\$ 1,335,282</u>	<u>\$ 17,182</u>	<u>\$ 20,703</u>	<u>\$ 803,941</u>	<u>\$ 2,915,495</u>

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds				
	Gas Tax	L&L District	Public Safety	TOT Emergency Service	TOT Roads
REVENUES					
Taxes	\$ 190,129	\$ -	\$ -	\$ 161,843	\$ 161,843
Use of money and property	-	-	-	-	-
Other	-	342,621	143,475	-	-
Investment Income	8,514	-	1,465	-	-
Total revenues	198,643	342,621	144,940	161,843	161,843
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public ways and facilities/transportation	1,253	-	-	-	-
Community development	-	249,274	-	-	-
Capital outlay	5,496	-	-	-	-
Total expenditures	6,749	249,274	-	-	-
Excess (deficiency) of revenues over (under) expenditures	191,894	93,347	144,940	161,843	161,843
OTHER FINANCING SOURCES (USES)					
Sales of assets	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	(147,231)	-	(144,655)	(120,000)	(120,000)
Total other financing sources (uses)	(147,231)	-	(144,655)	(120,000)	(120,000)
Net change in fund balances	44,663	93,347	285	41,843	41,843
Fund balances - beginning (restated)	335,269	(18,002)	72,798	64,660	(17,888)
Fund balances - ending	\$ 379,932	\$ 75,345	\$ 73,083	\$ 106,503	\$ 23,955

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

(Continued)

	Special Revenue Funds					Total
	TOT Tourism	CDBG Housing	SB 2 Housing Grant	FEMA	COVID ARPA	
REVENUES						
Taxes	\$ 136,843	\$ -	\$ -	\$ -	\$ -	\$ 650,658
Use of money and property	-	-	-	-	21,472	21,472
Other	-	95,042	-	6,824	-	587,962
Investment Income	-	12,233	-	-	-	22,212
Total revenues	136,843	107,275	-	6,824	21,472	1,282,304
EXPENDITURES						
Current:						
General government	-	(1,313)	6,821	-	-	5,508
Public ways and facilities/transportation	-	-	-	-	-	1,253
Community development	111,951	4,215	-	-	62,480	427,920
Capital outlay	-	107,117	-	-	-	112,613
Total expenditures	111,951	110,019	6,821	-	62,480	547,294
Excess (deficiency) of revenues over (under) expenditures	<u>24,892</u>	<u>(2,744)</u>	<u>(6,821)</u>	<u>6,824</u>	<u>(41,008)</u>	<u>735,010</u>
OTHER FINANCING SOURCES (USES)						
Sales of assets	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(7,000)	-	-	-	-	(538,886)
Total other financing sources (uses)	(7,000)	-	-	-	-	(538,886)
Net change in fund balances	17,892	(2,744)	(6,821)	6,824	(41,008)	196,124
Fund balances - beginning (restated)	10,981	1,128,744	(36,670)	13,879	844,949	2,398,720
Fund balances - ending	<u>\$ 28,873</u>	<u>\$ 1,126,000</u>	<u>\$ (43,491)</u>	<u>\$ 20,703</u>	<u>\$ 803,941</u>	<u>\$ 2,594,844</u>

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Capital Funds
Combining Balance Sheet

	Capital Project Funds					Total
	Park Impact Fees	Police Impact Fees	Transportation Impact Fees	Fire Impact Fees	Parking Impact Fees	
ASSETS						
Cash and investments	\$ 1,752	\$ 48,904	\$ 1,431,053	\$ -	\$ 14,813	\$ 1,496,522
Receivables:						
Due from other governments	-	-	-	23,056	-	23,056
Total assets	<u>\$ 1,752</u>	<u>\$ 48,904</u>	<u>\$ 1,431,053</u>	<u>\$ 23,056</u>	<u>\$ 14,813</u>	<u>\$ 1,519,578</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 14,136	\$ -	\$ 14,136
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,136</u>	<u>-</u>	<u>14,136</u>
FUND BALANCES (DEFICITS)						
Restricted for:						
Public safety	-	48,904	-	8,920	14,812	72,636
Buildings, grounds and parks	1,752	-	-	-	-	1,752
Street construction and maintenance	-	-	1,431,054	-	-	1,431,054
Total fund balances	<u>1,752</u>	<u>48,904</u>	<u>1,431,054</u>	<u>8,920</u>	<u>14,812</u>	<u>1,505,442</u>
Total liabilities and fund balances	<u>\$ 1,752</u>	<u>\$ 48,904</u>	<u>\$ 1,431,054</u>	<u>\$ 23,056</u>	<u>\$ 14,812</u>	<u>\$ 1,519,578</u>

CITY OF ANGELS | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Capital Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Capital Project Funds					Total
	Park Impact Fees	Police Impact Fees	Transportation Impact Fees	Fire Impact Fees	Parking Impact Fees	
REVENUES						
Other	-	-	-	55,163	-	55,163
Developer contributions	\$ 2,298	\$ 6,336	\$ 413,940	\$ 3,890	\$ -	\$ 426,464
Investment income	<u>136</u>	<u>1,249</u>	<u>35,845</u>	<u>411</u>	<u>382</u>	<u>38,023</u>
Total revenues	<u>2,434</u>	<u>7,585</u>	<u>449,785</u>	<u>59,464</u>	<u>382</u>	<u>519,650</u>
EXPENDITURES						
Current:						
Public ways and facilities/transportation	2,400	-	2,446	-	-	4,846
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,163</u>	<u>-</u>	<u>56,163</u>
Total expenditures	<u>2,400</u>	<u>-</u>	<u>2,446</u>	<u>56,163</u>	<u>-</u>	<u>61,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34</u>	<u>7,585</u>	<u>447,339</u>	<u>3,301</u>	<u>382</u>	<u>458,641</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers out	<u>(5,064)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,064)</u>
Total other financing sources (uses)	<u>(5,064)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,064)</u>
Net change in fund balances	(5,030)	7,585	447,339	3,301	382	453,577
Fund balances - beginning (restated)	<u>6,782</u>	<u>41,319</u>	<u>983,715</u>	<u>5,619</u>	<u>14,430</u>	<u>1,051,865</u>
Fund balances - ending	<u>\$ 1,752</u>	<u>\$ 48,904</u>	<u>\$ 1,431,054</u>	<u>\$ 8,920</u>	<u>\$ 14,812</u>	<u>\$ 1,505,442</u>