

Staff Report – October 08, 2024

TO: Honorable Mayor and Members of the Town Council
FROM: Wes Heathcock, Town Manager
DATE: October 01, 2024
RE: Fiscal Year 2022-2023 Audited Financial Statements

Recommendation:

Receive and file.

Issue Statement and Discussion:

In accordance with federal, state and local statutes and best practices, the Town of Loomis is committed to providing the public and its constituents with complete and accurate financial reporting. The Town engages an independent auditing firm to perform professional audit services on an annual basis.

On September 12, 2023, Town Council approved a five-year contract with Richardson & Company, LLP to provide annual audit services.

Ingrid Sheipline, Managing Partner (Richardson & Company) will be presenting the audited financial statements and accompanying reports for the fiscal year ended June 30, 2023.

CEQA Requirements

CEQA does not apply to financial reporting.

Financial and/or Policy Implications:

None.

Attachments:

1. Audited Financial Statements with Independent Auditors' Report
2. Management Letter - Internal control and compliance reports
3. Governance Letter – Required communications letter
4. Independent Accountant's Report - Agreed-upon procedures applied to Appropriations Limit testing

TOWN OF LOOMIS, CALIFORNIA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

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TOWN OF LOOMIS, CALIFORNIA

Audited Financial Statements
For the Year Ended June 30, 2023

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TOWN OF LOOMIS, CALIFORNIA

Audited Financial Statements
For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
Town of Loomis, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loomis, California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town'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, and the aggregate remaining fund information of the Town as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Town 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 Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Required Supplementary Information

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

To the City Council
Town of Loomis, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Loomis's 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 September 27, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, grant agreements and other matters. The purpose of that report is 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 Town'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 Town's internal control over financial reporting and compliance.

Richardson & Company, LLP

September 27, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

As management of the Town of Loomis (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage the readers to consider the information presented here in conjunction with the accompanying basic financial statements and the additional information presented.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources at the close of Fiscal Year 2022-2023 by \$32,841,257 (Net Position). These assets are allocated as follows:
 - Net Investment in capital assets - \$16,731,955. Total capital additions for the fiscal year were \$1,432,606.
 - Restricted net position - \$12,632,203. This amount is restricted for Maintenance Districts, capital projects, and legally segregated taxes, grants and fees.
 - Unrestricted net position of \$3,477,099. These funds may be used to meet the ongoing obligations of the Town. Town committed and assigned reserves are included in unrestricted net position.
- Total revenue from all sources was \$8,761,593, of which \$1,356,810 was from grants and contributions.
- The total expenses of all the Town's governmental activities were \$7,954,778.
- The net pension liability increased \$1,127,943 over the prior year due to unrealized losses on CalPERS pension pooled investments during the measurement period included in this fiscal year's financial statements.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position on page 15 and the Statement of Activities on page 16 provide information about the activities as a whole and present a longer-term view of the Town's finances. Governmental Fund financial statements start on page 17. For governmental activities, these statements explain how programs and services were financed in the short term (the most recently completed fiscal year), as well as the amounts remaining available for future spending. Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Government-Wide Financial Statements – Reporting the Town as a Whole

Our analysis of the Town begins on page 1 with the government-wide financial statements. One of the most important questions asked about the Town's finances is, *"Is the Town as a whole better off or worse off as a result of the year's activities?"* The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. The government-wide Statement of Net Position includes all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector business entities. The government-wide Statement of Activities focus is to measure net revenues or expenses of each activity, and all the current year's revenues and expenses are considered regardless of when cash is received or paid.

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

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

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

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

Our analysis of the Town's major funds begins on page 11. The Town's various funds are reported as governmental type funds. Governmental funds focus on how money flows into and out of those funds, and the balances left at year-end that may be available for future spending. These funds are reported using an accounting method described as modified accrual accounting. This accounting method measures the availability of cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations, and the basic services it provides to residents and visitors to the Town. Governmental fund information helps to determine what financial resources are available to be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds, in a reconciliation at the bottom of the fund financial statements.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

The fund financial statements provide detailed information about the major funds, not the Town as a whole. Some funds are required to be established by State law (Gas Tax and law enforcement grant funds). However, the Town Council establishes many other funds to help it control and manage money for specific purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The funds shown in these statements are:

- The General Fund is the primary operating fund of the Town. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund. Flow through funds for Developer Activities and fees collected for other governmental activities which were classified as Fiduciary Funds in previous years are included in the General Fund this year because they are considered activity of the Town.
- The Low-Income Density Special Revenue Fund represents the loan activity for the housing rehabilitation program.
- The Maintenance Districts Special Revenue Fund represents the various maintenance districts throughout the Town.
- The Road Circulation Capital Projects Fund is for the creation of new roads, or improvements to existing arterials that create new capacity.
- The Capital Projects Fund was established to segregate and track all capital project activity for the Town. Funding for expenditures is transferred from other funds as applicable.
- The Nonmajor Governmental Funds column of the financial statements is an accumulation of all other funds that are of a size or nature that by themselves are not significant to the Town as a whole. Therefore, they are combined and reported as one. They include funds for transportation, recycling, parks, and rehabilitation loans.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Government-Wide Financial Analysis – The Town as a Whole

The Town's combined net position for the years ended June 30, 2023, and June 30, 2022, is summarized in *Table 1 – Net Position* below.

Table 1 – Net Position

	2023	2022	Increase (Decrease)	Percent Change
ASSETS				
Current assets	\$ 19,122,917	\$ 17,366,940	\$ 1,755,977	10.11%
Capital assets, net	17,258,710	16,089,517	1,169,193	7.27%
Total Assets	36,381,627	33,456,457	2,925,170	8.74%
DEFERRED OUTFLOWS OF RESOURCES				
Pension	970,915	337,424	633,491	187.74%
LIABILITIES				
Current liabilities	2,950,579	537,344	2,413,235	449.10%
Other liabilities	1,363,376	325,283	1,038,093	319.14%
Total Liabilities	4,313,955	862,627	3,451,328	400.10%
DEFERRED INFLOWS OF RESOURCES				
Pension	197,330	159,552	37,778	23.68%
NET POSITION				
Net investment in capital assets	16,731,955	16,083,143	648,812	4.03%
Restricted	12,632,203	11,826,827	805,376	6.81%
Unrestricted	3,477,099	4,861,732	(1,384,633)	-28.48%
Total Net Position	\$ 32,841,257	\$ 32,771,702	\$ 69,555	0.21%

Assets

Current assets increased by \$1,755,977 from the prior fiscal year. This increase is primarily attributable to increases in cash balances in the General Fund as of the end of the fiscal year. This is due to the Town having a large increase in impact fees for the fiscal year, and also received the second installment of the American Rescue Plan Act (ARPA) grant funding during the year.

Capital Assets (net of depreciation) increased 7.27% due to considerable investment in capital projects for the fiscal year ended June 30, 2023.

Deferred Outflows of Resources

Deferred outflows of resources increased mainly due to increases from changes in assumptions, projected versus actual earnings in the plans and changes in proportions related to the Town's pension plan.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Liabilities

The significant increase in current liabilities is attributable to the large balance in Accounts Payable at the end of the fiscal year, in addition to the classification of unspent ARPA (American Rescue Plan Act) grant funding to deferred revenue. This funding was recorded as revenue in fiscal year 2022 instead of being deferred, which resulted in the restatement of net position, as discussed in Note 12 of the audited financial statements.

Other liabilities increased \$1,038,093 over the prior year due to the significantly less than expected earnings in the CalPERS pension pooled investments as a result of unrealized losses during the measurement period included in this fiscal year's financial statements. The Town defined pension plan is further defined in Note 8 of this report.

Net Position

Net position serves as a useful indicator of a government's financial position.

A significant portion of the Town's net position reflects its investment in capital assets (e.g., land, streets, storm drain systems, buildings and park assets, machinery and equipment). The capital assets net of accumulated depreciation as a percentage of total assets was 47.4% and 48.1% for the fiscal years ended June 30, 2023, and June 30, 2022, respectively. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The amount reported for net position of governmental activities does not include the value of the Town's infrastructure (roadways, bridges, and storm drainage improvements) acquired upon incorporation on December 17, 1984.

Restricted net position increased 6.81% over the prior fiscal year primarily due to the receipt of impact fees and grant funding. Restricted net position represents resources that are subject to external restrictions on how they may be used.

During the year ended June 30, 2023, the government's unrestricted net position decreased \$1,384,633 due primarily to approved and budgeted investment in capital projects and infrastructure improvements in the current year.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Governmental Activities

The Town's changes in net position for the years ended June 30, 2023, and June 30, 2022 are summarized in Table 2 – Statement of Activities below:

Table 2 – Statement of Activities

	2023	2022	Increase (Decrease)	Percent Change
REVENUES:				
Charges for services	\$ 1,592,874	\$ 923,252	\$ 669,622	72.53%
Operating grants and contributions	255,075	1,281,825	(1,026,750)	-80.10%
Capital grants and contributions	1,101,735	1,165,229	(63,494)	-5.45%
GENERAL REVENUES:				
Property taxes	2,682,487	2,501,679	180,808	7.23%
Other taxes	208,216	219,105	(10,889)	-4.97%
Sales and use taxes	1,432,286	1,161,720	270,566	23.29%
Prop tax in-lieu of vehicle license fees	905,579	839,934	65,645	7.82%
Franchise fees	344,322	313,710	30,612	9.76%
Investment income	108,707	(789,681)	898,388	-113.77%
Refunds and reimbursements	32,065	40,974	(8,909)	-21.74%
Other income	98,247	22,168	76,079	343.19%
Total Revenue	<u>8,761,593</u>	<u>7,679,915</u>	<u>1,081,678</u>	14.08%
EXPENSES:				
General government	2,769,987	1,190,087	1,579,900	132.76%
Public safety	2,050,349	1,947,950	102,399	5.26%
Public works	2,503,573	2,169,961	333,612	15.37%
Planning	630,479	664,292	(33,813)	-5.09%
Interest expense	390	906	(516)	-56.95%
Total expenses	<u>7,954,778</u>	<u>5,973,196</u>	<u>1,981,582</u>	33.17%
CHANGE IN NET POSITION	806,815	1,706,719	(899,904)	-52.73%
NET POSITION, JULY 1	32,771,702	31,064,983	1,706,719	5.49%
Restatement	(737,260)			
NET POSITION, JULY 1 - restated	<u>32,034,442</u>	<u>31,064,983</u>	<u>1,706,719</u>	
NET POSITION, JUNE 30	<u>\$ 32,841,257</u>	<u>\$ 32,771,702</u>	<u>\$ 806,815</u>	2.46%

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Highlights of the changes in net position for the fiscal year ended June 30, 2023, were as follows:

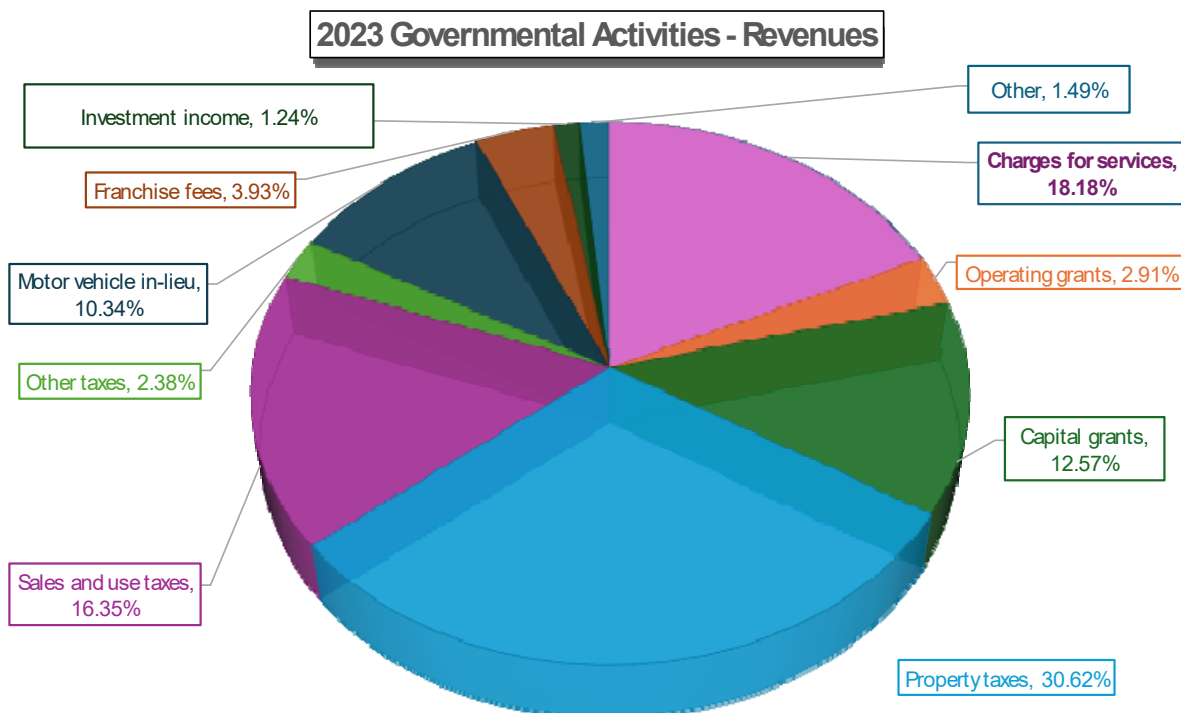
Revenues

- Charges for service increased by \$669,622 due primarily to increases in impact fees and developer fees.
- Combined operating and capital grants decreased by \$1,090,244, mostly because the second installment of the ARPA grant was deferred until the corresponding expenditures are incurred.
- Property tax revenues increased 7.23% or \$180,808 and continues to be the largest contributor to general revenues.
- Sales and Use tax had a 23.29% increase primarily due to corrections to convert to accrual accounting for sales tax revenues to the period earned. Prior year accounting for sales tax revenue was recorded on the cash basis, so the current year revenue includes an additional one to two months of sales tax to correct to accrual basis.
- Investment income increased by \$898,388 due to improved market earnings on the Town's investments.

Expenses

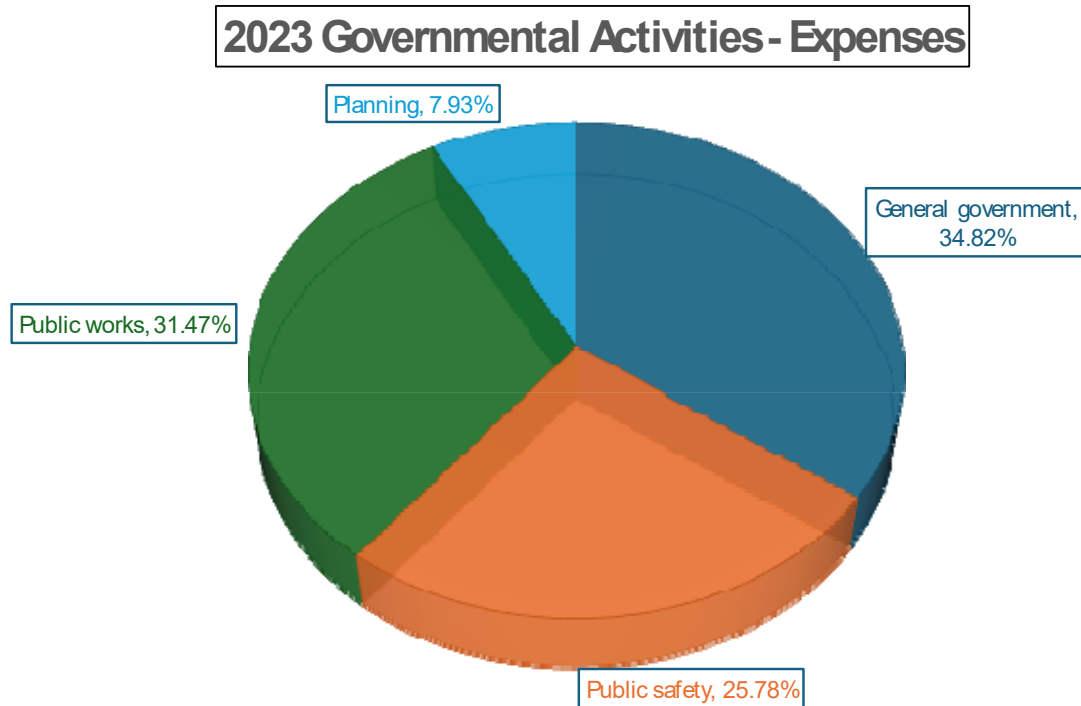
- The significant increase in general government expenses was due to the reclassification of Developer Fee Expenses. These expenses (and their related revenue) were previously reported as Fiduciary Funds.

The fiscal year ended June 30, 2023, revenues and expenses are reflected graphically in the charts below:



TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023



Financial Analysis of Government funds

General Fund: Fund balance was \$4,105,106 and \$4,176,968 (restated) for the fiscal years ended 2023 and 2022, respectively. Because the town generally does not finance through debt, the General Fund is strong. For 2023, General Fund revenues exceeded expenses by \$739,098. Transfers out were \$959,162 primarily for budgeted capital projects.

Low-Income Density Special Revenue Fund: This fund accounts for the Town's low-income loan program's receipts and disbursements. Revenues exceeded expenditures by \$18,239 for the year ended June 30, 2023. Expenditures exceeded revenues by \$9,671 for the year ended June 30, 2022.

Maintenance Districts Special Revenue Fund: This fund accounts for the maintenance fees collected through the property tax rolls for the various districts within the Town. Revenues exceeded expenditures by \$223,311 for the year ended June 30, 2023, while revenues exceeded expenditures by \$7,632 for the year ended June 30, 2022. A total of \$299,519 was transferred out in the current fiscal year for capital projects.

Road Circulation Capital Projects Fund: This fund accounts for the revenues received for new road construction or improvements. Revenues exceeded expenditures by \$447,176 and \$3,902 for the years ended June 30, 2023, and 2022, respectively. The increase in the current year is due to revenues collected for residential and commercial development impacts.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Capital Projects Fund: This fund accounts for the capital projects of the Town through funding transferred from other funds. The fund has \$1,435,536 of expenditures and \$1,435,536 of transfers from other funds.

Nonmajor Governmental Funds: The combined fund balances of all nonmajor governmental funds totaled \$3,001,211 and \$2,796,735 for 2023 and 2022, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, Page 44, shows the difference between the budgeted revenues and expenditures and the actual amounts received and expended. In total for the fiscal year ended June 30, 2023, revenues were over budget by 34.0% and expenditures were over budget by 12.4%. In total, for the fiscal year ended June 30, 2022, revenues were over budget by 6.62% and expenditures were over budget by 8.68%.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

The capital assets of the Town are those assets that are used in the performance of Town functions including infrastructure assets. Capital assets include land, streets, storm drain systems, buildings and park assets, machinery and equipment, vehicles, and infrastructure. Net capital assets of the governmental activities totaled \$16,733,071 and \$16,089,517 on June 30, 2023, and June 30, 2022, respectively. Depreciation of capital assets is recognized in the Government-Wide Statement of Activities. The Town's capital assets, net of depreciation, as of June 30, 2023, and 2022, are summarized below:

Table 3 – Capital Assets

	2023	2022
Capital assets, not being depreciated:		
Land	\$ 2,524,686	\$ 2,524,686
Construction in progress	1,174,975	245,806
Sub-total	<u>3,699,661</u>	<u>2,770,492</u>
Depreciable capital assets, net of accumulated depreciation:		
Office equipment	28,809	32,657
Equipment under capital lease	-	5,560
Tools and equipment	65,036	76,614
Vehicles	44,250	78,504
Land improvements	84,851	97,288
Infrastructure	11,416,685	11,533,911
Buildings and improvements	1,167,242	1,241,293
Corp yard improvements	216,258	241,891
Intangible assets	10,279	11,307
Sub-total	<u>13,033,410</u>	<u>13,319,025</u>
Capital Assets, Net	<u>\$ 16,733,071</u>	<u>\$ 16,089,517</u>

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

Major capital asset improvements and additions during the fiscal year ended June 30, 2023, included the following street improvement projects:

Completed projects:

- Street resurfacing
- Laird Road Striping

Construction in progress:

- Sierra College Blvd widening
- Signal interconnect
- Town wide concrete repair
- Street culvert crossing
- Downtown baskets and banners
- Library parking lot
- Humphrey Road sidewalk gap closures
- Hunter Oaks landscape and rock wall

For more information regarding the Town's capital assets, refer to Note 3 of this report.

Long-term liabilities

The Town's long-term liabilities, which include net pension liability, net OPEB liability, and noncurrent compensated absences liability had a balance of \$1,363,376 as of June 30, 2023, an increase of \$1,038,093 over the prior year. For more information regarding the Town's long-term liabilities, refer to Notes 5, 8, and 9 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

One of the Town's largest, yet most volatile, revenue sources are sales tax. Between changes in how online retailers report their sales and the threatened impending recession, there could be a negative effect on the Town's income. Fortunately, Town businesses are reporting strong sales, and we do not expect much of an impact in the upcoming year.

The COSTCO project has resolved its issues with neighboring communities and the store opened in May 2024, which will represent a major increase in sales tax revenue.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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



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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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TOWN OF LOOMIS, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 18,239,836
Receivables:	
Accounts receivable	154,680
Due from other governments	491,716
Interest receivable	109,451
Assessments receivable	96,532
Due from employees	2,819
Prepaid costs and deposits	27,883
TOTAL CURRENT ASSETS	<u>19,122,917</u>
NONCURRENT ASSETS	
Loans receivable	525,639
Nondepreciable capital assets	3,699,661
Depreciable capital assets, net	13,033,410
	<u>16,733,071</u>
TOTAL NONCURRENT ASSETS	<u>17,258,710</u>
TOTAL ASSETS	<u>36,381,627</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	970,915
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and other accrued expenses	1,329,373
Accrued payroll liabilities	38,511
Unearned revenue	1,547,641
Obligations under capital lease, due within one year	1,116
Compensated absences liability, current	33,938
TOTAL CURRENT LIABILITIES	<u>2,950,579</u>
NONCURRENT LIABILITIES	
Net pension liability	1,137,425
Total OPEB liability	188,615
Compensated absences liability	37,336
TOTAL NONCURRENT LIABILITIES	<u>1,363,376</u>
TOTAL LIABILITIES	4,313,955
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	197,330
NET POSITION	
Net investment in capital assets	16,731,955
Restricted	12,632,203
Unrestricted	3,477,099
TOTAL NET POSITION	<u>\$ 32,841,257</u>

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

TOWN OF LOOMIS, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,769,987	\$ 77,092	\$ 89,804	\$ (2,603,091)
Public safety	2,050,349	5,101	165,271	(1,879,977)
Public works	2,503,573	1,048,113		(353,725)
Planning	630,479	462,568		(167,911)
Interest expense	390			(390)
Total governmental activities	<u>\$ 7,954,778</u>	<u>\$ 1,592,874</u>	<u>\$ 255,075</u>	<u>\$ 1,101,735</u>
General revenues:				
Property taxes				2,682,487
Sales and use taxes				1,432,286
Other taxes				208,216
Property taxes in-lieu of vehicle license fees				905,579
Franchise fees				344,322
Investment income				108,707
Refunds and reimbursements				32,065
Other income				98,247
Total general revenues				<u>5,811,909</u>
Change in net position				806,815
Net position, beginning of year as originally reported				32,771,702
Restatement				(737,260)
Net position, beginning of year as restated				<u>32,034,442</u>
Net position - ending				<u>\$ 32,841,257</u>

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

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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TOWN OF LOOMIS, CALIFORNIA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

		Major Special Revenue Funds		Major Capital Projects Funds	Nonmajor Governmental Funds	Total
	General Fund	Low Income Density Fund	Maintenance Districts Fund	Road Circulation Fund		
ASSETS						
Cash and investments	\$ 6,140,430	\$ 406,415	\$ 3,357,613	\$ 5,217,899	\$ 3,117,479	\$ 18,239,836
Receivables:						
Accounts receivable	150,437				4,243	154,680
Due from other governments	449,516				42,200	491,716
Interest receivable	36,915	1,774	19,971	31,065	19,726	109,451
Assessments receivable	87,934		8,598			96,532
Due from employees	2,819					2,819
Loans receivable		525,639				525,639
Prepaid costs and deposits	27,883					27,883
Due from other funds					16,846	16,846
TOTAL ASSETS	\$ 6,895,934	\$ 933,828	\$ 3,386,182	\$ 5,248,964	\$ 3,200,494	\$ 19,665,402
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,139,676		\$ 7,260		\$ 182,437	\$ 1,329,373
Accrued payroll liabilities	38,511					38,511
Deferred revenue	1,547,641					1,547,641
Due to other funds					16,846	16,846
Total Liabilities	<u>2,725,828</u>	<u>-</u>	<u>7,260</u>	<u>-</u>	<u>199,283</u>	<u>2,932,371</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	65,000	\$ 525,639	-	-	-	590,639
FUND BALANCES						
Restricted for:						
Maintenance districts			3,378,922			3,378,922
Capital projects				\$ 5,248,964	2,344,249	7,593,213
Low income density		408,189				408,189
Tree removal					184,430	184,430
AB 939					200,188	200,188
Law enforcement					120,967	120,967
Streets & roads					128,243	128,243
Other	69,278				23,134	92,412
Committed	2,021,455					2,021,455
Assigned	922,306					922,306
Unassigned	1,092,067					1,092,067
Total Fund Balances	<u>4,105,106</u>	<u>408,189</u>	<u>3,378,922</u>	<u>5,248,964</u>	<u>3,001,211</u>	<u>16,142,392</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,895,934	\$ 933,828	\$ 3,386,182	\$ 5,248,964	\$ 3,200,494	\$ 19,665,402

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

TOWN OF LOOMIS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2023

Fund balances - total governmental funds		\$ 16,142,392
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		16,733,071
Certain notes receivable and accounts receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.		590,639
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.		970,915
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.		(197,330)
Long-term liabilities, including financing leases, are not due and payable in the current period and therefore are not reported in the funds:		
Financing lease liability	(1,116)	
Compensated absences	(71,274)	
Net pension liability	(1,137,425)	
Total OPEB liability	(188,615)	
		<u>(1,398,430)</u>
Net position of governmental activities		<u><u>\$ 32,841,257</u></u>

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

TOWN OF LOOMIS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

		Special Revenue Funds		Major Capital Projects Fund		Nonmajor	
	General Fund	Low Income Density Fund	Maintenance Districts Fund	Road Circulation Fund	Capital Projects Fund	Governmental Funds	Total
REVENUES:							
Tax revenues	\$ 4,830,587		\$ 203,394			\$ 194,587	\$ 5,228,568
Licenses, fees, and permits	936,137	\$ 9,750		\$ 347,955		265,981	1,559,823
Franchise fees	344,322						344,322
Intergovernmental	316,462					975,348	1,291,810
Fines, forfeitures, and penalties	8,570						8,570
Refunds and reimbursements	32,065						32,065
Use of money and property	(6,497)	8,489	47,111	26,583		33,021	108,707
Other revenues	28,328			90,000		4,400	122,728
Total revenues	6,489,974	18,239	250,505	464,538	-	1,473,337	8,696,593
EXPENDITURES:							
Current:							
General government	2,333,865		4,243			82,254	2,420,362
Public safety	1,799,933					250,416	2,050,349
Public works	979,835		22,951	17,362	\$ 2,930	662,630	1,685,708
Planning	630,479						630,479
Debt service:							
Principal retirement	6,374						6,374
Interest and fiscal charges	390						390
Capital outlay					1,432,606		1,432,606
Total expenditures	5,750,876	-	27,194	17,362	1,435,536	995,300	8,226,268
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	739,098	18,239	223,311	447,176	(1,435,536)	478,037	470,325
Other Financing Sources (Uses):							
Transfers in	148,202				1,435,536	704,267	2,288,005
Transfers out	(959,162)		(299,519)	(51,496)		(977,828)	(2,288,005)
Total other financing sources (uses)	(810,960)	-	(299,519)	(51,496)	1,435,536	(273,561)	-
NET CHANGE IN FUND BALANCES	(71,862)	18,239	(76,208)	395,680	-	204,476	470,325
Fund balances, beginning of year as originally reported	4,900,419	389,950	3,455,130	4,853,284		2,810,544	16,409,327
Restatement	(723,451)					(13,809)	(737,260)
Fund balances, beginning of year as restated	4,176,968	389,950	3,455,130	4,853,284	-	2,796,735	15,672,067
Fund balances - ending	\$ 4,105,106	\$ 408,189	\$ 3,378,922	\$ 5,248,964	\$ -	\$ 3,001,211	\$ 16,142,392

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

**TOWN OF LOOMIS, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL
FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net change in fund balances - total governmental funds	\$ 470,325
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital asset adjustments	1,432,606	
Less: current year depreciation	(789,052)	
		643,554

Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities.

Difference between unavailable revenue recognized in the current year and prior year	65,000
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Expenditures in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:

Change in deferred inflows of resources related to pensions	(37,778)	
Change in the liability for compensated absences	135,450	
Change in net pension liability	(1,127,943)	
Change in OPEB liability	18,342	
Change in deferred outflows of resources related to pensions	633,491	

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

	6,374
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Change in net position of governmental activities	\$ 806,815
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The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Loomis (“the Town”) was incorporated in 1984, under the laws and regulations of the State of California. The Town operates under Town Council – Manager form of government and provides or contracts for the following services: public safety (Police), highways and streets, public improvements, planning and zoning, and general administration. Authority and responsibility for operations is given to the Town Council by the voters of the Town of Loomis. The Town Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the Town’s financial management is the financial budget which is adopted annually by the Town Council.

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

The financial statements of the Town have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

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

The Town is a member of the Placer County Transportation Planning Agency (the Agency), a joint powers authority. The Town is not directly responsible for the liabilities of the Agency and only has a residual equity interest in the Agency that would result in the Town’s proportional share of residual assets being distributed to the Town, if any of the members vote to terminate the Agency. The Agency issues separate financial statements, which are available on its website.

Basis of Accounting – Government-Wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities in the statement of activities. Program revenues include 1) Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) Grants and contributions that are restricted to

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues are presented as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenue. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the Town are organized on the basis of funds. A fund is a separate self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for governmental funds and fiduciary funds, even though the last is excluded from the government-wide financial statements. The Town has no Fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 360 days of the end of the current fiscal period, with the exception of property taxes. Property taxes are considered to be available if they are collected within 60 days of the current fiscal period. Amounts received after the availability period are reported as unavailable revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Governmental Funds

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

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds (continued)

The Town reports the following major special revenue funds:

- Low Income Density Fund is used to account for the monies received for loan repayments.
- Maintenance Districts Fund is used to account for the monies received for the various maintenance districts of the Town.

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

The Town reports the following major capital projects fund:

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

Cash and Cash Equivalents: The Town considers all highly-liquid investment with an original maturity of three months or less when purchased to be cash equivalents.

Receivables and Payables: Sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 360 days of year end. Property taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and collectible.

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

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The term “unsecured” refers to taxes on personal property other than land and buildings. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan,” as prescribed by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

These taxes are recognized as intergovernmental revenues only if they are received from the County within 60 days after year end for the governmental funds and are recognized when earned for government-wide presentation regardless of the timing of the related cash flows.

Capital Assets: Capital assets for governmental fund types of the Town are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at their acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, but including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been capitalized prospectively beginning July 1, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not included in the current year’s additions to governmental or business-type capital assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	30 years
Equipment	5 to 20 years

The Town’s current capitalization threshold is \$5,000 for equipment and all costs related to land and buildings. The sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Allowance for Doubtful Accounts: No amount has been provided as an allowance for doubtful accounts because, in the opinion of management, all material amounts are fully collectable.

Interfund Transactions: Transactions between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Eliminations have not been made between or within the fund types.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences: It is the Town's policy to permit employees to accumulate earned but unused vacation. Vacation credits must be used during the next succeeding year. Vacation is accrued when earned in the government-wide presentation and in the proprietary funds and reported as a fund liability. Amounts that are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations or retirements that are currently payable, are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide presentation. No expenditure is reported in the governmental fund financial statements for these amounts.

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Town. Unused vacation time accrued is payable at 100% of the accrual at termination of employment. Accumulated sick leave benefits are recognized as liabilities of the Town. Employees vest in sick leave benefits after completing five years of service at a rate of 50%.

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

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

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of financial position reports a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net assets or fund balance by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net assets or fund balance that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditure/expense) or an inflow of resources (revenue) until the earnings process is complete. The governmental funds report unavailable revenues for grants and other revenues when the amounts meet the asset recognition criteria under GASB 33 and were accrued as receivables, but the amounts were not received in the availability period. Deferred outflows and inflows of resources include amounts deferred related to the Town's pension plan under GASB Statement No. 68 as described in Note 8.

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

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

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other government and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the Town not restricted for any project or other purpose.

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

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

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

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

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

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

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

The Town Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed. The Town's committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fund	Appropriations	Total	Excess
		Expenditures and Transfers Out	Expenditures
Gas tax	\$ 56,375	\$ 246,810	\$ 190,435
AB 939	58,479	93,497	35,018
Transit	60,000	71,307	11,307

Although expenditures exceed the budget, there is fund to cover the expenditures.

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

The Town is currently analyzing the impact of this new Statement on the financial statements.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS

Cash and investments consisted of the following for the fiscal year ended June 30, 2023:

Cash and Cash Equivalents:

Cash on hand	\$ 176
Deposits with financial institutions	1,259,679
Total Cash and Cash Equivalents	<u>1,259,855</u>

Investments:

Municipal bonds	7,012,666
Corporate securities	4,369,504
Negotiable certificates of deposit	4,482,629
Money market funds	985,264
Local Agency Investment Fund	129,918
Total Investments	<u>16,979,981</u>
Total Cash and Investments	<u>\$ 18,239,836</u>

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

During the fiscal year ended June 30, 2023, the Town’s permissible investments included the following instruments:

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

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

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

Information about the sensitivity of the fair value of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity at June 30, 2023:

Type of Investment	Total	Remaining Maturity (in Months)				
		12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months
Municipal Bonds	\$ 7,012,666	\$ 691,270	\$ 2,278,626	\$ 2,465,541	\$ 905,548	\$ 671,680
Corporate Securities	4,369,504	247,820	835,957	2,347,600	938,128	-
Negotiable Certificates of Deposit	4,482,629	994,695	237,771	224,227	1,597,613	1,428,321
Money Market	985,264	985,264	-	-	-	-
Local Agency Investment Fund	129,918	129,918	-	-	-	-
Total	<u>\$ 16,979,981</u>	<u>\$ 3,048,967</u>	<u>\$ 3,352,354</u>	<u>\$ 5,037,368</u>	<u>\$ 3,441,289</u>	<u>\$ 2,100,001</u>
Percentage of portfolio	100.00%	17.96%	19.74%	29.67%	20.27%	12.37%

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the Town's actual ratings of its investments as of June 30, 2023:

Credit Risk	Type of Investment					Total
	Municipal Bond	Corporate Securities	Negotiable Certificates of Deposit	Money Market Funds	Local Agency Investment Funds	
AAA	\$ 316,488					\$ 316,488
AA+	796,846					796,846
AA	3,894,898					3,894,898
AA-	1,812,088	\$ 1,721,118				3,533,206
A+	192,346	423,276				615,622
A		1,501,650				1,501,650
A-		723,460				723,460
No Rating			\$ 4,482,629	\$ 985,264	\$ 129,918	5,597,810
Total	<u>\$ 7,012,666</u>	<u>\$ 4,369,504</u>	<u>\$ 4,482,629</u>	<u>\$ 985,264</u>	<u>\$ 129,918</u>	<u>\$ 16,979,981</u>

Concentration of credit risk: The investment policy of the Town limits the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. As of June 30, 2023, the Town did not have any investment in any one issuer exceeding its existing investment policy.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2023, the carrying amount of the Town's deposits was \$1,259,679 and the balance in financial institutions was \$1,257,898. Of the balances in financial institutions, \$250,000 was covered by federal depository insurance with the remaining \$1,007,898 was covered by the pledging financial institution with assets held in a common pool for the Town and other government agencies, but not in the name of the Town. In addition, a portion of the Town's negotiable certificate of deposits are uninsured due to being held by the same financial institution as their deposits in financial institutions, with the uninsured amount totaling \$438,956.

As of June 30, 2023, the Town investments in the following investment types were held by the same custodial account that was used by the Town to buy the securities:

Municipal bonds	\$ 7,012,666
Corporate securities	4,369,504
Negotiable certificates of deposit	4,482,629
Money market funds	985,264

Fair Value Measurement: The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs. All of the Town's investments are considered to be valued based on Level 2 inputs.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$176,442,053,163, which is managed by the State Treasurer. Of that amount, 2.78% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 3: LOANS RECEIVABLE

Loans Receivable: The Town has various loans receivable from past community development block grant awards and for economic development. Generally, the block grant loans are due on change of title of the underlying property. The Low Income Density receivable balance is offset by deferred inflows of resources in the governmental fund financial statements. The activity for the fiscal year ended June 30, 2023 is as follows:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
General Fund:					
Due from employees	\$ 1,281	\$ 1,538		\$ 2,819	\$ 2,819
Low Income Density:					
Special Revenue Fund	<u>525,639</u>	<u>-</u>	<u>-</u>	<u>525,639</u>	<u>-</u>
	<u>\$ 526,920</u>	<u>\$ 1,538</u>	<u>\$ -</u>	<u>\$ 528,458</u>	<u>\$ 2,819</u>

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS AND DEPRECIATION

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. There were no impaired assets at the year end. Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 2,524,686			\$ 2,524,686
Constructions in progress	245,806	\$ 929,169		1,174,975
	<u>2,770,492</u>	<u>929,169</u>	<u>-</u>	<u>3,699,661</u>
Depreciable capital assets:				
Office equipment	73,893			73,893
Equipment under financing lease	27,803			27,803
Tools and equipment	183,299			183,299
Vehicles	392,867			392,867
Land improvements	274,626			274,626
Infrastructure	17,686,093	503,437		18,189,530
Buildings and improvements	1,948,964			1,948,964
Corp yard improvements	725,724			725,724
Intangible assets	12,335			12,335
	<u>21,325,604</u>	<u>1,432,606</u>	<u>-</u>	<u>21,829,041</u>
Total cost				
Less accumulated depreciation:				
Office equipment	(41,236)	(3,848)		(45,084)
Equipment under capital lease	(22,243)	(5,561)		(27,804)
Tools and equipment	(106,685)	(11,577)		(118,262)
Vehicles	(314,363)	(34,254)		(348,617)
Land improvements	(177,337)	(12,438)		(189,775)
Infrastructure	(6,152,183)	(620,662)		(6,772,845)
Buildings and improvements	(707,671)	(74,051)		(781,722)
Corp yard improvements	(483,833)	(25,633)		(509,466)
Intangible assets	(1,028)	(1,028)		(2,056)
	<u>(8,006,579)</u>	<u>(789,052)</u>	<u>-</u>	<u>(8,795,631)</u>
Total accumulated depreciation:				
Governmental Activities,				13,033,410
Capital Assets, Net	<u>\$ 16,089,517</u>	<u>\$ 643,554</u>	<u>\$ -</u>	<u>\$ 16,733,071</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 146,823
Public works	<u>642,229</u>
	<u>\$ 789,052</u>

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 5: LONG-TERM LIABILITIES

The changes in long-term liabilities for the fiscal year ended June 30, 2022 were as follows:

	Balance at July 1, 2022	Incurred	Retired	Balance at June 30, 2023	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 206,723	\$ 107,606	\$(243,056)	\$ 71,273	\$ 33,938
Lease liability	7,490		(6,374)	1,116	1,116
Net Pension Liability	9,482	1,127,943		1,137,425	
Total OPEB Liability	<u>206,957</u>	<u></u>	<u>(18,342)</u>	<u>188,615</u>	<u></u>
 Total	 <u>\$ 430,652</u>	 <u>\$ 1,235,549</u>	 <u>\$(267,772)</u>	 <u>\$ 1,398,429</u>	 <u>\$ 35,054</u>

Financing Lease Liability: Copier lease dated September 11, 2018, due in monthly payments of \$564 including interest at 8.46% per annum through August, 2023. Equipment under lease has a cost of \$27,803 and accumulated depreciation of \$22,243.

As of June 30, 2023, minimum payments under the financing lease are as follows:

	Year Ending June 30,
	<u>2024</u>
Total future minimum lease payments	\$ 1,127
Less: Interest	<u>1,127</u>
	(11)
Total	<u>\$ 1,116</u>

NOTE 6: INTERFUND TRANSACTIONS

Due To/From Other Funds

Interfund balances for operations as of June 30, 2023 were as follows:

Fund	Due From Other Funds	Due To Other Funds
Nonmajor Special Revenue Funds:		
Streets and Roads Fund	\$ 16,846	
Gas Tax Fund		\$ 16,846
Total	<u>\$ 16,846</u>	<u>\$ 16,846</u>

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 6: INTERFUND TRANSACTIONS (CONTINUED)

Transfers

During the year ended June 30, 2023, the following interfund transfers were made to allocate capital expenditures by fund:

Fund	Transfers In	Transfers Out
General Fund	\$ 148,202	\$ 959,162
Special Revenue Funds:		
Maintenance Districts Fund		299,519
Capital Projects Funds:		
Road Circulation Fund		51,496
Nonmajor Special Revenue Funds:		
Streets and Roads Fund	672,870	462,755
Gas Tax Fund		234,093
Master Plan Fund	31,397	
Road Maintenance Fund		40,680
Bike Lane Fund		31,815
Nonmajor Capital Projects Funds:		
Community Facilities Capital Projects Fund		146,736
Park Fee Fund		61,749
Capital Projects Funds	1,435,536	
Total	<u>\$ 2,288,005</u>	<u>\$ 2,288,005</u>

NOTE 7: NET POSITION/FUND BALANCE

The following are the purposes for which net positions are restricted:

	Governmental Activities
Maintenance districts	\$ 3,378,922
Capital projects	7,593,213
Low income density	933,828
Tree removal	184,430
AB 939	200,188
Law enforcement	120,967
Streets & roads	128,243
Other	92,412
	<u>\$ 12,632,203</u>

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 7: NET POSITION/FUND BALANCE (CONTINUED)

The Town's committed fund balance in the general fund represents amounts set aside for the Town's capital improvement program. The Town's assign fund balance in the general fund consists of the following:

Drainage	\$ 55,000
Fire	45,863
Community facilities	200,000
Litigation	50,000
Parks	50,000
Business assistance	100,000
Supplemental law enforcement	71,244
OPEB set aside	101,430
Library reserves	248,769
	<hr/>
	\$ 922,306

NOTE 8: PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the Town's cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The Town participates in the Miscellaneous Risk Pool and the following cost-sharing rate plans:

- Miscellaneous Rate Plan
- PEPRM Miscellaneous Rate Plan

Benefit provisions under the Plan are established by State statute and Council resolution. CalPERS issues publicly available reports that include a full description of the Plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRM Miscellaneous Rate Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 8: PENSION PLAN (CONTINUED)

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Rate Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Rate Plan (On or after January 1, 2013)
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	10.320%	7.470%

In addition to the contribution rates above, the Town was also required to make payments of \$74,383 toward its unfunded actuarial liability during the year ended June 30, 2023. The Miscellaneous Rate Plan is closed to new members that are not already CalPERS eligible participants.

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

For the year ended June 30, 2023, the employer contribution made to the Plan was \$184,098.

Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2023, the Town reported a net pension liability for its proportionate share of the net pension liability of \$1,137,425.

The Town's net pension asset is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability 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 Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2022 was as follows:

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 8: PENSION PLAN (CONTINUED)

	<u>Miscellaneous Plan</u>
Proportion - June 30, 2022	0.00050%
Proportion - June 30, 2023	<u>0.02431%</u>
Change - Increase (Decrease)	0.02481%

For the year ended June 30, 2023, the Town recognized a pension expense of \$714,897. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan combined from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 116,553	
Differences between expected and actual experience	22,842	\$ (15,299)
Differences between projected and actual investment earnings	208,346	
Differences between employer's contributions and proportionate share of contributions		(182,031)
Change in employer's proportion	439,076	
Pension contributions made subsequent to measurement date	<u>184,098</u>	
Total	<u>\$ 970,915</u>	<u>\$ (197,330)</u>

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date above will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as net deferred inflows of resources related to the Plan will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30</u>	
2024	\$ 181,529
2025	174,580
2026	105,946
2027	<u>127,432</u>
	<u>\$ 589,487</u>

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for the Plan 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% (a)
Inflation	2.30%
Payroll Growth	2.75%
Projected Salary Increase	Varies depending on entry age and service
Mortality (1)	Derived using CalPERS Membership Data

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

(1) The underlying mortality assumptions were developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. Further details can be found in the 2021 experience study report on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 6.90%, which is a decrease from the 7.15% used in the prior year. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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 and, combined with risk estimates, 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.

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

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 8: PENSION PLAN (CONTINUED)

Asset Class (c)	New Strategic Allocation	Real Return Years 1 - 10(a),(b)
Global Equity - cap-weighted	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

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

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

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

1% Decrease	5.90%
Net Pension Liability/(Asset)	\$2,137,436
Current Discount Rate	6.90%
Net Pension Liability/(Asset)	\$1,137,425
1% Increase	7.90%
Net Pension Liability/(Asset)	\$ 314,664

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

NOTE 9: POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description: The Town administers a single employer defined benefit healthcare plan (the Retiree Health Plan). Benefit provisions are established and may be amended by the Town. Healthcare benefits are provided to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA).

The Plan does not issue separate financial statements. No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 9: POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Benefits Provided: The Town provides a retiree medical contribution for employees who retire within 120 days of separation from the Town under CalPERS at 55 years of age and after 5 years of service. The Town's contribution is capped at the CalPERS Minimum Employer Contribution, which was \$162.75 per month for fiscal year 2023. Retirees may enroll in Town sponsored medical plans and may cover dependents. The benefit continues to surviving spouses and dependents. No other benefits are offered.

Employees Covered by Benefit Terms: As of the June 30, 2023 valuation, the following employees were covered by the Plan's benefit terms:

Active employees	14
Inactive employees or beneficiaries currently receiving benefit payments	<u>6</u>
	<u>20</u>

Contributions: The contribution requirements of Plan members and the Town are established and may be amended by the Town's Council. The required contribution is based on actual retiree health insurance premium payments required under the Plan. For the year ended June 30, 2023, the Town contributed \$10,579 to the Plan through pay-as-you-go health insurance benefit payments on behalf of Plan members. Plan members did not make any contributions to the Plan. The Town does not contribute to a trust fund on behalf of employees.

OPEB Liability: The Town's Total OPEB liability of \$188,615 was measured as of June 30, 2023, which was determined by an Alternative Measurement Method.

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

Discount rate	4.13%
Salary increases	2.00%
Healthcare cost trend rates	Ranging from 4.7% to 3% for 2023; and decreasing to range of 4.2% to 3% for 2033 and later years
Mortality Table	PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years

Discount Rate: The discount rate used to measure the total OPEB liability was 4.13%. The discount rate is based on the Fidelity general obligation AA 20 Years Municipal Index. The discount rate was increased from 2.60% to 4.13% for the year ended June 30, 2023.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 9: POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Changes in the Total OPEB Liability: The change in the total OPEB liability for the plan is as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 206,957
Changes for the year:	
Service cost	5,979
Interest on the total OPEB liability	5,400
Effect of demographic gains or losses	12,498
Change in assumption on other inputs	(31,640)
Benefit payments	<u>(10,579)</u>
Net changes	<u>(18,342)</u>
Balance at June 30, 2023	<u>\$ 188,615</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease 3.13%</u>	<u>Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
Total OPEB liability	\$208,348	\$188,615	\$171,813

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town's total 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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$182,385	\$188,615	\$194,996

OPEB Plan Fiduciary Net Position: The Plan does not have fiduciary net position as the Town does not contribute to a qualified trust fund on behalf of the participants.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2023, the Town recognized OPEB benefit of \$7,763. The Town has no deferred inflows of resources as of June 30, 2023 because the Town uses the Alternative Measurement Method to calculate the OPEB liability.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 10: INSURANCE

The Town is a member of the Small Cities Organized Risk Effort (SCORE) with other northern California cities. SCORE is a joint powers authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide liability insurance. SCORE provides claims processing administrative services, risk management services and actuarial studies. A member from each city governs SCORE. The Town of Loomis council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The Town does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. SCORE is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If SCORE becomes insolvent, the Town is responsible only to the extent of any deficiency in its equity balance. SCORE establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

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

Coverage	SCORE	Excess	Banking Layer/ Deductible
Liability	\$ 750,000	\$ 39,500,000	\$ 25,000
Employers liability/crime	1,000,000		2,500
Property	500,000,000		5,000
Boiler and machinery	100,000,000		10,000
Mobile equipment	7,000,000		10,000
Workers Compensation liability	250,000	4,750,000	50,000
Pollution	10,000,000		250,000

The Town also carries commercial insurance for additional liability and property insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years. The audited financial statements of SCORE are available from SCORE at www.scorejpa.org.

TOWN OF LOOMIS, CALIFORNIA

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2023

NOTE 11: COMMITMENTS AND CONTINGENCIES

Contract Commitments: The Town had the following contract commitments at June 30, 2023:

	Remaining Contract Amount
Traffic signal interconnect project	\$ 112,000
Engineering and construction management services	40,704
Surveying/engineering services	34,656
Sierra College Blvd widening	2,258,758
Citywide concrete repair	121,537
Hunter Oaks landscape and rockery walls	168,910
	<u>\$ 2,736,565</u>

The Town entered into a contract effective July 1, 2024 with the Placer County Department of Health and Human Services for the regulation, control, impounding, and care for stray animals. Either party has the right to terminate this contract without cause, and cancellation will take effect 30 calendar days after written notice. Payments under the contract will not exceed \$152,774 through June 30, 2026.

The Town entered into a contract effective July 1, 2023 with the Placer County Sheriff-Coroner-Marshall Agency for law enforcement services. Either party has the right to terminate this contract with no less than 120 days' advance notice. The total amount of the contract is \$6,712,910 through June 30, 2026.

Grant Contingency: The Town participates in various federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. No audits by the grantors have occurred in the current fiscal year. The amount, if any, which may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 12: RESTATEMENT OF NET POSITION AND FUND BALANCE

During the year ended June 30, 2023 the Town discovered certain errors and reclassifications to the June 30, 2022 financial statements. As a result of the prior period adjustments, the net position and fund balance reported on the statement of financial position and the balance sheet as of June 30, 2023 have been restated as follows:

	Governmental Activities	General Fund
Net position and fund balance as of June 30, 2022, as previously reported	\$ 32,771,702	\$4,900,419
Unexpended grant revenue should have been deferred in the prior year	(784,689)	(784,689)
Reclassification of agency funds to governmental funds	47,429	47,429
Report State Disability Access Fund within the General fund instead of a separate special revenue fund		13,809
Total Restatements	<u>(737,260)</u>	<u>(723,451)</u>
Net position and fund balance as of July 1, 2022 as restated	<u>\$ 32,034,442</u>	<u>\$4,176,968</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF LOOMIS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES:				
Tax revenues	\$ 4,234,000	\$ 4,234,000	\$ 4,830,587	\$ 596,587
Licenses, fees, and permits	248,000	248,000	936,137	688,137
Franchise fees	313,000	313,000	344,322	31,322
Intergovernmental	-	-	316,462	316,462
Fines, forfeitures, and penalties	8,000	8,000	8,570	570
Refunds and reimbursements	-	-	32,065	32,065
Use of money and property	-	-	(6,497)	(6,497)
Other revenues	39,761	39,761	28,328	(11,433)
	<u>4,842,761</u>	<u>4,842,761</u>	<u>6,489,974</u>	<u>1,647,213</u>
Total revenues				
EXPENDITURES:				
Current:				
General government	1,693,520	1,693,520	2,333,865	640,345
Public safety	1,833,511	1,833,511	1,799,933	(33,578)
Public works	919,150	919,150	979,835	60,685
Planning	633,400	633,400	630,479	(2,921)
Debt service:				-
Principal retirement	-	-	6,374	6,374
Interest and fiscal charges	-	-	390	390
Capital outlay	35,260	35,260	-	(35,260)
	<u>5,114,841</u>	<u>5,114,841</u>	<u>5,750,876</u>	<u>636,035</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(272,080)	(272,080)	739,098	1,011,178
Other Financing Sources (Uses):				
Transfers in	-	-	148,202	148,202
Transfers out	(846,215)	(846,215)	(959,162)	(112,947)
	<u>(846,215)</u>	<u>(846,215)</u>	<u>(810,960)</u>	<u>35,255</u>
Total other financing sources (uses)				
Excess (Deficiency) of Revenues and Other Financing Sources Over (under) Expenditures and Other Financing Uses	(1,118,295)	(1,118,295)	(71,862)	1,046,433
Fund balances, beginning of year as originally reported	4,900,419	4,900,419	4,900,419	-
Restatement	(723,451)	(723,451)	(723,451)	-
Fund balances, beginning of year as restated	<u>4,176,968</u>	<u>4,176,968</u>	<u>4,176,968</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,105,106</u>	<u>\$ 4,105,106</u>	<u>\$ 4,105,106</u>	<u>\$ -</u>

TOWN OF LOOMIS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LOW INCOME DENSITY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses, fees, and permits	\$ 10,200	\$ 10,200	\$ 9,750	\$ (450)
Use of money and property	5,030	5,030	8,489	3,459
Total revenues	15,230	15,230	18,239	3,009
NET CHANGE IN FUND BALANCES	15,230	15,230	18,239	3,009
Fund balances - beginning	389,950	389,950	389,950	-
Fund balances - ending	\$ 408,189	\$ 408,189	\$ 408,189	\$ -

TOWN OF LOOMIS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MAINTENANCE DISTRICTS FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES:				
Tax revenues	\$ 203,634	\$ 203,634	\$ 203,394	\$ (240)
Use of money and property	55,800	55,800	47,111	(8,689)
Total revenues	259,434	259,434	250,505	(8,929)
EXPENDITURES:				
Current:				
General government	2,039	2,039	4,243	2,204
Public works	61,867	61,867	22,951	(38,916)
Total expenditures	63,906	63,906	27,194	(36,712)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	195,528	195,528	223,311	27,783
Other Financing Sources (Uses):				
Transfers out	(299,519)	(299,519)	(299,519)	-
Total other financing sources (uses)	(299,519)	(299,519)	(299,519)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (under) Expenditures and Other Financing Uses	(103,991)	(103,991)	(76,208)	27,783
Fund balances - beginning	3,455,130	3,455,130	3,455,130	-
Fund balances - ending	\$ 3,378,922	\$ 3,378,922	\$ 3,378,922	\$ -

TOWN OF LOOMIS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.02431%	0.00050%	0.01968%	0.01765%	0.01515%	0.03059%	0.02918%	0.02691%	0.02819%
Proportionate share of the net pension liability	\$ 1,137,425	\$ 9,482	\$ 830,145	\$ 706,991	\$ 571,066	\$ 1,205,984	\$ 1,013,576	\$ 738,347	\$ 696,698
Covered payroll - measurement period	\$ 1,155,801	\$ 1,141,886	\$ 939,760	\$ 797,721	\$ 681,332	\$ 666,518	\$ 677,599	\$ 660,429	\$ 660,429
Proportionate share of the net pension liability as a percentage of covered payroll	98.41%	0.83%	88.34%	88.63%	83.82%	180.94%	149.58%	111.80%	105.49%
Plan fiduciary net position as a percentage of the total pension liability	84.50%	100.31%	87.22%	88.13%	78.17%	23.24%	21.95%	16.51%	15.89%

Notes to Schedule:

Reporting valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount rate	6.90%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%	7.50%	7.50%
Change in benefit terms: None									

Changes in assumptions: The discount rate was changed from 7.15% to 6.90% in the 2021 valuation.

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution - employer fiscal year (actuarially determined)	\$ 184,098	\$ 173,226	\$ 158,087	\$ 146,323	\$ 120,118	\$ 45,298	\$ 54,460	\$ 56,073	\$ 54,082
Contributions in relation to the actuarially determined contributions	(184,098)	(173,226)	(158,087)	(146,323)	(120,118)	(45,298)	(54,460)	(56,073)	(54,082)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - employer fiscal year	\$ 1,241,861	\$ 1,155,801	\$ 1,141,886	\$ 989,760	\$ 797,721	\$ 681,332	\$ 666,518	\$ 677,599	\$ 660,429
Contributions as a percentage of covered payroll	14.82%	14.99%	13.84%	14.78%	15.06%	6.65%	8.17%	8.28%	8.19%

Notes to schedule:

Contribution valuation date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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Methods and assumptions used to determine contribution rates:

Amortization cost method									
Amortized method									
Remaining amortization period									
Asset valuation method									
Inflation	2.500%	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll growth	2.750%	2.750%	2.750%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary increases									
Investment rate of return and discount rate	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age									
Mortality									

Omitted years: GASB 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be added prospectively as becomes available until 10 years are

TOWN OF LOOMIS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Schedule of Changes in Total OPEB Liability
Last 10 years

	2023	2022	2021	2020	2019
Total OPEB liability					
Service cost	\$ 5,979	\$ 8,523	\$ 10,183	\$ 17,028	\$ 17,028
Interest	5,400	16,567	6,710	6,669	5,730
Economic/Demographic Gains or (Losses)	12,498	(92,121)	(46,974)	(13,288)	4,380
Change in assumptions	(31,640)	79,764	16,371	5,633	13,042
Benefit payments	(10,579)	(8,523)	(7,812)	(7,812)	(7,975)
Employer contributions		-	-	-	-
Net change in Net OPEB liability	(18,342)	4,210	(21,522)	8,230	32,205
Total OPEB liability - beginning	206,957	202,747	224,269	216,039	183,834
Total OPEB liability - ending	<u>\$ 188,615</u>	<u>\$ 206,957</u>	<u>\$ 202,747</u>	<u>\$ 224,269</u>	<u>\$ 216,039</u>
Covered-employee payroll - measurement period	\$ 1,241,861	\$ 1,275,366	\$ 1,159,708	\$ 1,052,275	\$ 852,485
Total OPEB liability as a percentage of covered-employee payroll	16.2%	16.2%	17.5%	21.3%	25.3%
Notes to schedule:					
Measurement period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Discount rate	4.13%	2.60%	2.10%	2.66%	2.31%
Medical trend			4.570% to 3.00%		
Salary increases	2.00%	2.00%	3.00%	4.00%	4.00%
Retirement age			50-75 years		

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes: None since June 30, 2019.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2019. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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SUPPLEMENTARY INFORMATION
COMBINING FUND FINANCIAL STATEMENTS

TOWN OF LOOMIS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
ASSETS			
Cash and investments	\$ 786,505	\$ 2,330,974	\$ 3,117,479
Receivables:			
Accounts receivable	4,243	-	4,243
Due from other governments	42,200	-	42,200
Interest receivable	5,848	13,878	19,726
Due from other funds	16,846	-	16,846
TOTAL ASSETS	\$ 855,642	\$ 2,344,852	\$ 3,200,494
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 181,834	\$ 603	\$ 182,437
Due to other funds	16,846	-	16,846
Total liabilities	198,680	603	199,283
Fund balances			
Restricted for:			
Capital projects	-	2,344,249	2,344,249
Tree removal	184,430	-	184,430
AB 939	200,188	-	200,188
Law enforcement	120,967	-	120,967
Streets & roads	128,243	-	128,243
Other	23,134	-	23,134
Total fund balances	656,962	2,344,249	3,001,211
TOTAL LIABILITIES AND FUND BALANCES	\$ 855,642	\$ 2,344,852	\$ 3,200,494

**TOWN OF LOOMIS, CALIFORNIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
REVENUES:			
Tax revenues	\$ 194,587		\$ 194,587
Licenses, fees, and permits		\$ 265,981	265,981
Intergovernmental	975,348		975,348
Use of money and property	12,109	20,912	33,021
Other revenues	4,400		4,400
Total revenues	1,186,444	286,893	1,473,337
EXPENDITURES:			
Current:			
General government	82,254		82,254
Public safety	250,416		250,416
Public works	664,733	(2,103)	662,630
Capital outlay		-	-
Total expenditures	997,403	(2,103)	995,300
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	189,041	288,996	478,037
Other Financing Sources (Uses):			
Transfers in	704,267	-	704,267
Transfers out	(769,343)	(208,485)	(977,828)
Total other financing sources (uses)	(65,076)	(208,485)	(273,561)
Net change in fund balance	123,965	80,511	204,476
Fund balances - beginning	532,997	2,263,738	2,796,735
Fund balances - ending	\$ 656,962	\$ 2,344,249	\$ 3,001,211

TOWN OF LOOMIS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Streets and Roads Fund	Gas Tax Fund	Tree Removal Fund	AB 939 Fund
ASSETS				
Cash and investments	\$ 20,339		\$ 183,338	\$ 235,946
Receivables:				
Accounts receivable				4,243
Due from other governments		\$ 15,553		
Interest receivable		1,293	1,092	1,405
Due from other funds	16,846			
TOTAL ASSETS	<u><u>\$ 37,185</u></u>	<u><u>\$ 16,846</u></u>	<u><u>\$ 184,430</u></u>	<u><u>\$ 241,594</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 37,185			\$ 19,441
Due to other funds		\$ 16,846		
Total liabilities	<u>37,185</u>	<u>16,846</u>	<u>-</u>	<u>19,441</u>
Fund balances				
Restricted for:				
Capital projects				
Tree removal			\$ 184,430	
AB 939				200,188
Law enforcement				
Streets & roads				
Other				21,965
Total fund balances	<u>-</u>	<u>-</u>	<u>184,430</u>	<u>222,153</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 37,185</u></u>	<u><u>\$ 16,846</u></u>	<u><u>\$ 184,430</u></u>	<u><u>\$ 241,594</u></u>

<u>Transit Fund</u>	<u>Supplemental Law Enforcement Fund</u>	<u>Westside Specific Plan Fund</u>	<u>Road Maintenance Fund</u>	<u>Total</u>
\$ 32	\$ 244,718	\$ 1,137	\$ 100,995	\$ 786,505
				4,243
			26,647	42,200
	1,457		601	5,848
				16,846
<u>\$ 32</u>	<u>\$ 246,175</u>	<u>\$ 1,137</u>	<u>\$ 128,243</u>	<u>\$ 855,642</u>
	\$ 125,208			\$ 181,834
				16,846
<u>-</u>	<u>125,208</u>	<u>-</u>	<u>-</u>	<u>198,680</u>
				184,430
				200,188
	120,967			120,967
			\$ 128,243	128,243
<u>\$ 32</u>	<u></u>	<u>\$ 1,137</u>	<u></u>	<u>23,134</u>
<u>32</u>	<u>120,967</u>	<u>1,137</u>	<u>128,243</u>	<u>656,962</u>
<u>\$ 32</u>	<u>\$ 246,175</u>	<u>\$ 1,137</u>	<u>\$ 128,243</u>	<u>\$ 855,642</u>

TOWN OF LOOMIS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Streets and Roads	Gas Tax Funds	Tree Removal Fund	AB 939 Fund
REVENUES:				
Tax revenues		\$ 178,817		\$ 15,770
Intergovernmental	\$ 534,716			5,000
Use of money and property	1,815	(6,044)	\$ 9,633	6,872
Other revenues			4,400	
Total revenues	<u>536,531</u>	<u>172,773</u>	<u>14,033</u>	<u>27,642</u>
EXPENDITURES:				
Current:				
General government				82,254
Public safety				
Public works	<u>466,474</u>	<u>12,717</u>	<u>102,992</u>	<u>11,243</u>
Total expenditures	<u>466,474</u>	<u>12,717</u>	<u>102,992</u>	<u>93,497</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	70,057	160,056	(88,959)	(65,855)
Other Financing Sources (Uses):				
Transfers in	672,870			
Transfers out	<u>(462,755)</u>	<u>(234,093)</u>		
Total other financing sources (uses)	<u>210,115</u>	<u>(234,093)</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (under) Expenditures and Other Financing Uses	280,172	(74,037)	(88,959)	(65,855)
Fund balances - beginning	<u>(280,172)</u>	<u>74,037</u>	<u>273,389</u>	<u>288,008</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,430</u>	<u>\$ 222,153</u>

Transit Fund	Supplemental Law Enforcement Fund	Master Plan Fund	Westside Specific Plan Fund	Road Maintenance Fund	Bike Lane Fund	Total
						\$ 194,587
\$ 62,696	\$ 165,271			\$ 175,850	\$ 31,815	975,348
438	(29)			(576)		12,109
						4,400
63,134	165,242	-	-	175,274	31,815	1,186,444
						82,254
	250,416					250,416
71,307						664,733
71,307	250,416	-	-	-	-	997,403
(8,173)	(85,174)	-	-	175,274	31,815	189,041
		31,397				704,267
				(40,680)	(31,815)	(769,343)
-	-	31,397	-	(40,680)	(31,815)	(65,076)
(8,173)	(85,174)	31,397		134,594		123,965
8,205	206,141	(31,397)	1,137	(6,351)		532,997
\$ 32	\$ 120,967	\$ -	\$ 1,137	\$ 128,243	\$ -	\$ 656,962

TOWN OF LOOMIS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Drainage Funds	Community Facilities Capital Projects Fund	Park Fee Fund	Total
ASSETS				
Cash and investments	\$ 341,064	\$ 867,709	\$ 1,122,201	\$ 2,330,974
Interest receivable	2,031	5,166	6,681	13,878
TOTAL ASSETS	<u><u>\$ 343,095</u></u>	<u><u>\$ 872,875</u></u>	<u><u>\$ 1,128,882</u></u>	<u><u>\$ 2,344,852</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 603	\$ -	\$ 603
Total liabilities	<u>-</u>	<u>603</u>	<u>-</u>	<u>603</u>
Fund balances				
Restricted for:				
Capital projects	<u>343,095</u>	<u>872,272</u>	<u>1,128,882</u>	<u>2,344,249</u>
Total fund balance	<u>343,095</u>	<u>872,272</u>	<u>1,128,882</u>	<u>2,344,249</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 343,095</u></u>	<u><u>\$ 872,875</u></u>	<u><u>\$ 1,128,882</u></u>	<u><u>\$ 2,344,852</u></u>

TOWN OF LOOMIS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Drainage Funds	Community Facilities Capital Projects Fund	Park Fee Fund	Total
REVENUES:				
Licenses, fees, and permits	\$ 20,094	\$ 77,793	\$ 168,094	\$ 265,981
Use of money and property	3,686	12,683	4,543	20,912
Total revenues	23,780	90,476	172,637	286,893
EXPENDITURES:				
Current:				
Public works	(2,558)	455		(2,103)
Capital outlay				-
Total expenditures	(2,558)	455	-	(2,103)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26,338	90,021	172,637	288,996
Other Financing Sources (Uses):				
Transfers in				-
Transfers out		(146,736)	(61,749)	(208,485)
Total other financing sources (uses)	-	(146,736)	(61,749)	(208,485)
Excess (Deficiency) of Revenues and Other Financing Sources Over (under) Expenditures and Other Financing Uses	26,338	(56,715)	110,888	80,511
Fund balances - beginning	316,757	928,987	1,017,994	2,263,738
Fund balances - ending	\$ 343,095	\$ 872,272	\$ 1,128,882	\$ 2,344,249

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OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loomis, California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Loomis, California's basic financial statements, and have issued our report thereon dated September 27, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

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

Compliance and Other Matters

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

Purpose of this Report

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

Richardson & Company, LLP

September 27, 2024

TOWN OF LOOMIS, CALIFORNIA

Schedule of Findings For the Fiscal Year Ended June 30, 2023

Finding 2023-001 – Internal Controls over Financial Reporting & Segregation of Duties – Material Weakness

Condition: The design and implementation of internal controls is crucial to the effective operation of the Town and for accurate financial reporting. If proper separation of duties cannot be accomplished, then maintaining an effective review and oversight function are important to establishing an effective internal control system. Due to the small staff size, it is difficult to achieve a proper segregation of duties. The Town's Finance Director performed all of the accounting functions with minimal oversight. The following areas were noted:

- The Finance Director has the ability to set up new employees in the payroll system, process payroll and also make adjustments to payroll accounts in the general ledger. If it is not possible to segregate these duties, then the payroll registers should be reviewed by the City Manager or someone that does not have access to the payroll system. There was also no indication the timesheets were reviewed.
- The Finance Director had the ability to purchase items, approve invoices for payment, generate checks, record checks in the general ledger, sign checks (although a second signature is required), mail checks and prepare bank reconciliations. These duties should be segregated to ensure proper segregation of duties, or reviews should be performed by someone that does not have access to the accounting system.
- The Town should consider having three people set up with access to the investment account and investment transactions should be reviewed.
- Bank reconciliations were prepared by the Finance Director, but were not being reviewed. The bank reconciliations should be reviewed by someone not having access to the general ledger. This review should be documented by initials and date on the reconciliation to show review is done timely.
- No indication exists that journal entries were reviewed. One person should enter the JE and another one should review it. Initialing and dating this review along with the initial and date of the person who posted the JE will help to ensure that is properly reviewed and documented. As a best business practice, the support for this review should be kept in place until after the audit or in accordance with the Town's document retention policy.

Criteria: Internal controls over financial reporting should be in place to ensure the Town has the ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements and to properly reduce the risk of fraud by establishing proper separation of duties and review functions.

Cause: The Town has limited staff to ensure adequate segregation of duties and did not have reviews to mitigate the risk of the lack of segregation of duties.

Effect: An increased risk that a material misstatement of the financial statements could occur due to fraud or error and not be detected or corrected timely.

Recommendation: We recommend that the Town develop internal control procedures to create a responsible structure for accurate financial reporting and proper separation of duties. Procedures should

TOWN OF LOOMIS, CALIFORNIA

Schedule of Findings For the Fiscal Year Ended June 30, 2023

be in place to prepare the required reconciliations at year-end and throughout the year. Policies and procedures should be developed to ensure proper separation of duties and oversight.

Town's Response: The Town of Loomis agrees with the condition and recommendations noted in Finding 2023-001. Limited financial staff in the past has made it difficult to segregate duties and to have multiple levels of review to mitigate the risk of the lack of segregation of duties.

The very unfortunate death of our long term (24 years) Finance Director in April of 2023 highlighted this condition. The Town did not have any staff that could perform the ongoing finance activities and documentation of procedures and tasks was essentially nonexistent. The Town contracted with a Certified Public Accounting (CPA) and business advisory firm to carry on the finance activities. The firm provided finance staff and a Senior Manager on a part-time basis – with limited time on site at Town Hall. During the next six months, the Town initiated recruitment activities to hire a new Finance Director, but the first recruitment cycle did not identify any qualified candidates. At that time a new recruitment process was initiated and the Town contracted with an individual consultant with specific small town government experience to provide on-site services on a part time basis. In addition, Town staff requested and received approval from Town Council to add a second finance position (Accounting Technician) to improve segregation of duties and ensure accurate financial reporting.

In March of 2024 the Town was successful in hiring a new Finance Director, and shortly followed with hiring the Accounting Technician in May 2024. The new hires and the individual consultant were able to identify process weaknesses, institute new controls and review processes, and catch up on activities that had not been completed since April 2023. In depth review and reconciliation of all accounts and accounting activities was completed prior to the fiscal year 2023 audit.

The Finance team is committed to the review and continual improvement of the financial activities and processes of the Town. Future activities include:

1. Continued cross training of financial processes
2. Improving documentation of procedures and reconciliation processes – including accounting calendars
3. Analysis of financial reporting needs and probable implementation of a new modern accounting software program.
4. Inclusion and training of non-financial staff for development of annual budgets and financial management of Town programs and projects



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MANAGEMENT LETTER

Town Council
Town of Loomis
Loomis, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Loomis (the Town) for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we identified deficiencies in internal control that we consider to be material weaknesses, which are reported in the Schedule of Findings included within the Audited Financial Statements.

During our audit, we became aware of the following matters that have been included in this letter for your consideration, which are in addition to the material weakness discussed in the Report on Internal Control and Compliance:

Tax Revenue Accruals: As noted on our summary of unadjusted differences, we noted that sales tax, gas tax and district tax are being recorded on the cash basis, instead of being recorded in the period in which the tax was levied. As a result, revenue was recorded in fiscal year 2022/23 instead of in fiscal year 2021/22. The proper accruals were made in preparation for the fiscal year 2022/23 audit, but the Town needs to ensure that procedures are in place for ensuring these revenues are accrued in the proper fiscal year.

We also noted that the ARPA revenue received in fiscal year 2021/22 was recorded as revenue when received, but since these funds are to be used for specific project expenditures, they should have been deferred and recognized as the corresponding expenditures are incurred. The fund balance/net position as of July 1, 2022 was reduced by \$723,451 in the fiscal year 2022/23 audit for this correction.

Policies and Procedures: We discovered that several of the Town's policies—including the employee handbook and credit card policy—were outdated. We advise the Town to revise any policies that are

pertinent to the financial accounts of the Town. Since certain principles and guidelines in the employee handbook might no longer be in compliance with current labor laws or union contracts.

Fund Balance Reserve Policy: GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* revised the reporting and disclosure requirements for governmental fund balances. Some of the new fund balance classifications have very specific guidelines and some require formal governing board action before the end of a fiscal year. Committed fund balances represent a constraint placed on the use of resources imposed by formal action by the Council prior to the end of the reporting period. Assigned fund balance are constrained by the government's intent to be used for specific purposes. The Town has a capital improvement reserve that is briefly described in its Administrative Policies and Procedures, but the policy does not discuss target levels and funding, and is not reviewed by the Council as part of the budget process. In addition, the Town has a number of assigned fund balance amounts that are not officially documented, other than in a power point slide presented as part of the fiscal year 2022/23 budget.

We recommend the Town adopt a GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* policy and the Town consider a resolution, if needed, to formally commit any governmental funds for their intended purpose and specify which member of management has the authority to assign fund balances for financial reporting purposes. The policy should also describe the purpose of the Town's assigned fund balance and restricted resources and the intent of the Council to establish reserves. The Town needs to review the assigned fund balance amounts to determine if they need to be revised, since the balance recorded have not changed for several years.

Developer Deposits: During the audit, we noted several outstanding deposits that did not have activity for quite some time that were written off. The Town needs to ensure that it has procedures in place for the review of these outstanding deposits/receivables. Also, we noted that the Town records expenses associated with work performed on new development in the deposit liability account instead of an expense account. As a result, the Town is understating revenue and expenses associated with developer activity. The Town made the appropriate accounting entries to correct this issue during the audit, but needs to ensure that a process is in place for recording these expenses in an expense account and recognizing the corresponding revenue related to these expenses in a separate account.

Grant Tracking: We noted the tracking of grant-reimbursable expenses are tracked informally through spreadsheets. Grant activity in fiscal year 2022/23 was minimal, but the Town should consider tracking grant activity through funds or departments in the general ledger if grant activity is expected to increase.

Financial and Accounting Manual: We recommend a comprehensive accounting procedures manual be developed to provide documentation of transaction flows, accounting, routines, editing routines, and internal controls, including review and supervision, to ensure consistency in practices should turnover be experienced.

Closing Checklist: We recommend that the Town prepare a closing checklist that will ensure that all of the closing entries are made before the audit begins.

Journal Entry Supporting Documentation: We noted that a file of journal entries with supporting documentation attached was not maintained for journal entries made during the fiscal year. A file should be maintained of these journal entries and be maintained for audit purposes.

Payable Accruals: During our review of subsequent disbursements, we noted several payments to vendors that were for work performed prior to June 30 that were not accrued. We recommend the Town ensure payments made after year-end that relate to the prior fiscal year are accrued back prior to the start of the audit.

Town Council
Loomis, California

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the audit. This communication is intended solely for the information and use of the Town Council, management, and others within the organization and does not affect our report dated September 27, 2024 on the financial statements of the Town.

Richardson & Company, LLP

September 27, 2024



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GOVERNANCE LETTER

To the Town Council
Town of Loomis
Loomis, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loomis, California (the Town), for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 22, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated August 22, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the system of internal control of the Town. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Internal control related matters are discussed in a separate report.

We are required by the audit standards to identify potential risks of material misstatement during the audit process. We have identified the following significant risk of material misstatement as part of our audit planning: Management override of controls and revenue recognition. These are the areas that the audit standards require at a minimum to be identified as a significant risk.

We performed the audit according to the planned scope previously communicated to you in our engagement letter date August 22, 2023.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

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

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were determining the depreciable lives used for capital assets, the accrual of the grant receivables and the computation of the net pension asset and total OPEB liability. We evaluated the methods, assumptions, and data used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The net pension asset was determined by an actuarial valuation performed by CalPERS. The total OPEB liability was determined by the alternative measurement approach using a tool from an actuarial company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the following:

- Pension Liability: Information on the Town's pension plans, including the Town's share of the unfunded pension liability, is shown in Note 8. The Town's share of the unfunded pension liability at June 30, 2022, the most recent measurement date, was \$1,137,425, which is reflected as a liability in the Town's financial statements as of June 30, 2023. The pension liability increased by \$1,127,943 due to a unrealized losses CalPERS plan assets.
- Other Postemployment Benefits Liability: The other postemployment benefits (OPEB) liability disclosure in Note 9 shows the Town's total OPEB liability had decreased to \$188,615 as of June 30, 2023 due to an increase in the discount rate used to calculate the liability.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

The attached schedule summarized uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statement to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 27, 2024.

Management Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Other Matters

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

We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the

information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Richardson & Company, LLP

September 27, 2024

CITY OF LOOMIS, CALIFORNIA
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2023

GOVERNMENTAL ACTIVITIES

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Net Position	Total Change in Net Position
Impact of not accruing sales tax as of June 30, 2022 for amounts received in July and August				\$ 247,512
Impact of not accruing gas tax as of June 30, 2022 for amounts received in July and August				23,779
Impact of not accruing district tax as of June 30, 2022 for amounts received in July and August				94,837
Net Unadjusted Audit Differences - This Year	0		0	366,128
Financial Statement Caption Totals (Governmental Activities)	\$ 36,381,627	\$ 4,313,955	\$ 32,841,257	\$ 806,815
Net Audit Differences as % of F/S Captions	0.00%	0.00%	0.00%	45.38%

CITY OF LOOMIS, CALIFORNIA
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2023

GENERAL FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Fund Balance	Total Change in Fund Balance
Impact of not accruing sales tax as of June 30, 2022 for amounts received in July and August				\$ 247,512
Impact of not accruing gas tax as of June 30, 2022 for amounts received in July and August				23,779
Impact of not accruing district tax as of June 30, 2022 for amounts received in July and August				94,837
Impact of LEAP grant revenue recognized even though not received within the availability period				(65,000)
Total Net Unadjusted Audit Difference - This year	-	-	0	301,128
Financial Statement Caption Totals (General Fund)	\$ 6,895,934	\$ 2,725,828	\$ 4,105,106	\$ (71,862)
Net Audit Differences as % of F/S Captions	0.00%	0.00%	0.00%	(419.04%)



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INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT TESTING

Town Council
Town of Loomis
Loomis, California

We have performed the procedures enumerated below to the accompanying calculation of the Appropriation Limit of the Town of Loomis (the Town) for the year ended June 30, 2023. The Town management is responsible for complying with the appropriations limit calculation. The Town and the League of California Cities (as presented in the publication entitled Agreed-Upon Procedures applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist the Town in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings were as follows:

1. We obtained the Town's calculation of the 2022/2023 appropriations limit and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the Town Council.

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

2. We compared the methodology used to determine the cost of living adjustment component to Article XIII B which states that the Town may annually adjust the component for either the change in California per capita personal income or, the percentage change in the Town's assessed valuation which is attributable to non-residential new construction. We recalculated the factor based on the above information.

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

3. We compared the methodology used to determine the population adjustment component to Article XIII B which states that the Town may annually choose to adjust the component for either the change in population in the County in which the Town is located, or the change in population within the unincorporated area of the County in which the Town is located. We recalculated the factor based on the above information.

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

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

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

5. We recalculated the 2022/2023 Appropriation Limit by multiplying the product of the two above factors by the 2021/2022 appropriation limit.

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

6. We compared the Town's actual revenues to the computed appropriation limit for fiscal year 2022/2023.

Finding: For the 2022/2023 fiscal year, the Town's actual revenues subject to the appropriations limit did not exceed the appropriation limit adopted by resolution of the Town Council.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on accompanying calculation of the Appropriation Limit. Accordingly, we do not express such an opinion or conclusion. No procedures have been performed with respect to the determination of the Appropriations Limit for the base year, as defined by *Article XIII-B* of the California Constitution.

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

This report is intended solely for the use of the Town of Loomis and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Richardson & Company, LLP

September 27, 2024

APPENDIX A

TOWN OF LOOMIS APPROPRIATION LIMIT CALCULATION Year Ended June 30, 2023

APPROPRIATIONS LIMIT ADOPTED BY TOWN:

Recorded in Final 2022/2023 Budget	\$10,134,047
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APPROPRIATIONS LIMIT COMPUTATION PER REVIEW:

2021/2022 Appropriations Limit	\$9,387,902	
Cost of living factor:		
Change in California per capita income	1.0755	
Population Adjustment Factor:		
Population change in County of Placer	<u>1.0037</u>	
Auditor computed limitation		<u>\$10,134,047</u>
Variance		<u><u>\$0</u></u>