

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



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CITY OF ARTESIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2023

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August 5, 2024

Honorable Mayor and City Council
City of Artesia
Artesia, California

The Comprehensive Annual Financial Report of the City of Artesia (City), California, for the year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are the responsibility of the City's management. Completeness and reliability of the information contained in this report is based upon a comprehensive framework of internal controls that is established for this purpose. The costs of internal control should not exceed the anticipated benefits. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Management's Discussion and Analysis (MD&A) interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variations in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Independent Audit. City policy requires that its financial statements be audited by a certified public accountant. Moss, Levy & Hartzheim LLP, Certified Public Accountants and Consultants, have issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2023. The auditor's report on the basic financial statements and required supplementary information is included in the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Not for Profit Organizations*. A separate single audit report includes the schedule of expenditures of federal awards, auditors' report on internal controls, and compliance with applicable laws and regulations.

Profile of the City of Artesia

The City is a historical and developed, suburb located 19 miles southeast of downtown Los Angeles and 10 miles northeast of Long Beach. The City encompasses an area of approximately 1.6 square miles and has areas that can be redeveloped. There are three major retail areas, one industrial area, and an office park and high rise. The current population is 16,093 according to the State of California Department of Finance.

The City is a general law city, incorporated in 1959. The City Council is composed of five members elected biannually at large to four year alternating terms. The Mayor and Mayor Pro Tem are selected by the City Council.

The City has a Council/Manager form of government. The City Manager is appointed by the City Council to manage the daily affairs of the City and to implement policies established by the Council.

This report includes all the funds of the City. The City provides a full range of services including law enforcement (via a contract with the Los Angeles County Sheriff Department); construction and maintenance of arterials, streets and infrastructure; library and recreational services; public transportation; planning and economic development; housing; and administrative services. In addition to general municipal activities, the City provides refuse and recycling collection services (via a contract with CR&R, Inc.).

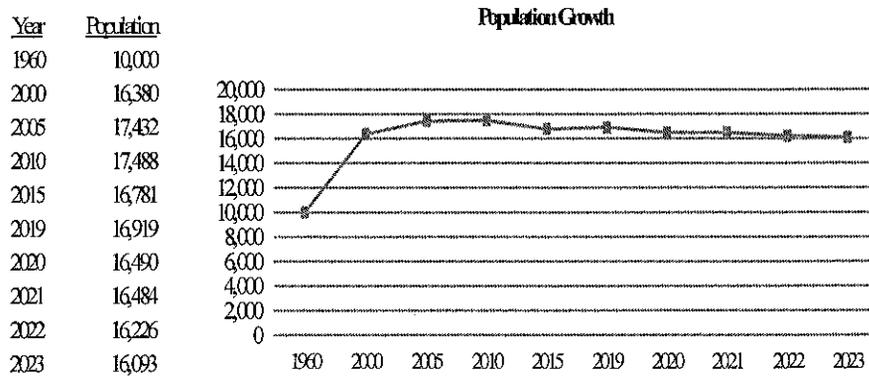
The Council is required to adopt a final budget by June 30th of each fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, program (e.g., public safety), and activity (e.g., law enforcement). Department heads may transfer resources within each program as needed. The City Manager may appropriate resources up to \$39,325 from budgeted funds. Expenditures above these thresholds require approval from the City Council.

In accordance with the reporting entity definition of the Governmental Accounting Standards Board, the City has included the Artesia Parking Authority and the Artesia Housing Authority in the financial report. The resources and activities of the Successor agency to the City of Artesia Redevelopment Agency are reported in a separate Private-Purpose Trust Fund, which is also included in these financial statements.

Several state and county agencies and school districts provide services to the City, but do not meet the established criteria for inclusion, and accordingly are excluded from this report.

Economic Condition and Outlook

The prospects for the future of the City are good. The population has remained steady as shown:



Source: State of California Department of Finance

Much of the local development of the City before the 1950's was farm, orchard, or grazing lands. In 1955, the Bradley-Burns Act was passed, which provided a one percent sales tax rebate for cities, to be distributed by the state. In 1957, the community roads of Pioneer, South Street, and Artesia Boulevard were paved, two-lane roads, which brought the roads to "civilized" condition. The City of Artesia incorporated on May 29, 1959 with the motto "Service Builds Tomorrow's Progress".

The City's economy has always relied on sales tax as the primary revenue source to support the purposes of the City's government. The sales tax strength for Fiscal Year 2022-23 is more than one-third of the general fund revenues. A vibrant sector is the Restaurant and Hotel major business group located in the City. Collaboration and support of local businesses keeps the community vibrant. The City of Artesia developed a Small Business Assistance Program with Community Development Block Grant (CDBG) funds to award grants of up to \$10,000 to 40 small businesses in Artesia. The City is also currently working with developers on new housing and mixed use development at currently vacant properties along Artesia Boulevard. The City continues to work on attracting investors wishing to develop in Artesia, and the City Council authorized an agreement to complete an assessment for the highest and best use of vacant and underutilized properties in the City. The assessment will be used to develop an action plan to help implement thoughtful development in the City.

The City is included in the Los Angeles-Long Beach Metropolitan Statistical Area. The following table summarizes the civilian labor force, employment and unemployment, and employment rate in the County and the City for calendar years 2018 through October, 2022:

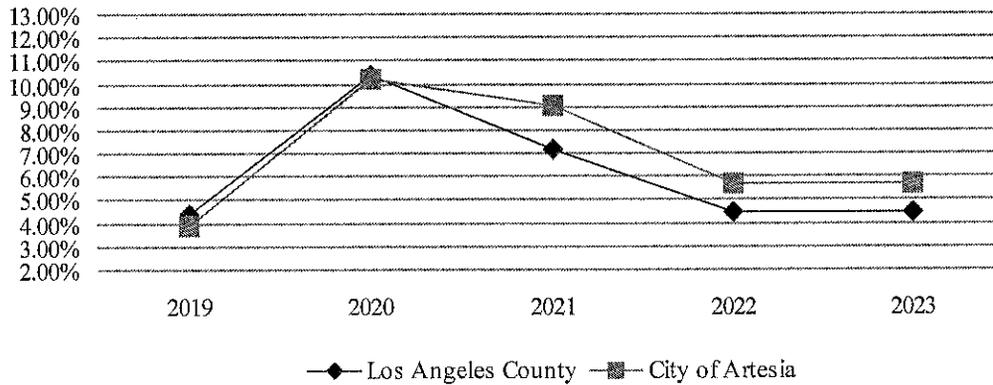
LOS ANGELES COUNTY AND CITY OF ARTESIA STATISTICAL AREA
Civilian Labor Force, Employment, Unemployment and Unemployment Rate
Annual Averages (000's) ⁽¹⁾

	2019		2020		2021		2022		2023	
	County	City	County	City	County	City	County	City	County	City
Civilian Labor Force (2)	5,183	8.20	4,869	7.70	5,009	7.80	4,948	7.60	4,968	7.70
Employment	4,953	7.80	4,363	6.90	4,647	7.10	4,724	7.20	4,743	7.20
Unemployment	230	0.30	506	0.80	363	0.70	224	0.40	224	0.40
Unemployment Rate	4.40%	3.90%	10.40%	10.20%	7.20%	9.10%	4.50%	5.70%	4.50%	5.70%

⁽¹⁾ Not seasonally adjusted.

⁽²⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Unemployment Rate
Artesia versus LA County



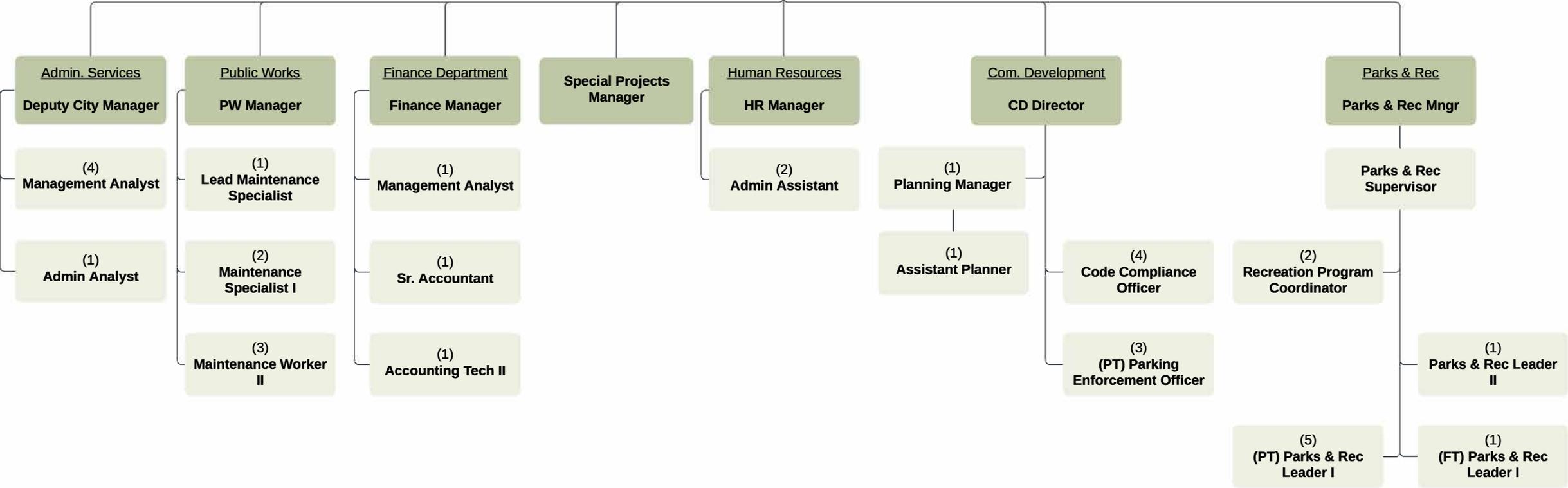
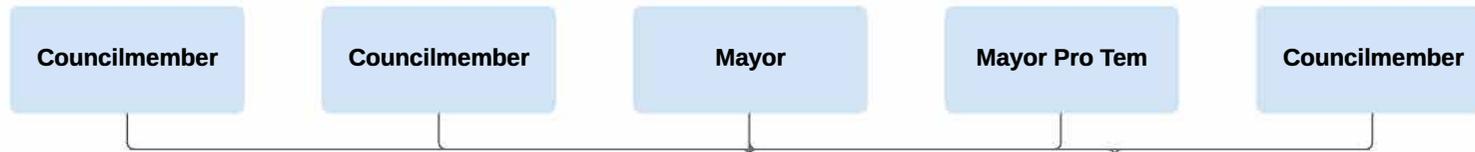
Source: Labor Market Information Division of the California State Employment Development Department.
 The City's average unemployment rate has been consistently lower than the Los Angeles County area average.

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Mayor and City Council for their support in maintaining the highest standards of professionalism in the management of the City of Artesia's finances.

Sincerely,

Melissa Burke
 Interim City Manager

City of Artesia Organizational Chart



CITY OF ARTESIA, CALIFORNIA
 List of Principal Officials
 2022-2023

<u>Elected Officials</u>	<u>Term Expires</u>
Mayor: Monica Manalo	November 2024
Mayor Pro Tem: Tony Lima	November 2024
Council Members: Ali Taj Rene Trevino Melissa Ramoso	November 2026 November 2026 November 2026
<u>Administrative Staff</u>	<u>Date of Hire</u>
Interim City Manager: * Melissa Burke	June 2022
Acting Deputy City Manager/Finance Manager: Jamie Murguia	June 2022
City Attorney: * HongDao Nguyen	December 2020
City Clerk: Jennifer Alderete	June 2022
City Treasurer: Jamie Murguia	June 2023
Fire Chief: ** Anthony C. Marrone	February 2023
Sheriff: *** Robert G. Luna	November 2022
Community Development Director: Okina Dor	June 2010

* Appointed by City Council

** Appointed by Los Angeles County Fire District

*** Appointed by Los Angeles County Sheriff Department



PARTNERS

CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Members of the City Council
City of Artesia, California

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Artesia, California, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal 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 those standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – ARPA Special Revenue Fund, Schedule of Changes in the Net Pension Liability and Related Ratios, and Schedule of Pension Contributions on pages xx through xx be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

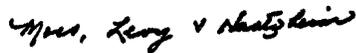
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Artesia's basic financial statements. The Budgetary Comparison Schedules for Nonmajor Governmental Funds; and the Combining Financial Statements for the Nonmajor Governmental Funds listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Nonmajor Governmental Funds and the Combining Financial Statements for the Nonmajor Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 June 28, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



MOSS, LEVY & HARTZHEIM, LLP
Culver City, CA
June 28, 2024

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Management's Discussion and Analysis

As management of the City of Artesia, we offer readers of the City of Artesia's financial statements this narrative overview and analysis of the financial activities of the City of Artesia for the fiscal year ended June 30, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the City of Artesia exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$27,576,533 (*net position*). The Governmental Activities have unrestricted net position of \$1,680,806, which may be used to meet the government's ongoing obligations to residents and creditors. Business-type Activities have unrestricted net position of \$786,387.
- The City's net position for governmental activities increased by \$1,804,094 over the prior fiscal year.
- The City's net position for business-type activities decreased by \$117,255 over the prior fiscal year.
- The total cost of all City activities was \$15,256,592 for the current fiscal year. Net cost of all activities was \$9,656,134.
- As of June 30, 2023, the City of Artesia's governmental funds reported combined ending fund balances of \$21,688,249, an increase of \$1,168,510 in comparison to the prior year. Approximately 35% of this amount is committed or assigned to indicate that it is not available because it has been set aside for projects or specific purposes. Another 21% is legally restricted by resolution or 3rd party covenants.
- As of June 30, 2023, the unassigned fund balance for all governmental funds was \$4,660,844.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Artesia's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Artesia's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Artesia is improving or deteriorating.

The *statement of activities and changes in net position* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Artesia that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The

governmental activities of the City of Artesia include general government, public safety, parks and recreation, public works and community development.

The government-wide financial statements include not only the City itself (known as the *primary government*) but also the blending of the legally separate Artesia Housing Authority and Artesia Parking Authority for which the City is financially accountable. These *component units* are therefore included as an integral part of the primary government.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Artesia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Artesia maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds below, which are considered to be major funds:

- **General Fund**
- **Billboard**
- **Capital Projects Fund**

Major funds are governmental or enterprise funds whose revenues, expenditures/expenses, assets or liabilities are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the corresponding total for all governmental and enterprise funds combined.

Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Artesia adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund and Capital Projects Fund to demonstrate compliance with these adopted budgets.

Proprietary funds. The City of Artesia has two proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's enterprise fund accounts for the City's paid parking, and the Artesia Towne Center. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. All proprietary funds are considered to be major funds of the City.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Artesia’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Funds of the George Nelson Memorial and Senior Residents and various other small projects are held as fiduciary funds. The Successor Agency to the Artesia Redevelopment Agency (ASA) is a public entity created by AB X1 26 (2011) and the City of Artesia effective February 1, 2012 to wind down the affairs of the former Artesia Redevelopment Agency.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of the Government-wide Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,576,533.

By far the largest portion of the City of Artesia’s net position, \$27,576,533 represents resources invested in capital assets. Capital assets provide services to residents and are not available for future spending. Resources needed to repay the related debt outstanding must be provided from other sources because the capital assets cannot be used to liquidate these liabilities.

An additional portion of net position (23%) represents resources that are subject to external restrictions on how it may be used, and therefore \$8,952,613 may not be used to meet the government's ongoing obligations to residents and creditors.

The City’s net position for government-wide statements increased by \$1,804,094, or 5% during the fiscal year as a result of revenues exceeding expenditures during this fiscal year. The total cost of all City activities was \$14,833,503. Net cost of all activities was \$9,656,134. Both revenue increases and expense decreases are discussed in more detail in the following report sections.

Governmental Activities

This analysis focuses on the net position and changes in net position of the City’s governmental activities which are presented in the government-wide financial statements.

Governmental Activities Net Position

	2023	2022
Current and other assets	\$ 26,530,702	\$ 25,692,344
Capital assets	27,576,533	27,624,448
Total assets	<u>54,107,235</u>	<u>53,316,792</u>
Deferred outflows of resources	2,475,584	1,385,289
Long-term liabilities outstanding	11,096,895	9,064,322
Other liabilities	2,311,011	2,225,455
Total liabilities	<u>13,407,906</u>	<u>11,289,777</u>
Deferred inflows of resources	4,964,961	7,006,446
Net position:		
Net investment in capital assets	27,576,533	27,624,448
Restricted	8,952,613	6,558,200
Unrestricted	1,680,806	2,223,210
Total net position	<u>\$ 38,209,952</u>	<u>\$ 36,405,858</u>

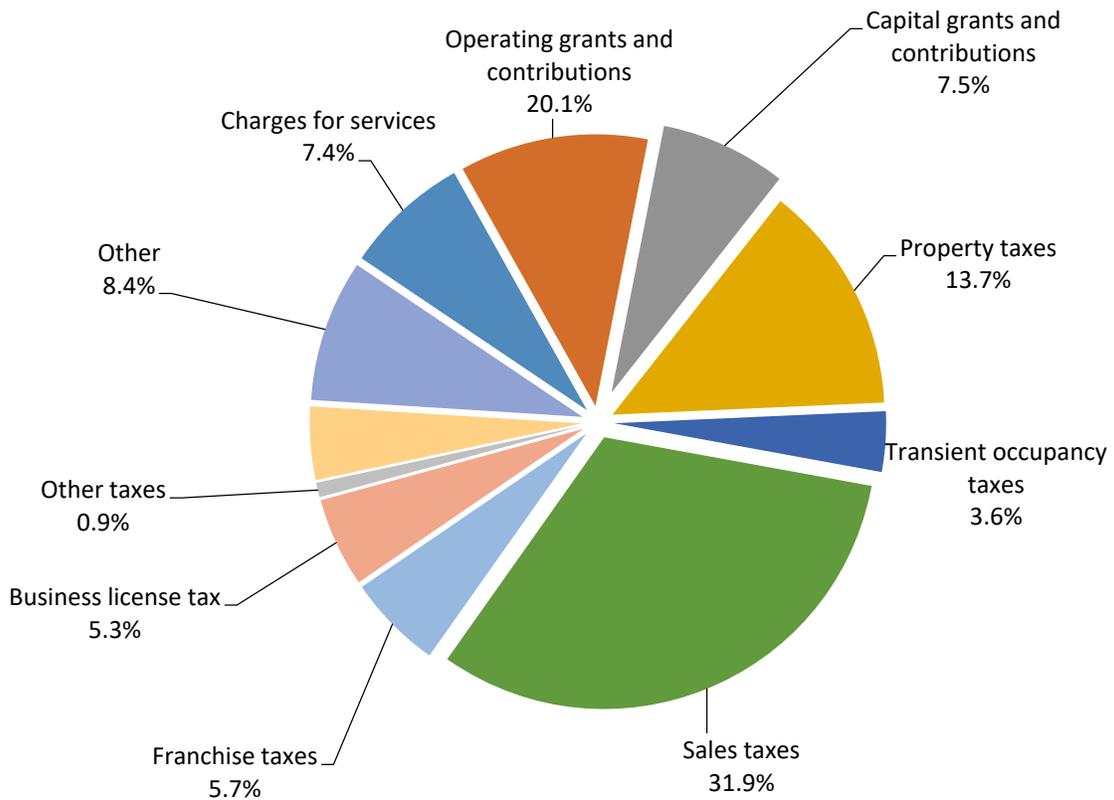
The net position of the governmental activities represents 97% of the City's total net position. Restricted net assets include external restrictions relating to public safety, street projects, housing and other purposes. Restricted net position increased by \$2,394,413 or 23%.

Governmental activities. Governmental activities increased the City of Artesia's net position by \$1,804,094. Key elements of this increase are as follows:

Governmental Activities Change in Net Position

	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 1,237,756	\$ 1,173,584
Operating grants and contributions	1,864,706	1,623,044
Capital grants and contributions	1,248,758	7,843,268
General revenues:		
Property taxes	2,278,334	2,146,321
Transient occupancy taxes	595,622	410,567
Sales taxes	5,310,565	5,551,693
Franchise taxes	943,404	909,908
Business license taxes	884,681	525,901
Other taxes	143,740	-
Vehicle license fee collection in excess	-	-
Use of money and property	724,831	100,488
Other	1,405,200	209,327
Transfers	-	-
Total revenues	16,637,597	20,494,101
Expenses		
General government	3,310,279	3,854,973
Public safety	4,671,915	4,542,434
Parks and recreation	1,403,087	1,973,429
Public works	2,914,580	2,466,739
Community development	2,533,642	1,325,713
Interest on long-term debt	-	-
Total expenses	14,833,503	14,163,288
Change in net position	1,804,094	6,330,813
Beginning net position	36,405,858	30,075,045
Beginning net position, restated	36,405,858	30,075,045
Ending net position	38,209,952	36,405,858

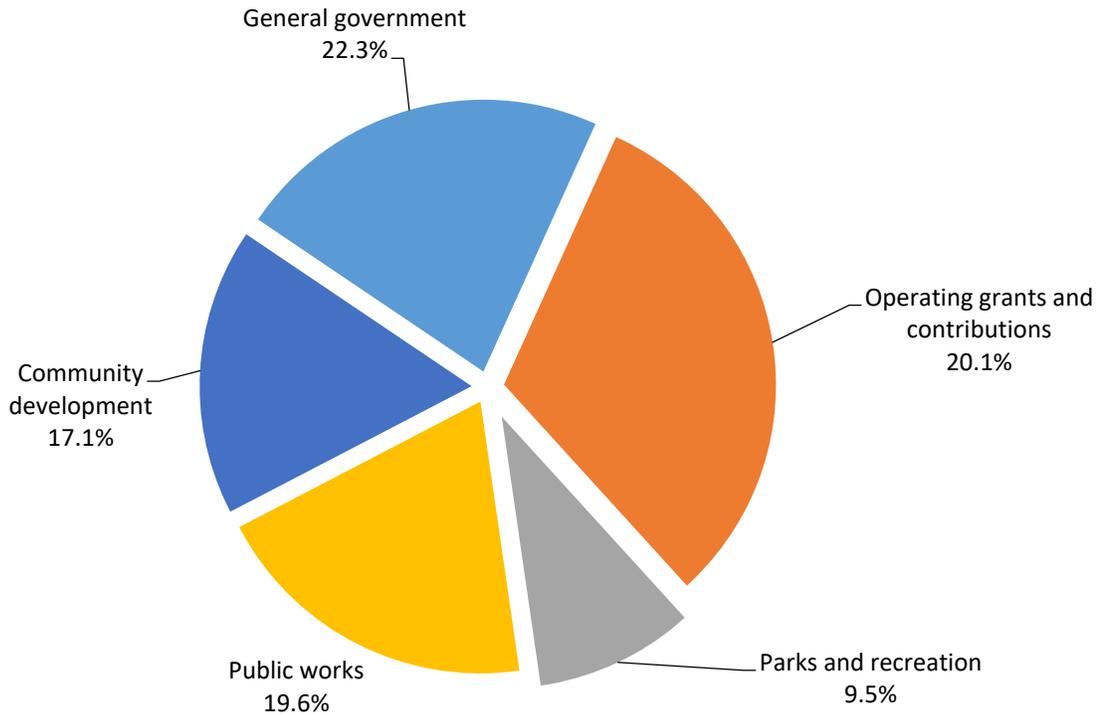
Revenue Sources-Governmental Activities



Taxes, operating grants and contributions and charges for services provide 98.5% of the overall revenue sources of the governmental activities. Taxes include property, transient occupancy, sales, franchise, business license and other taxes (transfer tax, Measure V and AB1290).

Capital grants and contributions decreased from \$ 7,843,268 in the prior year to \$1,248,758. The City received a \$5,000,000 Grant to expand AJ Padelford Park, and the first tranch of \$1,985,656 in American Rescue Plan Act (ARPA) funds grant in the prior year.

Expenses by Function-Governmental Activities



Total expenses increased \$670,215 or 5% overall. This increase was anticipated during the budget process.

Business-type Activities

The analysis of business-type activities focuses on the net position and changes in net position of the City's residential refuse service function which is presented in the government-wide financial statements. This is the first year of existence for this fund.

Business-Type Activities Net Position

	2023	2022
Current assets and other assets	\$ 874,887	\$ 947,982
Capital assets	437,048	489,439
Total assets	<u>1,311,935</u>	<u>1,437,421</u>
Other liabilities	88,500	96,731
Total liabilities	<u>88,500</u>	<u>96,731</u>
Net position:		
Net investment in capital assets	437,048	489,439
Unrestricted	786,387	851,251
Total net position	<u>\$ 1,223,435</u>	<u>\$ 1,340,690</u>

The net position of the business-type activities represents 3% of the City’s total net position. Business-type net position decreased by \$117,255. The decrease is attributed to higher expenditures, decreased rent collection at the Artesia Towne Center as well as decreased Parking revenue downtown.

Business-type Change in Net Position

	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 305,834	\$ 610,999
Total Revenues	305,834	610,999
Expenses		
Parking	203,441	239,508
Artesia Towne Center	219,648	543,755
Total Expenses	423,089	783,263
Change in net position	(117,255)	(172,264)
Beginning net position	1,340,690	1,512,954
Ending net position	\$ 1,223,435	\$ 1,340,690

The City’s business-type program expenditures exceeded revenues by \$117,255, meaning charges for services did not recover operating expenses.

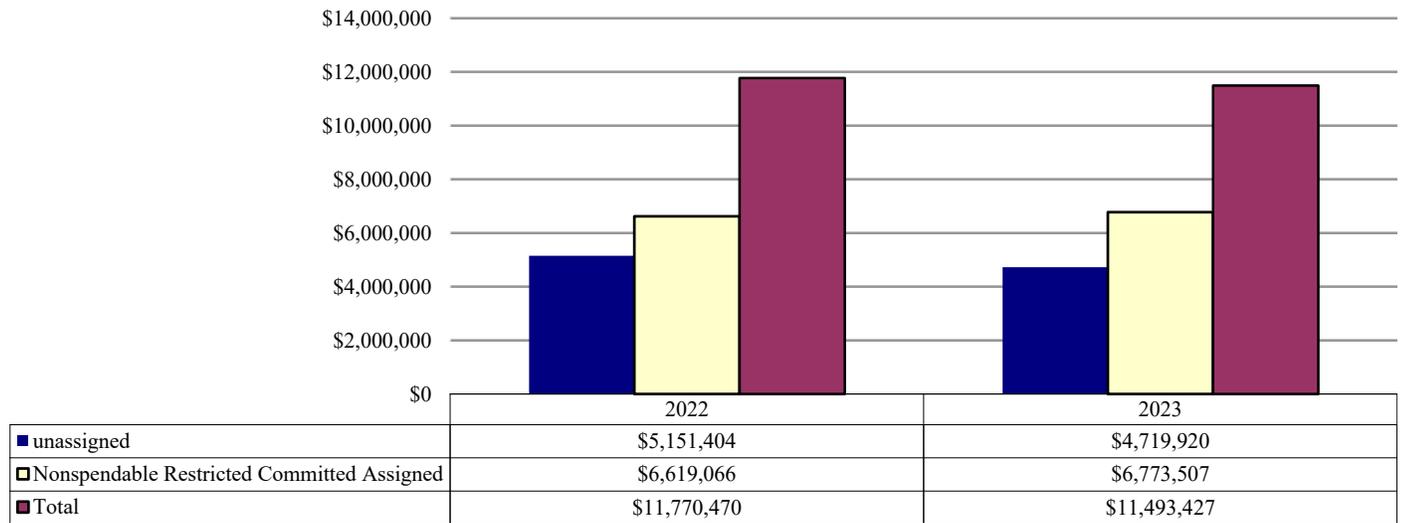
Financial Analysis of the City’s Funds

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

Governmental funds. The focus of the City of Artesia’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Artesia’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary spending as this category of fund balance represents the portion of fund balance which has not yet been limited to use for a particular purpose by either and external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

As of the end of the current fiscal year, the City of Artesia’s governmental funds reported combined ending fund balances of \$21,688,249, an increase of \$1,168,510 in comparison to the prior year. Of this amount, there is \$4,660,844 unassigned net fund balance available for spending at the government’s discretion. All fund balance is *nonspendable, restricted, committed or assigned* to indicate that it is not available for new spending. Approximately 25% of this amount is committed to indicate that it is not available because it has committed for contingency reserves. Another 42% is restricted for specific uses. Approximately 1% of this amount is assigned, which indicate that these amounts are not available because they are intended for specific uses designated by the City Council. The remainder of the fund balance is nonspendable, as they reflect prepaid items. Four funds qualify as major funds under the GASB Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*, reporting criteria: the General Fund, Billboard Fund, ARPA Fund, and Capital Projects Fund.

The following is a summary of fund balances of the governmental funds for fiscal years 2022-2023:



General Fund. The General Fund is the chief operating fund of the City of Artesia. At the end of Fiscal Year ended June 30, 2023, the total fund balance was \$11,493,427, with \$243,022 non-spendable for prepaid items, \$5,315,000 committed to funding future commitments, and \$1,215,485 assigned for specific projects. Comparing both total and unassigned fund balance (\$4,719,920) to total fund expenditures is a measure of the general fund's liquidity. Unassigned fund balance represents 38% of the total general fund revenue (\$12,447,833) and represents 39% of total general fund expenditures (\$12,231,322).

- The fund balance of the general fund decreased by \$277,043 during the fiscal year. There was an overall increase of \$1,279,133 in actual revenue over budget.

The Billboard Fund qualifies as a major fund in 2022-23. The Billboard Fund fund balance increased by \$21,937.

The Capital Projects Fund qualifies as a major fund in 2022-23. The Capital Projects Fund fund balance decreased by \$386,225.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide statements, but in greater detail.

Unrestricted net position of the two proprietary funds decreased to \$117,255 in the fiscal year. Other factors concerning the finances of these funds are addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

In preparing the budget, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of revenues to allow for the expansion of existing programs, if required.

There was an increase between the original budget and the final amended budget for appropriations of \$534,480, in anticipation of higher personnel, contract services, and unfunded liability expenditures. Actual revenue, was higher than the final budget by \$1,279,133.

Differences between the final appropriations and actual expenditures totaled \$273,919. Actual expenditures were less than budgeted in general government, public safety, parks and recreations and capital outlay.

Capital Asset and Long-Term Liabilities

Capital assets. The City of Artesia’s investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$ \$27,576,533 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobile equipment, office furniture and equipment, other equipment, and infrastructure. The following is a summary of capital assets (net of depreciation) as of June 30, 2023 and 2022:

Capital Assets (net of depreciation)		2023	2022
Governmental activities			
Land		\$ 10,008,436	\$ 10,008,436
Buildings		778,514	809,907
Improvements other than buildings		1,288,207	1,371,276
Automobile equipment		584,142	497,420
Office furniture and equipment		13,245	14,278
Other equipment		191,667	166,391
Infrastructure		13,342,442	14,178,463
Construction in progress		1,369,880	578,277
Total governmental activities		\$ 27,576,533	\$ 27,624,448

Total capital assets decreased by \$47,915 from the prior fiscal year. Major capital asset events during the fiscal year included the following:

- Construction in progress – several street projects were in process.
- Purchase of two Vans to be used by the Parks and Recreation department.
- Purchase of outdoor fitness equipment to be installed at AJ Paddleford Park.

Additional information on the City’s capital assets can be found in Note 5 of the Notes to the Financial Statements.

Long-Term Liabilities

The following is a summary of the outstanding debt (net of unamortized charges) at June 30, 2023 and 2022:

Long-Term Liabilities		2023	2022
Governmental activities			
Compensated absences		342,388	261,229
Other post-employment benefits obligation (OPEB)		6,212,423	6,760,267
Net pension liability		4,542,084	2,124,013
Total governmental activities		11,096,895	9,145,509

At the end of the fiscal year, the City had total long-term liabilities outstanding of \$11,096,895. This includes compensated absences, other post-employment benefits and net pension liability. There was an increase in long-term debt of \$1,951,386 over the prior year.

- Compensated absences liability increased \$81,159 for accrued time off payable.

- OPEB liability decreased \$547,844 for future benefits payable.
- Net pension liability increased \$2,418,071 for future retirement benefits payable.

Additional information on the City's long-term debt and other long-term liabilities can be found in notes 6, 9 and 10 of the *Notes to the Financial Statements*.

Economic Factors and Next Year's Budget

Local governments throughout the State of California are challenged with funding increasing costs of operations with constrained resources. The City is continuing a priority of conservative fiscal management where an evaluation of expenses with potential reductions will be implemented for government efficiencies. Conversely, the City is actively pursuing other economic development programs to enhance the City's revenue resource structure. The City maintains a conservative approach to budgeting revenues and expenditures. Management takes an active role in monitoring the application of the budget during the fiscal year to apply necessary changes to projected revenues as well as appropriated expenditures.

The budget for fiscal year 2023-24 was projected with a General Fund structural spending deficit of \$480,297, or 4% over General Fund revenues. Two major increases in expenditures, an increase in law enforcement costs of \$356,820 and an increase in the City's insurance program are contributing factors to the structural spending deficit.

Requests for Information

This financial report is designed to provide a general overview of the City of Artesia's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, ATTN: Jamie Murguia, Acting Deputy City Manager/Finance Manager, 18747 Clarkdale Avenue, Artesia, CA 90701.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) for state and local governments prescribe two basic government-wide financial statements:

- Statement of Net Position
- Statement of Activities and Changes in Net Position

The government-wide financial statements include all governmental and business-type activities of the City of Artesia. Their purpose is to summarize the City's consolidated financial activities and position. The government-wide financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Statement of Net Position is the basic government-wide statement of position. A statement of net position presents all of an entity's assets, deferred outflows, liabilities, deferred inflows, and net position (equity). The presentation is referred to as the *statement of net position* (rather than *balance sheet*), and the difference between assets, deferred outflows, liabilities, and deferred inflows is referred to as *net position* (rather than *equity*).

GAAP requires the City's governmental activities be reported separately from its business-type activities. In general, governmental activities include activities reported in the general, special revenue, debt service and capital projects funds. The City's government-wide statement of net position provides a column for the governmental and business-type activities.

The difference of assets plus deferred outflows of resources, minus liabilities and deferred inflows of resources in the government-wide statement of net position is referred to as *net position*. Net position is categorized as follows:

- Net investment in capital assets
- Restricted
- Unrestricted

Statement of Activities and Changes in Net Position is used to report changes in net position reported on the government-wide statement of net position. The government-wide statement of activities presents expenses before revenues. This emphasizes that in the public sector, revenues are generated for the express purpose of providing services rather than as an end in themselves.

The first column of the government-wide statement of activities present the direct expenses associated with each of the City's functional activities:

- General government
- Public safety
- Parks and recreation
- Public works
- Community development

The government-wide statements include the financial activities of the City of Artesia and its blended component units (Artesia Housing Authority and Artesia Parking Authority).

City of Artesia
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS AND DEFERRED OUTFLOWS			
Cash and investments	\$ 22,098,072	\$ 874,887	\$ 22,972,959
Receivables:			
Accounts	1,449,078		1,449,078
Loan	23,024		23,024
Leases	2,531,442		2,531,442
Interest	166,064		166,064
Prepaid items	263,022		263,022
Capital assets:			
Nondepreciable assets	11,378,316		11,378,316
Depreciable assets, net	16,198,217	437,048	16,635,265
Total capital assets	27,576,533	437,048	28,013,581
Total assets	54,107,235	1,311,935	55,419,170
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - Pension related	1,921,012		1,921,012
Deferred outflow - OPEB related	554,572		554,572
Total deferred outflows of resources	2,475,584		2,475,584
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable	1,309,587	22,170	1,331,757
Deposits payable	623,009	66,330	689,339
Unearned revenues	378,415		378,415
Noncurrent liabilities:			
Net postemployment benefit obligation	6,212,423		6,212,423
Net pension liability	4,542,084		4,542,084
Due within one year	81,187		81,187
Due in more than one year	261,201		261,201
Total liabilities	13,407,906	88,500	13,496,406
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - Pension related	602,133		602,133
Deferred inflow - OPEB related	1,831,386		1,831,386
Deferred inflow - leases related	2,531,442		2,531,442
Total deferred inflows of resources	4,964,961		4,964,961
NET POSITION			
Net investment in capital assets	27,576,533	437,048	28,013,581
Restricted for:			
Public safety	1,747,195		1,747,195
Street projects	5,819,579		5,819,579
Housing	812,561		812,561
Other purposes	573,278		573,278
Total restricted	8,952,613		8,952,613
Unrestricted	1,680,806	786,387	2,467,193
Total net position	\$ 38,209,952	\$ 1,223,435	\$ 39,433,387

See Accompanying Notes to Basic Financial Statements.

City of Artesia
Statement of Activities
For the fiscal year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 3,310,279	\$ 1,080,146	\$ -	\$ -	\$ 1,080,146
Public safety	4,671,915		617,311		617,311
Parks and recreation	1,403,087	87,352			87,352
Public works	2,914,580		1,247,395	1,248,758	2,496,153
Community development	2,533,642	1,013,662			1,013,662
Total governmental activities	14,833,503	2,181,160	1,864,706	1,248,758	5,294,624
Business-type activities:					
Parking	203,441	77,730			77,730
Artesia Towne Center	219,648	228,104			228,104
Total business-type activities	423,089	305,834			305,834
Total primary government	\$ 15,256,592	\$ 2,486,994	\$ 1,864,706	\$ 1,248,758	\$ 5,600,458

General revenues:

- Taxes:
 - Property taxes, levied for general purpose
 - Transient occupancy taxes
 - Sales taxes
 - Business licenses taxes
 - Other taxes
 - Use of money and property
 - Other
- Total general revenues**
Change in net position
Net position - beginning of fiscal year
Net position - end of fiscal year

See Accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,230,133)	\$ -	\$ (2,230,133)
(4,054,604)		(4,054,604)
(1,315,735)		(1,315,735)
(418,427)		(418,427)
(1,519,980)		(1,519,980)
(9,538,879)		(9,538,879)
	(125,711)	(125,711)
	8,456	8,456
	(117,255)	(117,255)
(9,538,879)	(117,255)	(9,656,134)

2,278,334		2,278,334
595,622		595,622
5,310,565		5,310,565
884,681		884,681
143,740		143,740
724,831		724,831
1,405,200		1,405,200
11,342,973		11,342,973
1,804,094	(117,255)	1,686,839
36,405,858	1,340,690	37,746,548
\$ 38,209,952	\$ 1,223,435	\$ 39,433,387

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) for state and local governments prescribe the following basic governmental fund financial statements:

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balances

The governmental fund financial statements include all the major individual governmental funds and the total of non-major funds of the City of Artesia. The governmental fund financial statements are prepared on the modified accrual basis. The major governmental funds of the City are as follows:

General Fund accounts for the revenues and expenditures used to carry out basic governmental activities of the City such as general government, public safety, parks and recreation, public works, and community development. Revenue is recorded by source (e.g., taxes, licenses and permits, intergovernmental, charges for services and fines and forfeitures). General Fund expenditures are made primarily for current day-to-day operations and operating equipment. They are recorded by major functional classification and operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

Billboard accounts for City license fee on development agreement for 15 annual installments of double-sided outdoor advertising structure.

Capital Projects is a fund that accounts for funds received that have a broader discretionary use by the City Council for capital improvements.

Budgetary comparison schedule for the General fund is included in the required supplementary section. Budgetary comparison schedules for the special revenue funds, capital projects fund and individual non-major funds are located in the supplemental information section of the financial statements.

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City of Artesia
Balance Sheet
Governmental Funds
June 30, 2023

		Special Revenue Fund		Capital Projects Fund		Non-major	Total
	General	Billboard	Capital	Governmental	Governmental	Governmental	Governmental
	Fund		Projects	Funds	Funds	Funds	Funds
ASSETS							
Cash and investments	\$ 11,266,965	\$ 572,456	\$ 958,843	\$ 9,299,808		\$ 22,098,072	
Receivables:							
Accounts	1,256,420		6,887	185,771		1,449,078	
Loan			23,024			23,024	
Leases	529,212	2,002,230				2,531,442	
Interest	166,064					166,064	
Prepaid items	243,022			20,000		263,022	
Due from other funds	481,589					481,589	
Total assets	\$ 13,943,272	\$ 2,574,686	\$ 988,754	\$ 9,505,579		\$ 27,012,291	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 981,104	\$ 4,424	\$ 3,800	\$ 320,259		\$ 1,309,587	
Deposit payable	561,114			61,895		623,009	
Unearned revenue	378,415					378,415	
Due to other funds				481,589		481,589	
Total liabilities	1,920,633	4,424	3,800	863,743		2,792,600	
Deferred inflows of resources:							
Leases	529,212	2,002,230				2,531,442	
Total deferred inflows of resources	529,212	2,002,230				2,531,442	
Fund balances:							
Nonspendable:							
Prepaid items	243,022			20,000		263,022	
Restricted for:							
Housing projects				773,478		773,478	
Street projects				2,730,698		2,730,698	
Transportation projects				2,975,611		2,975,611	
Air quality projects				453,930		453,930	
Parks and recreation		568,032				568,032	
Public safety				1,747,195		1,747,195	
Committed to:							
Contingency reserve	5,315,000					5,315,000	
Assigned to:							
CalPERS Rate Increase	100,609					100,609	
Future Retiree Medical	14,000					14,000	
Water District Consolidation Analysis	45,000					45,000	
Sanitation District Consolidation Analysis	25,000					25,000	
Preliminary Planning Projects	45,000					45,000	
Organizational Development Plan	25,000					25,000	
Economic Development	13,000					13,000	
General Contingencies	201,877					201,877	
Business Improvement District	50,000					50,000	
City Facility Improvements	74,782					74,782	
CERT Training	20,000					20,000	
Vehicle & Equipment Replacement	50,000					50,000	
Specific Plan Development	20,000					20,000	
Street projects	200,000		984,954			1,184,954	
CalPERS Net Pension Unfunded Liability	165,609					165,609	
CalPERS Net Retiree Health Unfunded Liability	165,608					165,608	
Unassigned	4,719,920			(59,076)		4,660,844	
Total fund balances	11,493,427	568,032	984,954	8,641,836		21,688,249	
Total liabilities, deferred inflows of resources and fund balances	\$ 13,943,272	\$ 2,574,686	\$ 988,754	\$ 9,505,579		\$ 27,012,291	

See Accompanying Notes to Basic Financial Statements.

City of Artesia
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds \$ 21,688,249

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the governmental funds. Nondepreciable assets and depreciable assets net of accumulated depreciation totals: 27,576,533

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.

Compensated absences	(342,388)
Net other postemployment benefits payable	(6,212,423)
Deferred outflows of resources - OPEB Related	554,572
Deferred inflows of resources - OPEB Related	(1,831,386)
Total long-term liabilities	<u>(7,831,625)</u>

Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pension are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statements for governmental activities.

Deferred outflows of resources	1,921,012
Deferred inflows of resources	(602,133)
Net Pension liability	<u>(4,542,084)</u>
Total pension related items	<u>(3,223,205)</u>

Net Position of Governmental Activities \$ 38,209,952

City of Artesia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2023

	General Fund	Special Revenue Fund Billboard	Capital Projects Fund Capital Projects	Non-major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 9,212,942	\$ -	\$ -	\$ 1,247,395	\$ 10,460,337
Licenses and permits	815,390				815,390
Intergovernmental	50,336			1,815,733	1,866,069
Charges for services	1,348,327		17,443		1,365,770
Use of money and property	317,658	167,692	7,611	231,870	724,831
Fines and forfeitures	186,566				186,566
Other revenues	516,614			702,020	1,218,634
Total revenues	12,447,833	167,692	25,054	3,997,018	16,637,597
EXPENDITURES:					
Current:					
General government	3,975,649				3,975,649
Public safety	4,473,512			198,403	4,671,915
Parks and recreation	1,170,687				1,170,687
Public works	642,516		42,085	1,288,587	1,973,188
Community development	1,823,132	21,555		688,955	2,533,642
Capital outlay	145,826		369,194	628,986	1,144,006
Total expenditures	12,231,322	21,555	411,279	2,804,931	15,469,087
REVENUES OVER (UNDER) EXPENDITURES	216,511	146,137	(386,225)	1,192,087	1,168,510
OTHER FINANCING SOURCES (USES):					
Transfers in	224,200			60,238	284,438
Transfers out	(60,238)	(124,200)		(100,000)	(284,438)
Total other financing sources (uses)	163,962	(124,200)		(39,762)	
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	380,473	21,937	(386,225)	1,152,325	1,168,510
FUND BALANCES:					
Beginning of fiscal year	11,770,470	546,095	1,371,179	6,831,995	20,519,739
Prior period adjustment	(657,516)			657,516	
Beginning of fiscal year, restated	11,112,954	546,095	1,371,179	7,489,511	20,519,739
End of fiscal year	\$ 11,493,427	\$ 568,032	\$ 984,954	\$ 8,641,836	\$ 21,688,249

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

PROPRIETARY FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) for state and local governments prescribe following basic proprietary fund financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

The proprietary fund financial statements include the major Paid Parking and Artesia Towne Center enterprise funds of the City of Artesia.

The proprietary financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The intent is to recover costs of operation on a continuing basis through user charges.

Paid Parking is used to account for the operation of the City's paid parking program.

Artesia Towne Center is used to account for the operation of the City's Artesia Towne Center. The intent of this fund is to account for the rental income and maintenance expenditures of the Artesia Towne Center.

City of Artesia
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the fiscal year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 1,168,510

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets are allocated over the estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period:

Capital outlay 1,144,006

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.

(1,107,283)

Compensated absences and other postemployment benefits are reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, they are not reported as an expenditure in the governmental funds.

Change in compensated absences (81,159)

Change in other postemployment benefits and related deferred outflows 221,450

Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.

543,208

Change in Net Position of Governmental Activities \$ 1,804,094

City of Artesia
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Funds		
	Paid Parking	Artesia Towne Center	Total
ASSETS			
Current assets:			
Cash and investments	\$ 537,028	\$ 337,859	\$ 874,887
Total current assets	537,028	337,859	874,887
Noncurrent assets:			
Capital assets:			
Machinery and equipment	254,958		254,958
Infrastructure	561,203	66,718	627,921
Less:			
Accumulated depreciation	(425,816)	(20,015)	(445,831)
Total noncurrent assets	390,345	46,703	437,048
Total assets	927,373	384,562	1,311,935
LIABILITIES AND NET POSITION			
Liabilities:			
Accounts payable	17,703	4,467	22,170
Deposits payable		66,330	66,330
Total liabilities	17,703	70,797	88,500
Net position:			
Net investment in capital assets	390,345	46,703	437,048
Unrestricted	519,325	267,062	786,387
Total net position	\$ 909,670	\$ 313,765	\$ 1,223,435

See accompanying Notes to Basic Financial Statements.

City of Artesia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2023

	Enterprise Funds		Total
	Paid Parking	Artesia Towne Center	
OPERATING REVENUES:			
Charges for services	\$ 66,473	\$ 222,186	\$ 288,659
Use of money and property	11,257	5,918	17,175
Total revenues	77,730	228,104	305,834
OPERATING EXPENSES:			
Personnel	88,881	50,042	138,923
Materials and supplies	66,616	165,158	231,774
Depreciation	47,944	4,448	52,392
Total expenses	203,441	219,648	423,089
Change in net position	(125,711)	8,456	(117,255)
NET POSITION:			
Beginning of fiscal year	1,035,381	305,309	1,340,690
End of fiscal year	\$ 909,670	\$ 313,765	\$ 1,223,435

See accompanying Notes to Basic Financial Statements.

City of Artesia
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2023

	Enterprise Funds		
	Paid Parking	Artesia Towne Center	Totals
Cash flows from operating activities:			
Cash received from customers and users	\$ 78,640	\$ 228,104	\$ 306,744
Cash paid to suppliers for goods and services	(54,001)	(186,005)	(240,006)
Cash paid to employees for services	(88,881)	(50,042)	(138,923)
Net cash provided (used) by operating activities	(64,242)	(7,943)	(72,185)
Net increase (decrease) in cash and cash equivalents	(64,242)	(7,943)	(72,185)
Cash and cash equivalents beginning of fiscal year	601,270	345,802	947,072
Cash and cash equivalents end of fiscal year	\$ 537,028	\$ 337,859	\$ 874,887
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (125,711)	\$ 8,456	\$ (117,255)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	47,944	4,448	52,392
Change in operating assets and liabilities:			
Decrease (increase) in accounts receivable	910		910
Increase (decrease) in accounts payable	12,615	(19,220)	(6,605)
Increase (decrease) in deposits payable		(1,627)	(1,627)
Total adjustments	61,469	(16,399)	45,070
Net cash provided (used) by operating activities	\$ (64,242)	\$ (7,943)	\$ (72,185)

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) for state and local governments prescribe following basic fiduciary fund financial statements:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position

The fiduciary financial statements report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

The fiduciary financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Successor Agency to the Artesia Redevelopment Agency Private-Purpose Trust Fund accounts for the custodial responsibilities assigned to the Successor Agency to the Artesia Redevelopment Agency.

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City of Artesia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Successor Agency to the Artesia Redevelopment Agency Private Purpose Trust Fund
ASSETS	
Cash and investments	\$ 1,079,368
Total assets	<u>\$ 1,079,368</u>
LIABILITIES	
Deposits payable	\$ 329,485
Accrued interest payable	45,367
Long-term debt:	
Due in more than one year	<u>12,018,744</u>
Total liabilities	<u>12,393,596</u>
NET POSITION:	
Held in trust for other purposes	<u>\$ (11,314,228)</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF ARTESIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2023

	Successor Agency to the Artesia Redevelopment Agency Private Purpose Trust Fund
<hr/>	
Additions:	
Property taxes	\$ 1,388,211
Use of money and property	873
Total additions	<u>1,389,084</u>
Deductions:	
Community development	6,600
Administrative expenses	250,000
Interest and fiscal charges	551,361
Total deductions	<u>807,961</u>
Change in net position	581,123
Net position - beginning	<u>(11,895,351)</u>
Net position - ending	<u>\$ (11,314,228)</u>

See accompanying Notes to Basic Financial Statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Reporting Entity

The City was incorporated on May 29, 1959, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City is governed by an elected five-member council. The accompanying financial statements present the City and its component units defined as legally separate entities that meet any one of the following tests:

- The City appoints the voting majority of the board of the component unit and:
 - is able to impose its will on the component unit and/or
 - is in a relationship of financial benefit or burden with the component unit.
- The component unit is fiscally dependent upon the City.
- The financial statements of the City would be misleading if data from the component unit were omitted.

Artesia Housing Authority - The five members of the City Council serve as the governing body of the Housing Authority and exercise all rights, powers, duties, and privileges of the Housing Authority. The Mayor serves as the Chairperson of the Housing Authority. The purpose of the Housing Authority is to prepare and execute plans for housing projects within the City. The activity of this blended component unit is reported in the Housing Authority Special Revenue Fund.

Artesia Parking Authority - The five members of the City Council serve as the governing body of the Parking Authority and exercise all rights, powers, duties and privileges of the Parking Authority. The Mayor serves as the Chairperson of the Parking Authority. The purpose of the Parking Authority is to prepare and execute plans for parking projects within the City. The activity of this blended component unit is reported in the Paid Parking Proprietary Fund.

Separate financial statements are not prepared for the Housing Authority or the Parking Authority. These component units are included in the primary government because of the significance of their financial or operational relationship and they have the same governing body as the City.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities and the business-type activity for the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies to a significant extent on fees and charges for support. Fiduciary activities of the City are not included in these statements.

Government-Wide Financial Statements

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities and Changes in Net Position 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 are included in the program expenses reported for specific functions.

Certain types of transactions are reported as program revenues for the City in three categories:

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

Certain eliminations have been made in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, including due to/from other funds and transfers in/out.

Governmental Funds Financial Statements

Governmental Funds Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Funds Financial Statements, Continued

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual received soon enough after fiscal year-end such that they are available to finance expenditures of the current period (generally 90 days after fiscal year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed from the Balance Sheet and revenue is recognized. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when the government has a legal claim to the resources, the unearned revenue is removed from the Balance Sheet and revenue is recognized.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences between the “*economic resources*” and “*current financial resources*” basis of accounting.

Proprietary Funds Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. Proprietary funds are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with the activity are included on the Statement of Net Position. The reported fund equity presents total net position. The operating statement of the proprietary fund presents increases (revenues) and decreases (expenses) in total net position. Revenues are recognized when they are earned, and expenses are recognized when the liability is incurred.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Funds Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services such as parking and rent. The primary operating expenses include repairs and maintenance on properties and meter maintenance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary fund represents a private purpose trust fund. The private purpose trust fund is reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The Billboard Special Revenue Fund's primary function is to account for funds received for billboard rentals and to be utilized for parks and recreation programs for at-risk youth.
- The Capital Projects Capital Projects Fund's primary function is to account for funds received that have a broader discretionary use by the City Council for capital improvements.

The City reports the following major proprietary funds:

- The Paid Parking Proprietary Fund's primary function is to account for paid parking in the City of Artesia.
- The Artesia Towne Center Proprietary Fund's primary function is to account for rent and maintenance associated with the Artesia Towne Center.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The City also reports the following funds:

- The Special Revenue Funds are used to account for the revenues derived from specific revenue sources, which are usually required by law or administrative regulation to be accounted for in separate funds.
- The Private Purpose Trust Fund is used to account for the activities of the Successor Agency to the Artesia Redevelopment Agency.
- The Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds. Trust funds, such as Successor Agency to the Redevelopment Agency, use the flow of economic resources measurement focus and the accrual basis of accounting.

C. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements.

The provisions for Statement Number 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” are effective for fiscal years beginning after June 15, 2023.

The provisions for Statement Number 96 “Subscription-Based Information Technology Arrangements” are effective for fiscal years beginning after June 15, 2023.

The provisions for GASB Statement Number 99, “Omnibus 2022 Omnibus” are effective for fiscal year beginning after June 15, 2022, and June 15, 2023.

The provisions of Statement Number 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” are effective for fiscal years beginning after June 15, 2023.

The provisions of Statement Number 101 “Compensated Absences” are effective for fiscal years beginning after December 15, 2023.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position, Equity, or Fund Balance

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value. The Local Agency Investment Fund (LAIF) operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds". All account and property tax receivables are shown net of an allowance for uncollectibles. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 90 days) to be used to pay liabilities of the current period.

The County of Los Angeles collects property taxes for the City. Tax liens attach annually on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each fiscal year and are delinquent on August 31.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reported as nonspendable for amounts equal to the prepaid items in the fund level statements, since these amounts are not available for appropriation.

Capital Assets

Capital assets, which include property, buildings, vehicles, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities' column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure assets have a capitalization threshold of \$5,000. Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position, Equity, or Fund Balance, Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	15 years
Vehicles and equipment	3 - 10 years
Infrastructure	25 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental and proprietary funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. These items are the deferred outflow related to pensions and OPEB. These amounts are equal to employer contributions made after the measurement date of the net pension liability and any other deviance from actuarial determined assumptions that are to be amortized relating to the net pension liability or OPEB.

In addition to liabilities, the statement of net position and the governmental and proprietary funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item is unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years. The third item is a deferred inflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2018 (the beginning of the measurement period ended June 30, 2020), which is 3.8 years.

The City also recognizes deferred inflow of resources pursuant to GASB Statement No. 87 regarding leases receivable.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position, Equity, or Fund Balance, Continued

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than 320 hours of vacation time. Sick leave is payable when an employee is unable to work because of illness. Normally, an employee cannot accrue more than 400 hours of sick leave. Upon termination, an employee will be paid for any unused vacation based upon 100% of the current wage rate in effect. Employees hired prior to April 30, 2015, will be paid 50% of unused sick leave based upon 100% of the current wage in effect for sick leave earned after June 30, 2015. They will be paid 100% for sick leave accrued prior to June 30, 2015, and not subsequently used. Employees hired on or after May 1, 2015, will not be paid for unused sick leave upon termination, with the exception of unrepresented management.

All vacation and sick leave pay is accrued when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are paid, if matured, out of the General Fund.

Long-Term Obligations

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Net Position

In the Government-Wide Financial Statements and the Proprietary Fund Statement of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by enabling legislation, external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position, Equity, or Fund Balance, Continued

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws, or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and the adoption of a formal resolution is required to establish a fund balance commitment.

The City has a contingency reserve to address major unforeseen expenditures such as damage to facilities or infrastructure. The reserve was established by the City Council through resolution 16-2606 and requires a three-fifths vote to expend the funds. The balance of this reserve as of June 30, 2023, was \$5,315,000.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager for that purpose.

Unassigned - This category is for any balances that have no restrictions placed upon them. The general fund is the only fund that reports a positive unassigned fund balance amount.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position, Equity, or Fund Balance, Continued

Governmental Fund Balance

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

Pensions

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

Leases Receivable

GASB issued Statement No. 87 "Leases" to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease asset and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Implementation of GASB Statement No. 87 resulted in the City recognizing 3 property leases that are recognized under GASB Statement No. 87. The City recorded opening lease receivables of \$2,736,999 and deferred inflows related to leases of \$2,736,999.

E. Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

2. CASH AND INVESTMENTS

As of June 30, 2023, cash and investments were reported in the accompanying financial statements as follows:

	Government Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 22,972,959	\$ 1,079,368	\$ 24,052,327
Total cash and investments	<u>\$ 22,972,959</u>	<u>\$ 1,079,368</u>	<u>\$ 24,052,327</u>

Cash and investments on June 30, 2023, consisted of the following:

Cash in hand (petty cash)	\$ 500
Demand deposits	3,796,936
Investments	<u>20,254,891</u>
Total cash and investments	<u>\$ 24,052,327</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy is reviewed and adopted by the City Council each fiscal year. Regarding allowable investment types, the investment policy is more conservative and restrictive than the investment vehicles authorized by Section 53600.5 of the California Government Code. Investment vehicles not specifically mentioned in the City's investment policy, are not authorized unless the policy is amended by the City Council or is approved as part of the provisions of the bond indentures. Investments are limited to:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States Treasury Notes	5 years	None	None
United States Government Sponsored Agency Securities:			
Treasury Bills	1 year	None	None
Treasury Bonds	5 years	None	None
Certificates of Deposit	5 years	30%	None
Passbook Savings Accounts	N/A	None	None
Local Agency Investment (LAIF)	N/A	None	\$75,000,000
N/A - Not Applicable			

* - Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk and concentration of credit risk.

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

2. CASH AND INVESTMENTS, Continued

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	None	None	None
United States Government Sponsored			
Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Local Agency Investment (LAIF)	None	None	None
Certificates of Deposit	None	None	None

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk

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

<u>Investment Type</u>	<u>Remaining Maturity (in Years)</u>
Local Agency Investment Fund (LAIF)	<u>\$ 20,254,891</u>
Total Investments	<u>\$ 20,254,891</u>

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

2. CASH AND INVESTMENTS, Continued

Disclosures Relating to Credit Risk

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

Investment Type	Total as of June 30, 2023	Minimum	Not	
		Legal Rating	AAA	Rated
Local Agency Investment Fund (LAIF)	\$ 20,254,891	N/A	\$ -	\$ 20,254,891
	<u>\$ 20,254,891</u>		<u>\$ -</u>	<u>\$ 20,254,891</u>

Concentration of Credit Risk

The City’s investment policy imposes restrictions for certain types of investments with any one issuer; however, external investment pools are excluded from this requirement. On June 30, 2023, the City’s investments were with LAIF and money market mutual funds held by fiscal agent which are exempt from this requirement.

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 City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. On June 30, 2023, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation or collateralized as required under California Law.

2. CASH AND INVESTMENTS, Continued

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at 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 is recorded on an amortized cost basis.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources. The City's investment in the State Investment Pool (LAIF) is exempt from fair value measurements disclosure.

3. LOAN RECEIVABLE

In November 1989, the City entered into an agreement with the Southern California Water Company for the installation of a domestic water system in an Artesia service area. As part of this agreement, the City loaned the Southern California Water Company \$139,925 with no interest to be repaid over 40 years. On June 30, 2023, the outstanding loan receivable is \$23,024.

4. LEASES RECEIVABLE

The City has 3 lease agreements in place as of June 30, 2023. Revenue recognition is in accordance with GASB Statement No. 87. Summarized information for each lease is as follows:

Crown Castle Inc.

In February 2006, the City entered into a lease with Crown Castle Inc. for property at 17203 Corby Avenue to be utilized as telecommunication infrastructure. The lease term extends through the fiscal year ended June 30, 2031. Rent payments are \$2,129 a month increasing by CPI every 5 years under the terms of the lease.

Verizon Wireless

In September 2020, the City entered into a lease with Verizon for property at 18747 Clarkdale Avenue to be utilized as telecommunication infrastructure. The lease term extends through the fiscal year ended June 30, 2045. Rent payments are \$3,060 a month increasing by CPI every year under the terms of the lease.

Outfront Media LLC

In August 2016, the City entered into a lease with Outfront Media VW Communications, LLC. for property to be utilized for outdoor advertising. The lease term extends through the fiscal year ended June 30, 2038. Rent payments are \$12,500 a month and increase to \$16,638 a month by the end of the lease period under the terms of the lease.

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, is as follows:

	Balance as of June 30, 2022	Additions	Deletions	Transfers	Balance as of June 30, 2023
Governmental Activities					
Nondepreciable capital assets					
Land	\$ 10,008,436	\$ -	\$ -	\$ -	\$ 10,008,436
Construction in progress	578,277	791,603			1,369,880
Total nondepreciable capital assets	<u>10,586,713</u>	<u>791,603</u>			<u>11,378,316</u>
Depreciable capital assets					
Buildings	1,841,797				1,841,797
Improvements other than buildings	2,297,517				2,297,517
Automobile equipment	1,301,935	216,653			1,518,588
Office furniture and equipment	322,795				322,795
Other equipment	1,048,151	51,112			1,099,263
Infrastructure	22,430,657				22,430,657
Total depreciable capital assets	<u>29,242,852</u>	<u>267,765</u>			<u>29,510,617</u>
Less accumulated depreciation					
Buildings	(1,031,890)	(31,393)			(1,063,283)
Improvements other than buildings	(926,241)	(83,069)			(1,009,310)
Automobile equipment	(804,515)	(129,931)			(934,446)
Office furniture and equipment	(308,517)	(1,033)			(309,550)
Other equipment	(881,760)	(25,836)			(907,596)
Infrastructure	(8,252,194)	(836,021)			(9,088,215)
Total accumulated depreciation	<u>(12,205,117)</u>	<u>(1,107,283)</u>			<u>(13,312,400)</u>
Net depreciable capital assets	<u>17,037,735</u>	<u>(839,518)</u>			<u>16,198,217</u>
Net capital assets	<u>\$ 27,624,448</u>	<u>\$ (47,915)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,576,533</u>

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

General government	\$ 18,129
Public works	856,754
Parks and recreation	232,400
Total depreciation expense - governmental activities	<u>\$ 1,107,283</u>

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

5. CAPITAL ASSETS, Continued

Capital asset activity for the fiscal year ended June 30, 2023, is as follows (continued):

	Balance as of June 30, 2022	Additions	Deletions	Balance as of June 30, 2023
Business-type Activities				
Depreciable capital assets				
Other equipment	\$ 254,958	\$ -	\$ -	\$ 254,958
Infrastructure	627,921			627,921
Total depreciable capital assets	882,879			882,879
Less accumulated depreciation				
Other equipment	(175,839)	(25,496)		(201,335)
Infrastructure	(217,600)	(26,896)		(244,496)
Total accumulated depreciation	(393,439)	(52,392)		(445,831)
Net depreciable capital assets	489,440	(52,392)		437,048
Net capital assets	\$ 489,440	\$ (52,392)	\$ -	\$ 437,048

Depreciation expense was charged to the Paid Parking enterprise fund (\$47,944) and Artesia Towne Center enterprise fund (\$4,448).

6. LONG-TERM LIABILITIES

The following is a schedule of changes in long-term liabilities of the City for the fiscal year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Repayments	Balance at June 30, 2023	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 261,229	\$ 116,642	\$ (35,483)	\$ 342,388	\$ 86,149
Total	\$ 261,229	\$ 116,642	\$ (35,483)	\$ 342,388	\$ 86,149

Compensated Absences

The compensated absences payable has been accrued for governmental activities on the Government-Wide Financial Statements. Typically, the General Fund has been used to liquidate the liability for compensated absences. There is no fixed payment schedule to pay these liabilities. The total amount of compensated absences payable on June 30, 2023, was \$342,388.

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023, is as follows:

Due To / Due From Other Funds

On June 30, 2023, the City had the following due to/from other funds:

<u>Due To (payable)</u>	<u>Due From (receivable)</u>	<u>Amount</u>
Non-major Governmental Funds	General Fund	\$ 481,589
		<u>\$ 481,589</u>

The above interfund balances resulted from temporary reclassifications made on June 30, 2023, to cover cash shortfalls.

Interfund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Artesia Lighting District	\$ 60,238
Billboard	General Fund	124,200
Non-major Governmental Funds	General Fund	100,000
		<u>\$ 284,438</u>

Transfers to and from the General Fund are to offset expenditures made in the General Fund for the non-major special revenue funds and vice versa. Transfers from the Billboard special revenue fund to the general fund are to reimburse the General Fund for administrative expenditures during the fiscal year.

8. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Deficit Fund Balance

<u>Non-Major Special Revenue Fund:</u>	
Community Development Block Grant	\$ (314,756)
Parks & Recreation Grants	(22,723)
Artesia Lighting District	(2,521)
Clean Air Bus Grant	(10,548)
Metro TOD 4	(21,537)

The Special Revenue Funds with deficit fund balances will be reimbursed in future fiscal years for deficits incurred as part of operations from future revenues if available or the General Fund.

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

8. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES, Continued

Excess of Expenditures over Appropriations

The following funds had expenditures over final appropriations during the fiscal year ended June 30, 2023.

	Actual Amounts	Budgeted Amounts	Excess Expenditures Over Appropriations
Non-major Governmental Special Revenue Funds:			
State Gas Tax	\$ 629,911	\$ 585,967	\$ 43,944
Proposition A	564,158	365,800	198,358
Measure R	355,747	48,063	307,684
Artesia Lighting District	210,876	198,263	12,613

9. RETIREMENT PLANS

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS’ website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	Miscellaneous	
	Prior to January 1, 2023	On or After January 1, 2023
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of 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%	6.25%
Required employer contribution rates	8.74%	6.25%

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

9. RETIREMENT PLANS, Continued

A. General Information about the Pension Plans (Continued)

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 both Plans 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 fiscal year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

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

Proportionate Share of Net Pension Liability
<hr/>
\$ 4,542,084
<hr/>

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

The City's proportionate share of the net pension liability for each Plan as of June 30, 2021, and 2022 were as follows:

	City Miscellaneous Plan
Proportion - June 30, 2021	<hr/> 0.11186%
Proportion - June 30, 2022	0.09707%
Change - Increase (Decrease)	<hr/> -0.01479%

For the fiscal year ended June 30, 2023, the City recognized pension expense of \$318,726. On June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

9. RETIREMENT PLANS, Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 465,431	
Pension contributions subsequent to measurement date	537,924	
Net differences between projected and actual earnings on pension plan investments	831,989	
Differences based on actual experience	30,123	
Differences between actual vs proportionate contribution		(514,054)
Adjustment due to differences in proportions	55,545	(88,079)
Total	<u>\$ 1,921,012</u>	<u>\$ (602,133)</u>

\$537,924 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Fiscal Year Ended June 30, 2023	
2024	\$ 87,076
2025	113,184
2026	71,823
2027	508,873
Totals	<u>\$ 780,955</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	6/30/2021
Measurement Date	6/30/2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service, and type of employment
(2) Net of pension plan investment expenses, including inflation

9. RETIREMENT PLANS, Continued

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

Discount Rate

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Year 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.00%		

9. RETIREMENT PLANS, Continued

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

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

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

	<u>Miscellaneous</u>
1% Decrease	5.90%
Net Pension Liability	\$ 7,032,461
Current Discount Rate	6.90%
Net Pension Liability	\$ 4,542,084
1% Increase	7.90%
Net Pension Liability	\$ 2,493,121

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

On June 30, 2023, the City had no outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2023.

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides retiree medical benefits under the CalPERS health plan, which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS’ annual financial report may be obtained at CalPERS’ Executive Office, 400 P Street, Sacramento, CA 95814.

Benefits Provided

Employees become eligible to retire under PEMHCA and receive lifetime City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City contributes 100% of the cost of retiree coverage and 50% of the cost of dependent coverage, for medical and dental insurance. Vision insurance is offered on a self-paid basis. Survivor benefits are paid until all covered dependents are either deceased or no longer eligible because of age limitations.

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Eligibility

For employees hired before May 1, 2015 and retiring after that date, the City's contribution will be limited to the Cafeteria Plan contribution on behalf of active employees in the year of retirement. The 2022 contribution cap amounts are \$800 per month for single coverage, \$1,150 per month for employee plus one, and \$1,555 per month for family coverage.

Employees hired after May 1, 2015 must have at least 10 years of service to be eligible for City-paid retiree health benefits. Benefits for these retirees will be limited to \$770 per month for single coverage, \$1,190 per month for retiree plus one, and \$1,365 per month for family coverage. Regardless of date of hire or date of retirement, eligible retirees receive a minimum City contribution equal to the statutory minimum employer contribution under PEMHCA (\$143/mo. for 2021 and \$149/mo. For 2022). The City also pays a 0.23% of premium administrative fee on behalf of employees and retirees.

The table below presents a summary of the basic participant information for the active and retired participants covered under the terms of the Plan.

Inactive plan members or beneficiaries currently receiving benefit payments	31
Active plan members	33

Funding Policy

The contribution requirements of Plan members and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Actuarial Method and Assumptions

The total OPEB liability in the July 1, 2022, actuarial report was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	No assets held in an irrevocable trust as of the measurement date.
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	2.50 percent
Healthcare cost trend rate	6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2023-2029 and 4.00 percent for 2030 and later years.
Preretirement Mortality	Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Postretirement Mortality	Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Total OPEB Liability

The following tables show the components of the City’s annual OPEB cost, the amount paid by the employer as benefits came due, and changes in the OPEB liability for fiscal year June 30, 2023. The City’s total OPEB liability of \$6,212,423 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Discount Rate

Per GASB guidance, the single rate that produces the same present of expected benefit payments as 1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and 2) the 20-year municipal bond rate after assets are projected to be exhausted. The Fidelity 20-year Municipal GO AA Index is used because it meets the GASB requirements and is based on a large amount municipal security data.

Changes in Total OPEB Liability

Total OPEB Liability	
Service Cost	168,254
Interest	231,171
Changes of benefit terms	0
Difference between expected and actual experience	310,855
Changes in assumptions or other inputs	(951,924)
Benefit payments ¹	(306,200)
Net change in total OPEB liability	(547,844)
Total OPEB liability – June 30, 2022 (a)	\$6,760,267
Total OPEB liability – June 30, 2023 (b)	\$6,212,423

¹ Includes \$264,650 of pay-as-you-go contributions made from sources outside of trust, plus an implicit subsidy amount of \$41,550.

There is sensitivity of the total OPEB liability due to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using the discount and trend rate that were 1 percentage point lower or 1 percentage point higher than the current discount and healthcare cost trend rates.

Discount Rate

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB liability	7,033,830	6,212,423	5,528,950

Healthcare Trend Rate

	1% Decrease ²	Trend Rate	1% Increase ³
Total OPEB liability	5,602,143	6,212,423	6,821,164

² Trend rate for each future year reduced by 1.00%.

³ Trend rate for each future year reduced by 1.00%.

10. LIABILITY, PROPERTY, AND WORKERS' COMPENSATION PROTECTION

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Artesia is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors which operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability: In the liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers. For 2019-20, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claim for subsidence losses have a sub-limit of \$30 million per occurrence.

10. LIABILITY, PROPERTY, AND WORKERS' COMPENSATION PROTECTION, Continued

B. Self-Insurance Programs of the Authority, Continued

Workers' Compensation Coverage: The City of Artesia also participates in the workers' compensation pool administered by the Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2022-23 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance - The City of Artesia participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Artesia. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2021, through July 1, 2023. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance - The City of Artesia participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Artesia property is currently insured according to a schedule of covered property submitted by the City of Artesia to the Authority. City of Artesia property currently has all-risk property insurance protection in the amount of \$50,000,000. There is a \$10,000 deductible per occurrence. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance - The City of Artesia purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Artesia property currently has earthquake protection in the amount of \$18,531,170. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

11. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

Crime Insurance - The City of Artesia purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in the fiscal year 2022-23.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 2012-04.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as of the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

12. SUCCESSOR AGENCY DISCLOSURES

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency to the City of Artesia Redevelopment Agency on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these transactions are as follows:

City of Artesia
Notes to Basic Financial Statements
June 30, 2023

12. SUCCESSOR AGENCY DISCLOSURES, Continued

Capital Assets

There were no capital asset activities for the fiscal year ended June 30, 2023.

Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2023 were as follows:

	Balance at June 30, 2022	Additions	Repayments	Balance at June 30, 2023	Due Within One Year
2022 Tax Allocation Bonds	\$ 12,207,970	\$ -	\$ -	\$ 12,207,970	\$ 185,000
Total	<u>\$ 12,207,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,207,970</u>	<u>\$ 185,000</u>

2022 Tax Allocation Bonds

On May 25, 2022, the Agency issued \$12,207,970 in Taxable Tax Allocation Refunding Bonds for the purpose of refunding the 2007 and 2009 Tax Allocation Bonds. The bonds mature annually on June 1, from 2024 to 2046, in amounts ranging from \$177,210 to \$877,140. Interest is payable semiannually on June 1 and December 1, with a yield of 4.16% to 5.46%. The defeasance created a deferred loss on refunding totaling \$200,444. The deferred loss on refunding balance on June 30, 2022, was \$199,581. The balance outstanding on June 30, 2023, was \$12,207,970.

The 2022 Tax Allocation Bonds are payable solely from the taxes received by the Successor Agency on behalf of the former Redevelopment Agency. The total principal and interest remaining to be paid on the bonds is \$19,438,787. Principal and interest payments were not due during the fiscal year ended June 30, 2023. The annual requirements to amortize the 2022 Tax Allocation Bonds outstanding on June 30, 2023, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 185,000	\$ 544,405	\$ 729,405
2025	420,450	536,254	956,704
2026	442,140	517,881	960,021
2027	463,300	498,547	961,847
2028	483,920	478,277	962,197
2028 - 2032	2,741,880	2,055,530	4,797,410
2033 – 2037	3,401,460	1,398,353	4,799,813
2038 - 2042	3,475,000	581,794	4,056,794
2043 - 2047	594,820	66,298	661,118
Totals	<u>\$ 12,207,970</u>	<u>\$ 6,677,339</u>	<u>\$ 18,885,309</u>

13. COMMITMENTS AND CONTINGENCIES

A. Lawsuits

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes that these cases, in aggregate, are not expected to result in a material adverse financial impact on the City with the exception of the case noted below. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

B. Federal and State Grant Programs

The City has received Federal and State grants for specific purposes that are subject to review and audit by the respective governments. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

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C. Commitments

As of June 30, 2023, the City did not have any commitments and, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF ARTESIA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2023**

Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years*

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
Proportion of the net pension liability	0.09707%	0.11186%	0.08975%	0.08571%	0.08207%	0.05112%	0.07287%	0.06597%	0.08779%
Proportionate share of the net pension liability	\$ 4,542,084	\$ 2,124,013	\$ 3,785,700	\$ 3,432,285	\$ 3,092,846	\$ 2,015,175	\$ 2,605,653	\$ 1,900,640	\$ 2,169,712
Covered-employee payroll	\$ 2,911,455	\$ 2,872,837	\$ 2,312,883	\$ 1,523,499	\$ 1,462,122	\$ 1,456,843	\$ 1,437,166	\$ 1,562,635	\$ 1,499,322
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	156.01%	73.93%	163.68%	225.29%	211.53%	138.32%	181.30%	121.63%	144.71%
Plan's fiduciary net position	\$13,726,794	\$14,149,128	\$12,028,002	\$12,377,615	\$11,139,639	\$ 6,172,484	\$10,016,378	\$10,661,524	\$10,323,534
Plan's total pension liability	\$18,268,878	\$16,273,141	\$15,813,702	\$15,809,900	\$14,232,486	\$ 8,187,659	\$12,622,031	\$12,562,164	\$12,493,246
Plan fiduciary net position as a percentage of total pension liability	75.14%	86.95%	76.06%	78.29%	78.27%	75.39%	79.36%	84.87%	82.63%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: In the 2016 valuation, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

In 2023, the accounting discount rate reduced from 7.15% to 6.90%.

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

**CITY OF ARTESIA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2023**

Schedule of Pension Contributions – 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
Contractual required contribution (actuarially determined)	\$ 537,924	\$ 318,726	\$ 233,135	\$ 164,630	\$ 193,376	\$ 105,958	\$ 99,359	\$ 102,746	\$ 122,602
Contributions in relation to the actuarially determined contributions	(537,924)	(318,726)	(233,135)	(164,630)	(193,376)	(105,958)	(99,359)	(102,746)	(122,602)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3,054,153	\$ 2,911,455	\$ 2,872,837	\$ 2,312,883	\$ 1,523,499	\$ 1,462,122	\$ 1,456,843	\$ 1,437,166	\$ 1,562,635
Contributions as a percentage of covered employee payroll	17.61%	10.95%	8.12%	7.12%	12.69%	7.25%	6.82%	7.15%	7.85%

Notes to Schedule

Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.30%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	6.90%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

**CITY OF ARTESIA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2023**

Schedule of Changes in Total OPEB Liability and Related Ratios – Last 10 Years*

	Fiscal Year Ending 6/30/2023	Fiscal Year Ending 6/30/2022	Fiscal Year Ending 6/30/2021	Fiscal Year Ending 6/30/2020	Fiscal Year Ending 6/30/2019	Fiscal Year Ending 6/30/2018
Total OPEB Liability						
Service cost	\$ 168,254	\$ 397,388	\$ 344,922	\$ 247,789	\$ 218,038	\$ 211,687
Interest	231,171	164,271	186,267	213,975	222,388	214,547
Changes of assumptions	(951,924)	(1,830,773)	907,796	691,274	434,702	
Difference between expected and actual experience	310,855		(563,468)			
Benefit payments	(306,200)	(256,822)	(222,071)	(215,848)	(207,850)	(223,948)
Net change in total OPEB liability	(547,844)	(1,525,936)	653,446	937,190	667,278	202,286
Total OPEB Liability - beginning of fiscal year	6,760,267	8,286,203	7,632,757	6,695,567	6,028,289	5,826,003
Total OPEB Liability - end of fiscal year	\$ 6,212,423	\$ 6,760,267	\$ 8,286,203	\$ 7,632,757	\$ 6,695,567	\$ 6,028,289
Covered payroll	\$ 2,417,440	\$ 3,023,854	\$ 2,828,429	\$ 2,354,019	\$ 2,312,883	\$ 2,087,473
Total OPEB Liability as a % of eligible payroll	257.0%	223.6%	293.0%	324.2%	289.5%	288.8%

Notes to Schedule

Funding Policy: The City funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

*Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

**CITY OF ARTESIA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2023**

Schedule of OPEB Employer Contributions – Last 10 Years*

	Fiscal Year Ending 6/30/2023	Fiscal Year Ending 6/30/2022	Fiscal Year Ending 6/30/2021	Fiscal Year Ending 6/30/2020	Fiscal Year Ending 6/30/2019	Fiscal Year Ending 6/30/2018
Actuarially determined contribution (ADC) ¹	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the ADC	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A
OPEB-eligible payroll for reporting period (fiscal year) \$	2,417,440	\$ 3,023,854	\$ 2,828,429	\$ 2,354,019	\$ 2,312,883	\$ 2,087,473
Contributions as a percent of payroll	N/A	N/A	N/A	N/A	N/A	N/A

¹ Per GASB 75 paragraph 57c., these disclosures are only required if the employer calculates an Actuarially Determined Contribution (ADC). The City does not currently calculate an ADC.

*Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

City of Artesia
Note to Required Supplementary Information
For the fiscal year ended June 30, 2023

1. BUDGETARY INFORMATION

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for governmental funds. From the effective date of the budget, the City Manager is authorized to transfer funds from one major expenditure category to another within the same department. Any revisions that alter the total expenditures of any department must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one-year contracts with an option to renew for another fiscal year.

Budget accounts reported for the governmental funds of the City are adopted on a basis consistent with GAAP.

General Budget Policies

The City Council approves each fiscal year's budget submitted by the City Manager prior to the beginning of the new fiscal year. The Council conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity and includes information on the past fiscal year, current fiscal year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, when required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. Expenditures may not exceed appropriations at the departmental level. At the fiscal year-end, all operating budget appropriations lapse. During the fiscal year, several supplementary appropriations were necessary.

The City did not adopt a budget for the following Major and Non-major Governmental Funds: Parks & Recreation Grants, Traffic Congestion, MAP 21 Exchange, Clean Air Bus Grant, Sheriff, and HOME fund.

City of Artesia
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 11,112,954	\$ 11,112,954	\$ 11,112,954	\$ -
Resources (inflows):				
Taxes	8,196,200	8,889,500	9,212,942	323,442
Licenses and permits	437,600	437,600	815,390	377,790
Intergovernmental	490,500	490,500	50,336	(440,164)
Charges for services	1,166,500	1,166,500	1,348,327	181,827
Use of money and property	67,600	67,600	317,658	250,058
Fines and forfeitures	60,000	60,000	186,566	126,566
Other revenues	57,000	57,000	516,614	459,614
Amount available for appropriation	<u>10,475,400</u>	<u>11,168,700</u>	<u>12,447,833</u>	<u>1,279,133</u>
Charges to appropriations (outflows):				
General government	3,896,874	4,099,932	3,975,649	124,283
Public safety	4,493,626	4,493,626	4,473,512	20,114
Parks and recreation	1,239,501	1,319,568	1,170,687	148,881
Public works	657,703	666,915	642,516	24,399
Community development	1,263,557	1,505,700	1,823,132	(317,432)
Capital outlay	419,500	419,500	145,826	273,674
Total charges to appropriations	<u>11,970,761</u>	<u>12,505,241</u>	<u>12,231,322</u>	<u>273,919</u>
Transfers in	1,075,302	1,075,302	224,200	(851,102)
Transfers out	<u>(60,238)</u>	<u>(60,238)</u>	<u>(60,238)</u>	
Total transfers	<u>1,015,064</u>	<u>1,015,064</u>	<u>163,962</u>	<u>(851,102)</u>
Excess of resources over charges to appropriations	<u>(480,297)</u>	<u>(321,477)</u>	<u>380,473</u>	<u>701,950</u>
Fund balance, June 30	<u>\$ 10,632,657</u>	<u>\$ 10,791,477</u>	<u>\$ 11,493,427</u>	<u>\$ 701,950</u>

See accompanying note to required supplementary information.

City of Artesia

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

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 546,095	\$ 546,095	\$ 546,095	\$ -
Resources (inflows):				
Use of money and property	153,000	153,000	167,692	14,692
Amount available for appropriation	153,000	153,000	167,692	14,692
Charges to appropriations (outflows):				
Community development	28,800	28,800	21,555	7,245
Transfers out	124,200	124,200	124,200	
Total charges to appropriations	153,000	153,000	145,755	7,245
Excess of resources over (under) charges to appropriations			21,937	21,937
Fund balance, June 30	\$ 546,095	\$ 546,095	\$ 568,032	\$ 21,937

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

State Gas Tax - To account for any street or road purpose including maintenance and construction, engineering and administration apportioned under the Streets and Highways Code of the State of California.

Federal STP-L - To account for leftover County exchange of STPL monies for street related projects.

Bicycle & Pedestrian - To account for funds received for improvements made for planning and construction of bicycle and pedestrian facilities.

Proposition A - To account for the benefit of public transit such as dial-a-ride and recreation transportation programs.

Community Development Block Grant - To account for grant funds received for programs that assist low- and moderate-income residents with single family housing rehabilitation.

Parks and Recreation Grants - To receive grant funds used to update and make park improvements not accounted in other funds.

HOME - To receive and account for grant funds as part of the HOME program.

Proposition C - To account for the benefit of public transit with expanded street maintenance and improvements such as traffic signal, marking and striping, median maintenance, and matching dollars for street improvement grants.

Air Quality - To account for AB2766 Subvention Program funds to implement programs that reduce air pollution from motor vehicles.

California Street Grants - is a special revenue fund and accounts for grant funding of Federal awarded highway transportation and safety improvement projects.

California Beverage Recycling - To account for funds awarded by State to provide litter/recycling clean-up, education, and community outreach.

Measure W - To account for monitoring and implementing federal, state and local programs to ensure surface water quality, water conservation and recycling efforts, maintaining the storm water management plan, improving storm water drainage quality and maintaining the City-owned drainage system.

Development Impact Fees - To account for fees charged on specific developments for the purpose of defraying all or a portion of the cost of public facilities related to the development project.

SB1 - To account for revenue and expenditures associated with State Assembly Bill 1 funding for streets and roads.

Artesia Lighting District - To account for property tax direct assessments used for maintenance, operation, and repair of street lights and signal expenditures.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Traffic Congestion - To account for funding received for transportation projects that improve traffic mobility and relieve congestion.

MAP 21 Exchange - An exchange of City available Federal Surface Transportation Program-Local Funds (STP-L Funds) for like amount of Los Angeles County Metropolitan Transportation Authority (LACMTA Funds). These are flexible funds for transportation capital improvements that would normally qualify for the STP-L program.

Clean Air Bus Grant - To account for federal grant to purchase electric buses.

Measure M - To account for funds received for public transit system improvements.

Sheriff - To account for the forfeiture and seizure assets collected in the City of Artesia by the contract policing agency and primarily used for law enforcement equipment and training.

Metro TOD 4 - To account for grant funds received for transit-oriented development planning for downtown Artesia.

C.O.P.S. Grant - To account for supplemental law enforcement services funding of frontline law enforcement and juvenile justice programs.

Community Facility District - To account for taxes collected within the district which pay for public safety, flood, and storm protection services as well as maintenance of lighting, parkways, streets, roads, and open spaces.

Measure R - To account for the engineering, administrative, traffic median, and parking overflow improvements of transportation services.

Housing Authority - To account for the maintenance, planning, and improvements of all low-moderate income housing assets to assist low- and moderate-income housing families and seniors.

Recycled Oil - To account for the State-funded grant received to help disposal and recycling of used oil.

Cal Fire Urban Grant - To account for the State-funded grant received to help expand the City's Urban Forest and reduce greenhouse gasses and urban heat island impacts through tree planting.

City of Artesia

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

Capital Projects

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1,	\$ 1,371,179	\$ 1,371,179	\$ 1,371,179	\$ -
Resources (inflows):				
Charges for Services	30,000	30,000	17,443	(12,557)
Use of Money and Property	200	200	7,611	7,411
Intergovernmental	1,686,476	1,686,476		(1,686,476)
Amount available for appropriation	1,716,676	1,716,676	25,054	(1,691,622)
Charges to appropriations (outflows):				
Public works	248,476	283,476	42,085	241,391
Capital outlay	1,450,000	1,563,000	369,194	1,193,806
Total charges to appropriations	1,698,476	1,846,476	411,279	1,435,197
Excess of resources over (under) charges to appropriations	18,200	(129,800)	(386,225)	(256,425)
Fund balance, June 30	\$ 1,389,379	\$ 1,241,379	\$ 984,954	\$ (256,425)

City of Artesia
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue														
	State Gas Tax	Federal STP-L	Bicycle & Pedestrian	Proposition A	Community Development Block Grant	Parks & Recreation Grants	HOME	Proposition C	Air Quality	California Street Grants	California Beverage Recycling	Measure W	Development Impact Fees	SB1	Artesia Lighting District
ASSETS															
Cash and investments	\$ 334,706	\$ 66,284	\$ 6,332	\$ 1,218,209	\$ -	\$ -	\$ 3,223	\$ 538,130	\$ 341,206	\$ 518,604	\$ 5,246	\$ 463,692	\$ 688,919	\$ 1,635,809	\$ 12,152
Receivables:															
Accounts	38,297				104,642				5,412					33,024	4,302
Prepaid items				20,000											
Total assets	\$ 373,003	\$ 66,284	\$ 6,332	\$ 1,238,209	\$ 104,642	\$ -	\$ 3,223	\$ 538,130	\$ 346,618	\$ 518,604	\$ 5,246	\$ 463,692	\$ 688,919	\$ 1,668,833	\$ 16,454
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts payable	\$ 105,424	\$ -	\$ -	\$ 30,869	\$ 23,917	\$ -	\$ -	\$ 44,564	\$ -	\$ -	\$ -	\$ 15,029	\$ -	\$ -	\$ 18,975
Deposits payable															
Due to other funds					395,481	22,723			33,609						
Total liabilities	105,424			30,869	419,398	22,723		44,564	33,609			15,029			18,975
Fund Balances:															
Nonspendable				20,000											
Restricted for:															
Street projects	267,579	66,284											688,919	1,668,833	
Transportation projects			6,332	1,187,340				493,566		518,604					
Housing projects							3,223								
Public works											5,246	448,663			
Public safety															
Unassigned					(314,756)	(22,723)			313,009						(2,521)
Total fund balances	267,579	66,284	6,332	1,207,340	(314,756)	(22,723)	3,223	493,566	313,009	518,604	5,246	448,663	688,919	1,668,833	(2,521)
Total liabilities and fund balances	\$ 373,003	\$ 66,284	\$ 6,332	\$ 1,238,209	\$ 104,642	\$ -	\$ 3,223	\$ 538,130	\$ 346,618	\$ 518,604	\$ 5,246	\$ 463,692	\$ 688,919	\$ 1,668,833	\$ 16,454

(Continued)

City of Artesia
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2023

	Special Revenue											Total Other Governmental Funds	
	Traffic Congestion	MAP 21 Exchange	Clean Air Bus Grant	Measure M	Sheriff	Metro TOD 4	C.O.P.S Grant	Community Facility District	Measure R	Housing Authority	Recycled Oil		Cal Fire Urban Grant
ASSETS													
Pooled cash and investments	\$ 20,802	\$ 183,044	\$ -	\$ 1,329,878	\$ 447	\$ -	\$ 256,579	\$ 38,989	\$ 608,989	\$ 833,141	\$ 261	\$ 195,166	\$ 9,299,808
Receivables:													
Accounts								94					185,771
Prepaid items													20,000
Total assets	\$ 20,802	\$ 183,044	\$ -	\$ 1,329,878	\$ 447	\$ -	\$ 256,579	\$ 39,083	\$ 608,989	\$ 833,141	\$ 261	\$ 195,166	\$ 9,505,579
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,309	\$ -	\$ -	\$ 43,066	\$ 991	\$ 240	\$ 34,875	\$ 320,259
Deposits payable										61,895			61,895
Due to other funds			10,548			19,228							481,589
Total liabilities			10,548			21,537			43,066	62,886	240	34,875	863,743
Fund Balances:													
Nonspendable													20,000
Restricted for:													
Street projects								39,083					2,730,698
Transportation projects	20,802	183,044							565,923				2,975,611
Housing projects										770,255			773,478
Public works											21		453,930
Public safety				1,329,878	447		256,579					160,291	1,747,195
Unassigned			(10,548)			(21,537)							(59,076)
Total fund balances	20,802	183,044	(10,548)	1,329,878	447	(21,537)	256,579	39,083	565,923	770,255	21	160,291	8,641,836
Total liabilities and fund balances	\$ 20,802	\$ 183,044	\$ -	\$ 1,329,878	\$ 447	\$ -	\$ 256,579	\$ 39,083	\$ 608,989	\$ 833,141	\$ 261	\$ 195,166	\$ 9,505,579

City of Artesia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the fiscal year ended June 30, 2023

	Special Revenue														
	State Gas Tax	Federal STP-L	Bicycle & Pedestrian	Proposition A	Community Development Block Grant	Parks & Recreation Grants	HOME	Proposition C	Air Quality	California Street Grants	California Beverage Recycling	Measure W	Development Impact Fees	SB1	Artesia Lighting District
REVENUES:															
Taxes	\$ -	\$ -	\$ -	\$ 433,277	\$ -	\$ -	\$ -	\$ 359,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	418,825			7,918	104,642				21,419					336,515	138,867
Use of money and property	8,172	1,317	126	27,870			64	9,098		10,305	104	3,892	659	29,250	
Other	23,507												678,513		
Total revenues	450,504	1,317	126	469,065	104,642	-	64	368,489	21,419	10,305	104	3,892	679,172	365,765	138,867
EXPENDITURES:															
Current:															
General government															
Public safety															
Public works	579,906			347,505				175,149				120,968			
Community Development					437,200										210,876
Capital outlay	50,005			216,653	29,895	7,364		25,539							
Total expenditures	629,911			564,158	467,095	7,364		200,688	-			120,968			210,876
REVENUES OVER (UNDER) EXPENDITURES	(179,407)	1,317	126	(95,093)	(362,453)	(7,364)	64	167,801	21,419	10,305	104	(117,076)	679,172	365,765	(72,009)
OTHER FINANCING SOURCES (USES):															
Transfers in															60,238
Transfers out															
Total other financing sources (uses)															60,238
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(179,407)	1,317	126	(95,093)	(362,453)	(7,364)	64	167,801	21,419	10,305	104	(117,076)	679,172	365,765	(11,771)
FUND BALANCES:															
Beginning of fiscal year	446,986	64,967	6,206	1,302,433	47,697	(15,359)	3,159	325,765	(49,616)	508,299	5,142	249,429	9,747	1,303,068	9,250
Prior period adjustment									341,206			316,310			
Beginning of fiscal year, restated	446,986	64,967	6,206	1,302,433	47,697	(15,359)	3,159	325,765	291,590	508,299	5,142	565,739	9,747	1,303,068	9,250
End of fiscal year	\$ 267,579	\$ 66,284	\$ 6,332	\$ 1,207,340	\$ (314,756)	\$ (22,723)	\$ 3,223	\$ 493,566	\$ 313,009	\$ 518,604	\$ 5,246	\$ 448,663	\$ 688,919	\$ 1,668,833	\$ (2,521)

(Continued)

City of Artesia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the fiscal year ended June 30, 2023

	Special Revenue											Total Other Governmental Funds	
	Traffic Congestion	MAP 21 Exchange	Clean Air Bus Grant	Measure M	Sheriff	Metro TOD 4	C.O.P.S. Grant	Community Facility District	Measure R	Housing Authority	Recycled Oil		Cal Fire Urban Grant
REVENUES:													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,370	\$ 308,490	\$ -	\$ -	\$ -	\$ 1,247,395
Intergovernmental				304,823			165,271				4,280	452,040	1,815,733
Use of money and property	413	3,638		23,769			6,015	691	11,726	94,761			231,870
Other													702,020
Total revenues	413	3,638		328,592			171,286	8,061	320,216	94,761	4,280	452,040	3,997,018
EXPENDITURES:													
Current:													
General government													-
Public safety												198,403	198,403
Public works				83					60,717		4,259		1,288,587
Community Development						2,309				38,570			688,955
Capital outlay				4,500					295,030				628,986
Total expenditures				4,583		2,309			355,747	38,570	4,259	198,403	2,804,931
REVENUES OVER (UNDER) EXPENDITURES	413	3,638		324,009		(2,309)	171,286	8,061	(35,531)	56,191	21	253,637	1,192,087
OTHER FINANCING SOURCES (USES):													
Transfers in													60,238
Transfers out							(100,000)						(100,000)
Total other financing sources (uses)							(100,000)						(39,762)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	413	3,638		324,009		(2,309)	71,286	8,061	(35,531)	56,191	21	253,637	1,152,325
FUND BALANCES:													
Beginning of fiscal year	20,389	179,406	(10,548)	1,005,869	447	(19,228)	185,293	31,022	601,454	714,064		(93,346)	6,831,995
Prior period adjustment													657,516
Beginning of fiscal year, restated	20,389	179,406	(10,548)	1,005,869	447	(19,228)	185,293	31,022	601,454	714,064		(93,346)	7,489,511
End of fiscal year	\$ 20,802	\$ 183,044	\$ (10,548)	\$ 1,329,878	\$ 447	\$ (21,537)	\$ 256,579	\$ 39,083	\$ 565,923	\$ 770,255	\$ 21	\$ 160,291	\$ 8,641,836

City of Artesia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Development Impact Fees
For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 9,747	\$ 9,747	\$ 9,747	\$ -
Resources (inflows):				
Use of money			659	659
Other	964,905	964,905	678,513	(286,392)
Amount available for appropriation	964,905	964,905	679,172	(285,733)
Excess of resources over (under) charges to appropriations	964,905	964,905	679,172	(285,733)
Fund balance, June 30	\$ 974,652	\$ 974,652	\$ 688,919	\$ (285,733)

City of Artesia

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

Metro TOD 4

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ (19,228)	\$ (19,228)	\$ (19,228)	\$ -
Resources (inflows):				
Intergovernmental	414,709	414,709		(414,709)
Amount available for appropriation	414,709	414,709		(414,709)
Charges to appropriations (outflows):				
Community development	414,709	414,709	2,309	412,400
Total charges to appropriations	414,709	414,709	2,309	412,400
Excess of resources over (under) charges to appropriations			(2,309)	
Fund balance, June 30	\$ (19,228)	\$ (19,228)	\$ (21,537)	\$ -

City of Artesia

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

State Gas Tax

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 446,986	\$ 446,986	\$ 446,986	\$ -
Resources (inflows):				
Intergovernmental	457,844	489,470	418,825	(70,645)
Use of money and property	6,000	6,000	8,172	2,172
Other	1,000	1,000	23,507	22,507
Amount available for appropriation	464,844	496,470	450,504	(45,966)
Charges to appropriations (outflows):				
Public Works	584,294	585,967	579,906	6,061
Capital outlay			50,005	(50,005)
Total charges to appropriations	584,294	585,967	629,911	(43,944)
Excess of resources over (under) charges to appropriations	(119,450)	(89,497)	(179,407)	(89,910)
Fund balance, June 30	\$ 327,536	\$ 357,489	\$ 267,579	\$ (89,910)

City of Artesia

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

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 47,697	\$ 47,697	\$ 47,697	\$ -
Resources (inflows):				
Intergovernmental	649,415	649,415	104,642	(544,773)
Amount available for appropriation	649,415	649,415	104,642	(544,773)
Charges to appropriations (outflows):				
Community development	649,415	649,415	467,095	182,320
Total charges to appropriations	649,415	649,415	467,095	182,320
Excess of resources over (under) charges to appropriations			(362,453)	
Fund balance, June 30	\$ 47,697	\$ 47,697	\$ (314,756)	\$ -

City of Artesia

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

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 1,302,433	\$ 1,302,433	\$ 1,302,433	\$ -
Resources (inflows):				
Taxes	402,157	382,674	433,277	50,603
Intergovernmental	8,000	8,000	7,918	(82)
Use of money and property	22,000	22,000	27,870	5,870
Amount available for appropriation	432,157	412,674	469,065	56,391
Charges to appropriations (outflows):				
Public works	322,800	365,800	347,505	18,295
Capital outlay			216,653	(216,653)
Total charges to appropriations	322,800	365,800	564,158	(198,358)
Excess of resources over (under) charges to appropriations	109,357	46,874	(95,093)	(141,967)
Fund balance, June 30	\$ 1,411,790	\$ 1,349,307	\$ 1,207,340	\$ (141,967)

City of Artesia

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

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 325,765	\$ 325,765	\$ 325,765	\$ -
Resources (inflows):				
Taxes	333,578	308,156	359,391	51,235
Use of money and property	10,000	10,000	9,098	(902)
Amount available for appropriation	343,578	318,156	368,489	50,333
Charges to appropriations (outflows):				
Public works	296,083	296,083	175,149	120,934
Capital outlay	48,675	48,675	25,539	23,136
Total charges to appropriations	344,758	344,758	200,688	144,070
Excess of resources over (under) charges to appropriations	(1,180)	(26,602)	167,801	194,403
Fund balance, June 30	\$ 324,585	\$ 299,163	\$ 493,566	\$ 194,403

City of Artesia

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

Air Quality

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1, Restated	\$ 291,590	\$ 291,590	\$ 291,590	\$ -
Resources (inflows):				
Intergovernmental	22,850	22,850	21,419	(1,431)
Amount available for appropriation	22,850	22,850	21,419	(1,431)
Charges to appropriations (outflows):				
Public works	15,882	15,882		15,882
Capital outlay	3,968	3,968		3,968
Total charges to appropriations	19,850	19,850		19,850
Excess of resources over (under) charges to appropriations			21,419	18,419
Fund balance, June 30	\$ 291,590	\$ 291,590	\$ 313,009	\$ 18,419

City of Artesia

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

C.O.P.S. Grant

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 185,293	\$ 185,293	\$ 185,293	\$ -
Resources (inflows):				
Intergovernmental	100,000	60,000	165,271	105,271
Use of money and property			6,015	6,015
Amount available for appropriation	100,000	60,000	171,286	111,286
Charges to appropriations (outflows):				
Transfer out	(100,000)	(140,000)	(100,000)	40,000
Total charges to appropriations	(100,000)	(140,000)	(100,000)	40,000
Excess of resources over (under) charges to appropriations		(80,000)	71,286	151,286
Fund balance, June 30	\$ 185,293	\$ 105,293	\$ 256,579	\$ 151,286

City of Artesia

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

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 601,454	\$ 601,454	\$ 601,454	\$ -
Resources (inflows):				
Taxes	250,184	210,368	308,490	98,122
Use of money and property	5,000	5,000	11,726	6,726
Amount available for appropriation	255,184	215,368	320,216	104,848
Charges to appropriations (outflows):				
Public works	48,063	48,063	60,717	(12,654)
Capital outlay	175,000		295,030	(295,030)
Total charges to appropriations	223,063	48,063	355,747	(307,684)
Excess of resources over (under) charges to appropriations	32,121	167,305	(35,531)	(202,836)
Fund balance, June 30	\$ 633,575	\$ 768,759	\$ 565,923	\$ (202,836)

City of Artesia

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

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1, Restated	\$ 565,739	\$ 565,739	\$ 565,739	\$ -
Resources (inflows):				
Taxes	211,863	211,863		(211,863)
Use of money and property	2,000	2,000	3,892	1,892
Amount available for appropriation	213,863	213,863	3,892	(209,971)
Charges to appropriations (outflows):				
Public works	186,123	186,757	120,968	65,789
Capital outlay	156,744	156,744		156,744
Total charges to appropriations	342,867	343,501	120,968	222,533
Excess of resources over (under) charges to appropriations	(129,004)	(129,638)	(117,076)	12,562
Fund balance, June 30	\$ 436,735	\$ 436,101	\$ 448,663	\$ 12,562

City of Artesia

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

Community Facility District

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1, Restated	\$ 31,022	\$ 31,022	\$ 31,022	\$ -
Resources (inflows):				
Taxes	6,500	6,500	7,370	870
Use of money and property	200	200	691	491
Amount available for appropriation	6,700	6,700	8,061	1,361
Charges to appropriations (outflows):				
Community Development	23,505	23,505		23,505
Total charges to appropriations	23,505	23,505		23,505
Excess of resources over (under) charges to appropriations	(16,805)	(16,805)	8,061	24,866
Fund balance, June 30	\$ 14,217	\$ 14,217	\$ 39,083	\$ 24,866

City of Artesia

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

Housing Authority

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 714,064	\$ 714,064	\$ 714,064	\$ -
Resources (inflows):				
Use of money and property	83,500	83,500	94,761	11,261
Amount available for appropriation	83,500	83,500	94,761	11,261
Charges to appropriations (outflows):				
Community development	48,336	48,816	38,570	10,246
Total charges to appropriations	48,336	48,816	38,570	10,246
Excess of resources over (under) charges to appropriations	35,164	34,684	56,191	21,507
Fund balance, June 30	\$ 749,228	\$ 748,748	\$ 770,255	\$ 21,507

City of Artesia

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

Artesia Lighting District

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 9,250	\$ 9,250	\$ 9,250	\$ -
Resources (inflows):				
Taxes	138,025	138,025	138,867	842
Transfers in	60,238	60,238	60,238	
Amount available for appropriation	198,263	198,263	199,105	842
Charges to appropriations (outflows):				
Community development	198,263	198,263	210,876	(12,613)
Total charges to appropriations	198,263	198,263	210,876	(12,613)
Excess of resources over (under) charges to appropriations			(11,771)	(11,771)
Fund balance, June 30	\$ 9,250	\$ 9,250	\$ (2,521)	\$ (11,771)

City of Artesia

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

Bicycle & Pedestrian

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 6,206	\$ 6,206	\$ 6,206	\$ -
Resources (inflows):				
Intergovernmental	34,000	34,000		(34,000)
Use of money and property			126	126
Amount available for appropriation	34,000	34,000	126	(33,874)
Charges to appropriations (outflows):				
Public works	34,000	34,000		34,000
Total charges to appropriations	34,000	34,000		34,000
Excess of resources over (under) charges to appropriations			126	
Fund balance, June 30	\$ 6,206	\$ 6,206	\$ 6,332	\$ -

City of Artesia

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

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 1,005,869	\$ 1,005,869	\$ 1,005,869	\$ -
Resources (inflows):				
Intergovernmental	283,542	252,084	304,823	52,739
Use of money and property	10,000	10,000	23,769	13,769
Amount available for appropriation	293,542	262,084	328,592	66,508
Charges to appropriations (outflows):				
Public works	65,500	65,500	83	65,417
Capital outlay	300,000	475,000	4,500	470,500
Total charges to appropriations	365,500	540,500	4,583	535,917
Excess of resources over (under) charges to appropriations	(71,958)	(278,416)	324,009	602,425
Fund balance, June 30	\$ 933,911	\$ 727,453	\$ 1,329,878	\$ 602,425

City of Artesia

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

SB1

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ 1,303,068	\$ 1,303,068	\$ 1,303,068	\$ -
Resources (inflows):				
Intergovernmental	365,865	374,134	336,515	(37,619)
Use of money and property			29,250	29,250
Amount available for appropriation	365,865	374,134	365,765	(8,369)
Charges to appropriations (outflows):				
Public works	464,896	464,896		464,896
Total charges to appropriations	464,896	464,896		464,896
Excess of resources over (under) charges to appropriations	(99,031)	(90,762)	365,765	456,527
Fund balance, June 30	\$ 1,204,037	\$ 1,212,306	\$ 1,668,833	\$ 456,527

City of Artesia

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

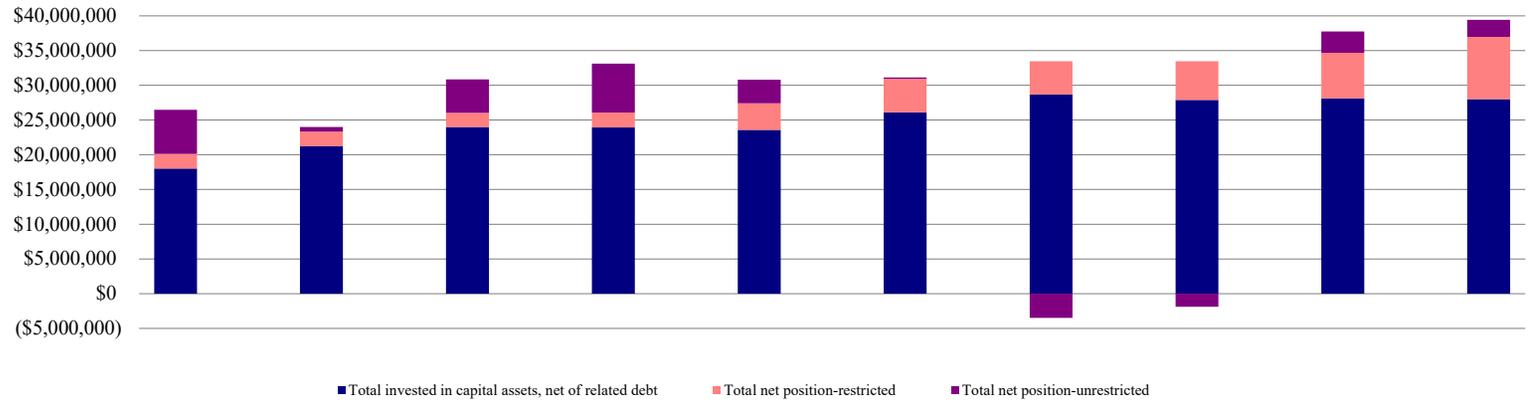
Cal Fire Urban Grant

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1	\$ (93,346)	\$ (93,346)	\$ (93,346)	\$ -
Resources (inflows):				
Intergovernmental	686,972	686,972	452,040	(234,932)
Amount available for appropriation	686,972	686,972	452,040	(234,932)
Charges to appropriations (outflows):				
Public safety	686,972	686,972	198,403	488,569
Total charges to appropriations	686,972	686,972	198,403	488,569
Excess of resources over (under) charges to appropriations			253,637	253,637
Fund balance, June 30	\$ (93,346)	\$ (93,346)	\$ 160,291	\$ 253,637

CITY OF ARTESIA, CALIFORNIA
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 18,001,637	\$ 21,212,739	\$ 23,993,612	\$ 23,272,375	\$ 22,965,519	\$ 25,467,097	\$ 28,076,375	\$ 27,346,667	\$ 27,624,448	\$ 27,576,533
Restricted	2,122,890	6,151,937	2,034,880	2,158,867	3,826,127	4,807,246	4,785,320	5,581,108	6,558,200	8,952,613
Unrestricted	6,351,742	625,980	4,763,585	6,065,087	2,096,004	(721,612)	(4,189,985)	(2,852,730)	2,223,210	1,680,806
Total governmental activities net position	<u>\$ 26,476,269</u>	<u>\$ 27,990,656</u>	<u>\$ 30,792,077</u>	<u>\$ 31,496,329</u>	<u>\$ 28,887,650</u>	<u>\$ 29,552,731</u>	<u>\$ 28,671,710</u>	<u>\$ 30,075,045</u>	<u>\$ 36,405,858</u>	<u>\$ 38,209,952</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 658,243	\$ 623,339	\$ 640,474	\$ 594,223	\$ 541,831	\$ 489,439	\$ 437,048
Unrestricted	-	34,207	56,125	964,577	1,285,535	944,193	695,311	971,123	851,251	786,387
Total business-type activities net assets	<u>\$ -</u>	<u>\$ 34,207</u>	<u>\$ 56,125</u>	<u>\$ 1,622,820</u>	<u>\$ 1,908,874</u>	<u>\$ 1,584,667</u>	<u>\$ 1,289,534</u>	<u>\$ 1,512,954</u>	<u>\$ 1,340,690</u>	<u>\$ 1,223,435</u>
Total net assts										
Invested in capital assets, net of related debt	\$ 18,001,637	\$ 21,212,739	\$ 23,993,612	\$ 23,930,618	\$ 23,588,858	\$ 26,107,571	\$ 28,670,598	\$ 27,888,498	\$ 28,113,887	\$ 28,013,581
Restricted	2,122,890	2,122,890	2,034,880	2,158,867	3,826,127	4,807,246	4,785,320	5,581,108	6,558,200	8,952,613
Unrestricted	6,351,742	660,187	4,819,710	7,029,664	3,381,539	222,581	(3,494,674)	(1,881,607)	3,074,461	2,467,193
Total net assets	<u>\$ 26,476,269</u>	<u>\$ 23,995,816</u>	<u>\$ 30,848,202</u>	<u>\$ 33,119,149</u>	<u>\$ 30,796,524</u>	<u>\$ 31,137,398</u>	<u>\$ 29,961,244</u>	<u>\$ 31,587,999</u>	<u>\$ 37,746,548</u>	<u>\$ 39,433,387</u>



CITY OF ARTESIA, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

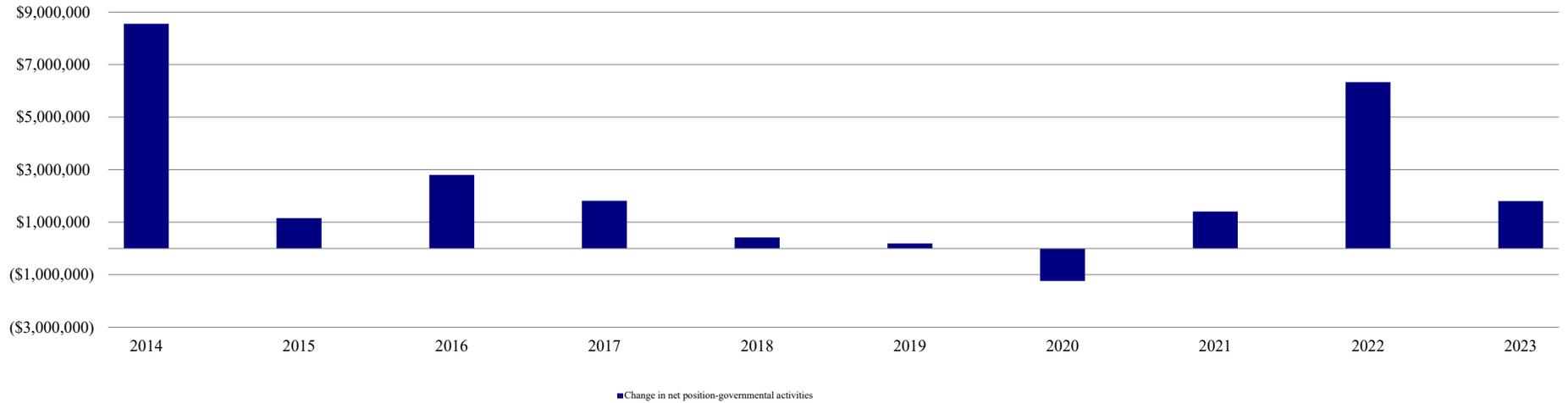
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 3,321,825	\$ 1,657,600	\$ 2,458,793	\$ 2,641,676	\$ 2,522,576	\$ 3,955,102	\$ 4,187,313	\$ 4,523,432	\$ 3,854,973	\$ 3,310,279
Public safety	3,037,611	3,211,801	3,376,566	3,515,581	3,803,083	4,160,102	5,006,881	3,792,862	4,542,434	4,671,915
Parks and recreation	1,068,250	1,486,853	1,258,541	1,428,523	1,341,013	1,174,728	1,459,468	1,148,427	1,973,429	1,403,087
Public works	1,437,666	2,260,827	2,308,478	2,110,642	2,244,145	2,063,743	2,179,759	2,685,133	2,466,739	2,914,580
Community development	377,481	526,250	578,618	746,761	544,246	724,973	1,009,598	1,006,978	1,325,713	2,533,642
Interest on long-term debt	16,870	13,000	15,228	-	-	-	-	-	-	-
Total governmental activities expenses	<u>9,259,703</u>	<u>9,156,331</u>	<u>9,996,224</u>	<u>10,443,183</u>	<u>10,455,063</u>	<u>12,078,648</u>	<u>13,843,019</u>	<u>13,156,832</u>	<u>14,163,288</u>	<u>14,833,503</u>
Business-type activities:										
Residential refuse	-	905,433	376,870	-	-	-	-	-	-	-
Parking	-	-	-	162,474	174,845	261,551	200,947	149,334	239,508	203,441
Artesia Town Center	-	-	-	156,476	252,972	279,667	258,058	177,918	543,755	219,648
Total business-type activities expenses	<u>-</u>	<u>905,433</u>	<u>376,870</u>	<u>318,950</u>	<u>427,817</u>	<u>541,218</u>	<u>459,005</u>	<u>327,252</u>	<u>783,263</u>	<u>423,089</u>
Total expenses	<u>\$ 9,259,703</u>	<u>\$ 10,061,764</u>	<u>\$ 10,373,094</u>	<u>\$ 10,762,133</u>	<u>\$ 10,882,880</u>	<u>\$ 12,619,866</u>	<u>\$ 14,302,024</u>	<u>\$ 13,484,084</u>	<u>\$ 14,946,551</u>	<u>\$ 15,256,592</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 494,057	\$ 60,149	\$ 551,206	\$ 686,391	\$ 598,180	\$ 636,224	\$ 486,898	\$ 562,013	\$ 404,801	\$ 1,118,242
Public safety	321,167	531,064	762,385	245,713	175,612	206,202	-	-	-	-
Parks and recreation	73,298	63,909	74,013	62,575	49,693	124,268	34,427	34,427	53,703	87,352
Public works	1,206,565	450,261	242,516	-	-	103,130	57,463	57,463	61,265	-
Community development	-	47,670	58,606	69,714	95,836	58,441	492,762	492,762	653,815	975,566
Operating grants and contributions	2,675,795	2,077,854	1,763,400	1,294,978	1,323,627	919,724	1,408,966	1,381,708	1,623,044	1,864,706
Capital grants and contributions	6,622,466	183,881	-	675,007	675,007	1,393,213	1,639,598	4,065,409	7,843,268	1,248,758
Total governmental activities program revenues	<u>11,393,348</u>	<u>3,414,788</u>	<u>3,452,126</u>	<u>3,034,378</u>	<u>2,917,955</u>	<u>3,441,202</u>	<u>4,120,114</u>	<u>6,593,782</u>	<u>10,639,896</u>	<u>5,294,624</u>
Business-type activities:										
Charges for services - Residential Refuse	-	939,640	398,788	7,578	7,387	3,935	-	-	-	-
Charges for services - Parking	-	-	-	238,450	163,427	208,646	120,292	175,610	164,295	77,730
Charges for services - Artesia Towne Center	-	-	-	486,297	543,057	482,621	403,107	375,062	446,704	228,104
Total business-type activities program revenues	<u>-</u>	<u>939,640</u>	<u>398,788</u>	<u>732,325</u>	<u>713,871</u>	<u>695,202</u>	<u>523,399</u>	<u>550,672</u>	<u>610,999</u>	<u>305,834</u>
Total program revenues	<u>\$ 11,393,348</u>	<u>\$ 4,354,428</u>	<u>\$ 3,850,914</u>	<u>\$ 3,766,703</u>	<u>\$ 3,631,826</u>	<u>\$ 4,136,404</u>	<u>\$ 4,643,513</u>	<u>\$ 7,144,454</u>	<u>\$ 11,250,895</u>	<u>\$ 5,600,458</u>
Net (expense) revenue										
Total net expense	<u>\$ 2,133,645</u>	<u>\$ (5,707,336)</u>	<u>\$ (6,522,180)</u>	<u>\$ (6,995,430)</u>	<u>\$ (7,251,054)</u>	<u>\$ (8,483,462)</u>	<u>\$ (9,658,511)</u>	<u>\$ (6,339,630)</u>	<u>\$ (3,695,656)</u>	<u>\$ (9,656,134)</u>
General revenues										
Taxes:										
Property taxes, levied for general purpose	\$ 1,645,258	\$ 1,698,157	\$ 1,778,796	\$ 1,846,489	\$ 1,809,817	\$ 1,896,335	\$ 1,999,302	\$ 2,085,778	\$ 2,146,321	\$ 2,278,334
Transient occupancy taxes	443,121	535,124	553,188	512,631	423,928	391,137	434,010	406,026	410,567	595,622
Sales taxes	2,938,867	3,096,626	3,038,340	3,784,651	3,690,349	4,137,499	3,989,411	3,272,693	5,551,693	5,310,565
Franchise taxes	390,601	407,926	2,696,612	706,034	766,423	846,786	893,480	888,495	909,908	143,740
Business license taxes	446,017	479,678	518,569	545,391	618,198	650,117	614,271	682,807	525,901	884,681
Other taxes	93,087	163,526	192,493	176,636	79,847	22,008	13,391	-	-	-
Motor vehicle licence fee collection in excess	7,470	7,216	6,798	7,563	8,852	-	-	-	-	-
Use of money and property	335,972	436,094	548,037	318,332	462,724	712,384	372,674	371,655	100,488	724,831
Other	123,984	70,907	12,686	41,075	94,258	168,070	165,818	258,931	209,327	1,405,200
Contribution from Successor Agency	-	-	-	1,283,731	-	-	-	-	-	-
Total governmental activities	<u>6,424,377</u>	<u>6,895,254</u>	<u>9,345,519</u>	<u>9,222,533</u>	<u>7,954,396</u>	<u>8,824,336</u>	<u>8,482,357</u>	<u>7,966,385</u>	<u>9,854,205</u>	<u>11,342,973</u>

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CITY OF ARTESIA, CALIFORNIA
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

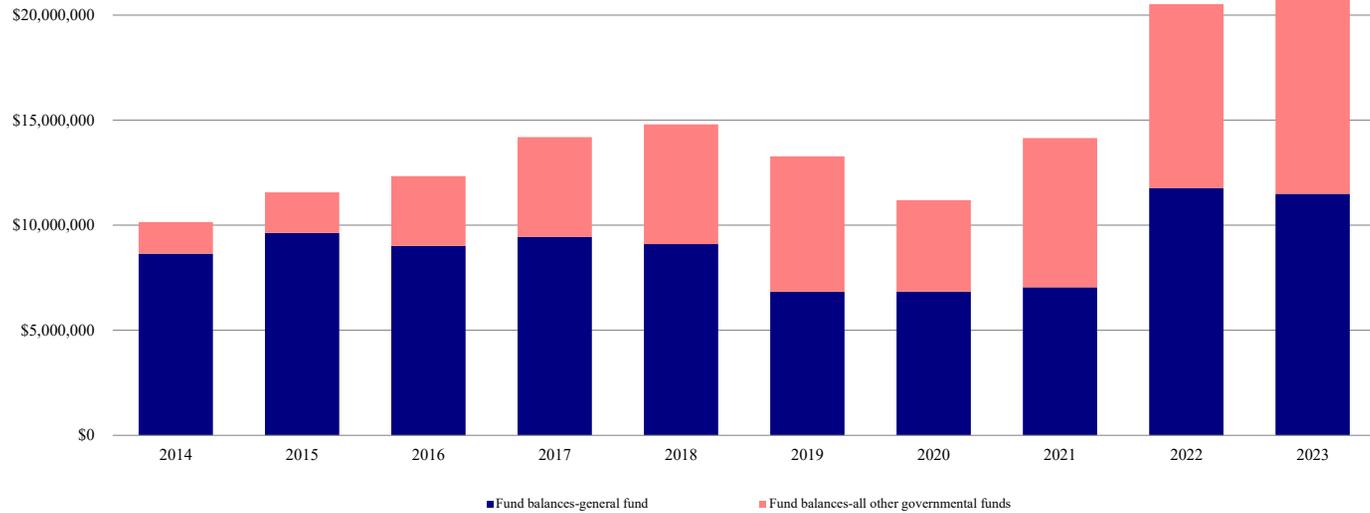
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	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Change in net position										
Governmental activities	\$ 8,558,022	\$ 1,153,711	\$ 2,801,421	\$ 1,813,728	\$ 417,288	\$ 186,890	\$ (1,240,548)	\$ 1,403,335	\$ 6,330,813	\$ 1,804,094
Business-type activities	-	34,207	21,918	413,375	286,054	153,984	64,394	223,420	(172,264)	(117,255)
Total changes in net position	<u>\$ 8,558,022</u>	<u>\$ 1,187,918</u>	<u>\$ 2,823,339</u>	<u>\$ 2,227,103</u>	<u>\$ 703,342</u>	<u>\$ 340,874</u>	<u>\$ (1,176,154)</u>	<u>\$ 1,626,755</u>	<u>\$ 6,158,549</u>	<u>\$ 1,686,839</u>



CITY OF ARTESIA, CALIFORNIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 46,486	\$ 59,725	\$ 19,505	\$ 29,805	\$ 22,301	\$ 23,664	\$ 28,735	\$ 21,901	\$ 88,581	\$ 243,022
Restricted	-	3,504,933	-	-	-	-	-	-	-	-
Committed	1,715,726	2,328,476	6,400,000	6,400,000	7,007,490	7,007,490	7,015,296	5,315,000	5,315,000	5,315,000
Assigned	326,375	301,000	2,595,240	4,689,393	1,533,000	1,533,000	1,893,000	977,782	1,215,485	1,215,485
Unassigned	6,557,352	3,434,199	-	(1,674,508)	540,052	(1,729,330)	(2,095,348)	729,471	5,151,404	4,719,920
Total general fund	<u>\$ 8,645,939</u>	<u>\$ 9,628,333</u>	<u>\$ 9,014,745</u>	<u>\$ 9,444,690</u>	<u>\$ 9,102,843</u>	<u>\$ 6,834,824</u>	<u>\$ 6,841,683</u>	<u>\$ 7,044,154</u>	<u>\$ 11,770,470</u>	<u>\$ 11,493,427</u>
All other governmental funds										
Nonspendable	-	-	-	-	7,063	-	7,063	8,063	8,628	20,000
Restricted	\$ 1,983,243	\$ 2,647,004	\$ 2,641,091	\$ 2,721,910	\$ 3,752,819	\$ 4,683,336	\$ 4,778,257	\$ 6,058,271	\$ 7,557,559	\$ 9,248,944
Assigned	130,847	-	-	-	2,043,148	1,998,832	1,349,697	1,367,839	1,371,179	984,954
Unassigned	(614,489)	(715,887)	676,056	2,025,342	(111,549)	(245,811)	(1,785,026)	(333,862)	(188,097)	(59,076)
Total all other governmental funds	<u>\$ 1,499,601</u>	<u>\$ 1,931,117</u>	<u>\$ 3,317,147</u>	<u>\$ 4,747,252</u>	<u>\$ 5,691,481</u>	<u>\$ 6,436,357</u>	<u>\$ 4,349,991</u>	<u>\$ 7,100,311</u>	<u>\$ 8,749,269</u>	<u>\$ 10,194,822</u>



CITY OF ARTESIA, CALIFORNIA
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

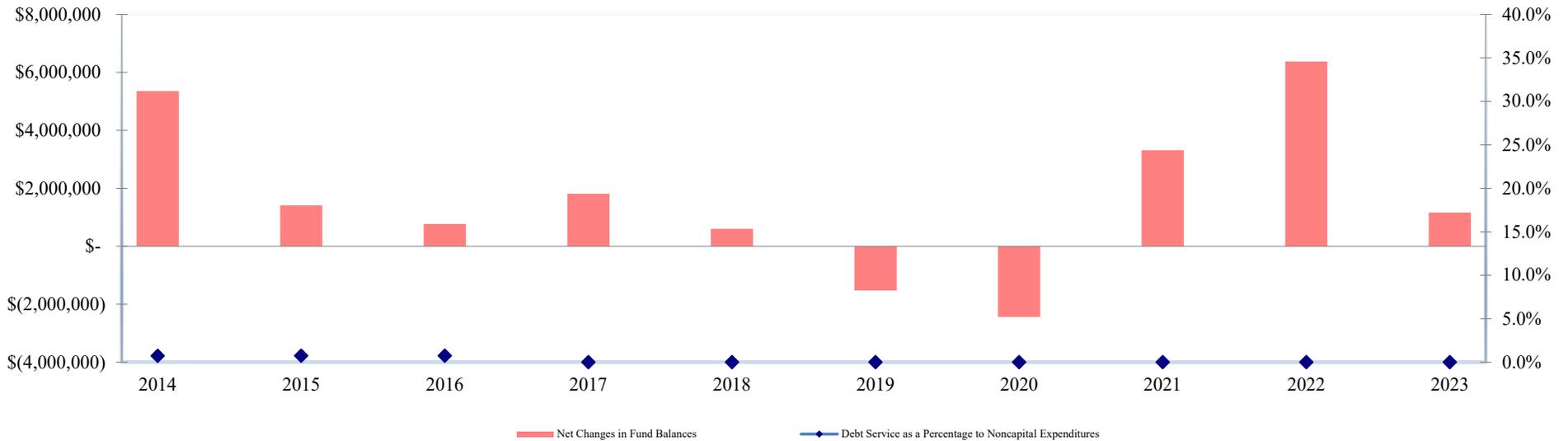
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 5,998,069	\$ 6,388,250	\$ 8,784,799	\$ 7,579,396	\$ 7,397,414	\$ 7,958,208	\$ 8,887,075	\$ 8,315,947	\$ 10,393,960	\$ 10,460,337
Licenses and permits	372,566	424,061	542,950	473,916	528,133	538,854	492,762	607,207	525,901	815,390
Intergovernmental	2,506,762	2,080,875	2,302,769	3,377,426	1,896,778	2,310,757	2,101,017	4,524,776	8,090,841	1,866,069
Charges for services	1,332,860	610,409	1,046,288	257,088	286,227	383,209	434,132	524,210	1,082,055	1,365,770
Use of money and property	330,117	436,087	548,034	318,331	462,724	712,384	372,674	371,655	100,488	724,831
Fines and forfeitures	321,167	70,913	40,883	163,675	156,981	206,202	144,656	15,248	91,529	186,566
Developer fees	153,495	47,667	58,606	69,713	-	-	-	-	-	-
Other	44,838	70,920	12,685	41,075	94,258	168,070	165,818	258,931	209,327	1,218,634
Reimbursement from successor agenc	4,589,021	183,881	-	-	-	-	-	-	-	-
Total revenues	15,648,895	10,313,063	13,337,014	12,280,620	10,822,515	12,277,684	12,598,134	14,617,974	20,494,101	16,637,597
Expenditures										
General government	2,925,100	1,460,175	2,337,561	2,339,459	2,685,531	3,613,960	3,099,787	3,375,189	3,514,451	3,975,649
Public safety	3,003,382	3,171,039	3,337,065	3,494,997	3,766,241	4,154,411	5,003,531	3,792,357	4,542,434	4,671,915
Parks and recreation	921,798	1,354,629	1,115,548	1,290,766	1,200,310	1,062,510	1,266,334	950,685	1,744,549	1,170,687
Public works	1,001,938	1,373,756	1,367,346	1,267,791	1,444,231	1,248,253	1,002,890	1,028,631	1,600,183	1,973,188
Community development	377,481	526,250	578,618	746,761	544,246	724,973	1,009,598	1,006,978	1,325,713	2,533,642
Capital outlay	2,005,358	953,448	3,762,730	766,558	579,574	3,474,911	4,015,028	1,151,343	1,391,497	1,144,006
Debt service:										
Principal	43,493	46,856	50,476	-	-	-	-	-	-	-
Interest and fiscal charges	16,870	13,000	15,228	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,295,420	8,899,153	12,564,572	9,906,332	10,220,133	14,279,018	15,397,168	11,305,183	14,118,827	15,469,087
Excess of revenues over (under) expenditures	5,353,475	1,413,910	772,442	2,374,288	602,382	(2,001,334)	(2,799,034)	3,312,791	6,375,274	1,168,510

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CITY OF ARTESIA, CALIFORNIA
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

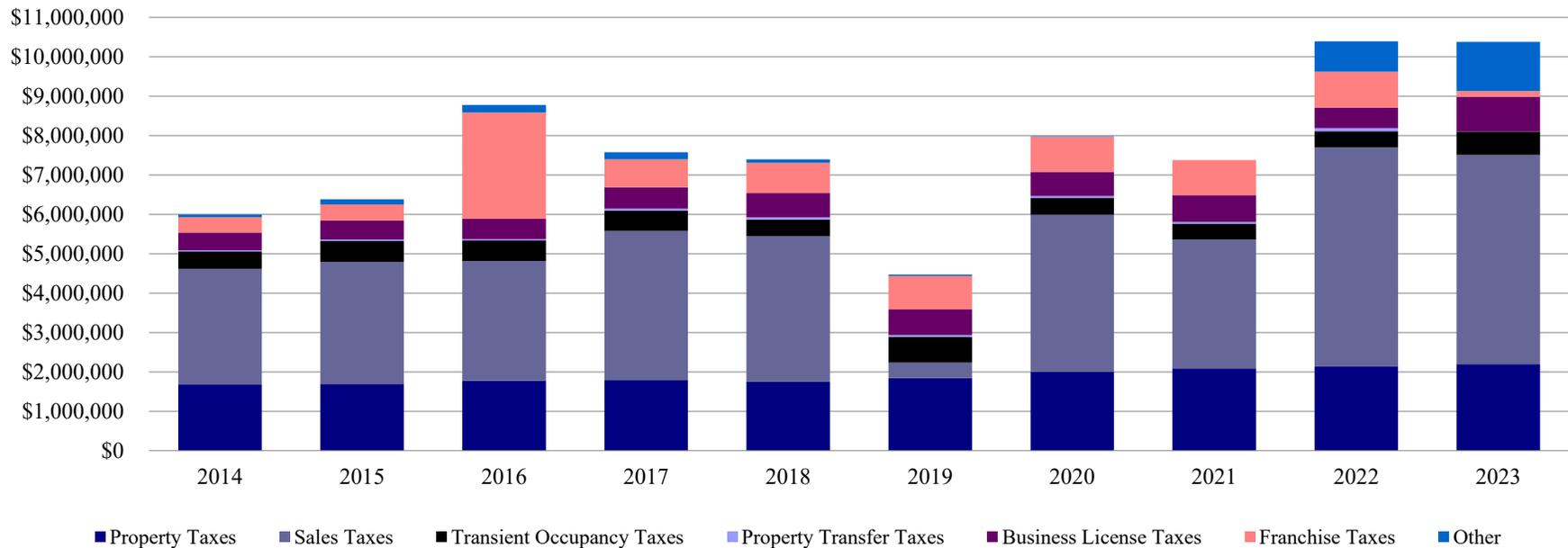
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Other financing sources (uses)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transfers in	\$ 375,643	\$ 299,599	\$ 4,317,595	\$ 45,402	\$ 35,597	\$ 629,791	\$ 519,598	\$ 113,023	\$ 4,131,550	\$ 284,438
Transfers out	(375,643)	(299,599)	(4,317,595)	(603,484)	(35,597)	(151,600)	(160,071)	(113,023)	(4,131,550)	(284,438)
Bond discount	-	-	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(558,082)	-	478,191	359,527	-	-	-
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-	-	-	-	-
Net changes in fund balances	\$ 5,353,475	\$ 1,413,910	\$ 772,442	\$ 1,816,206	\$ 602,382	\$ (1,523,143)	\$ (2,439,507)	\$ 3,312,791	\$ 6,375,274	\$ 1,168,510
Debt service as a percentage of noncapital expenditures	0.7%	0.8%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



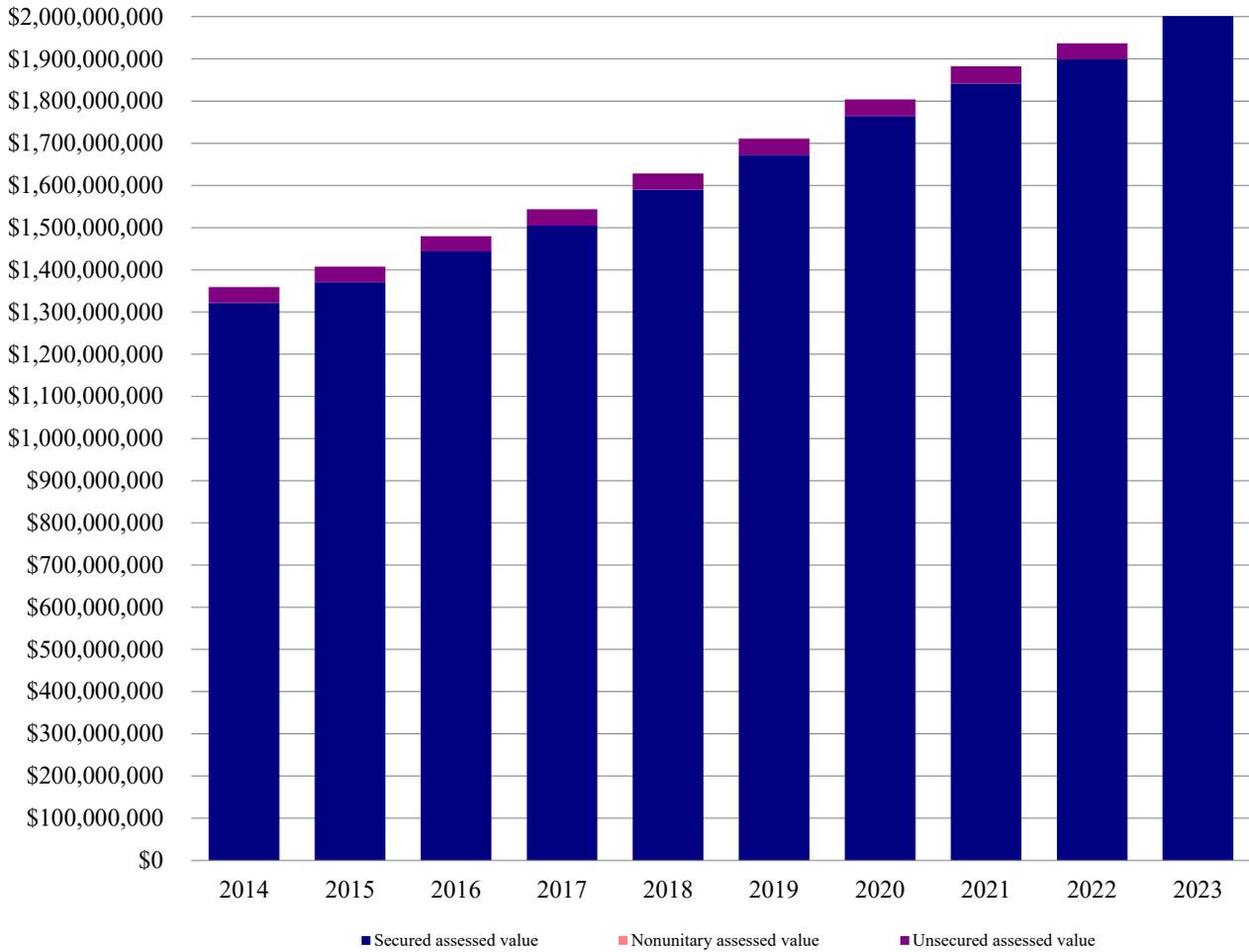
CITY OF ARTESIA, CALIFORNIA
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Sales Taxes		Transient	Property	Business	Franchise	Other	Total
	Property Taxes	Sales Taxes	Occupancy Taxes	Transfer Taxes	License Taxes	Taxes	Taxes	
2014	1,678,906	2,938,867	443,121	29,529	446,017	390,601	71,028	5,998,069
2015	1,698,157	3,096,626	535,124	32,642	479,678	407,926	130,884	6,381,037
2016	1,778,796	3,038,340	520,533	32,655	518,569	2,696,612	192,493	8,777,998
2017	1,792,172	3,784,651	512,631	54,317	545,391	706,034	184,200	7,579,396
2018	1,752,303	3,690,349	423,928	57,514	618,198	766,423	88,699	7,397,414
2019	1,844,788	4,137,499	391,137	51,547	650,117	846,786	36,334	7,958,208
2020	1,999,302	3,989,411	434,010	42,690	614,271	893,480	13,391	7,986,555
2021	2,085,778	3,272,693	406,026	43,545	682,807	888,495	-	7,379,344
2022	2,146,321	5,551,693	410,567	79,540	525,901	909,908	770,030	10,393,960
2023	2,197,203	5,310,565	595,622	81,131	884,681	143,740	1,247,395	10,460,337



CITY OF ARTESIA, CALIFORNIA
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Assessed Value ⁽¹⁾				Total Effective Rate (2)
	Secured	Nonunitary	Unsecured	Total	
2014	1,321,986,275	-	37,252,902	1,359,239,177	0.6563%
2015	1,371,438,382	-	36,461,776	1,407,900,158	0.6566%
2016	1,444,454,184	-	35,572,647	1,480,026,831	0.6571%
2017	1,504,821,751	-	38,979,785	1,543,801,536	0.6573%
2018	1,589,872,425	-	38,378,560	1,628,250,985	0.6573%
2019	1,672,317,291	-	39,091,161	1,711,408,452	0.6582%
2020	1,764,086,354	-	40,248,565	1,804,334,919	0.6585%
2021	1,841,922,554	-	40,456,330	1,882,378,884	0.6587%
2022	1,899,479,654	-	37,538,774	1,937,018,428	0.6590%
2023	2,018,889,130	-	37,268,831	2,056,157,961	0.6593%



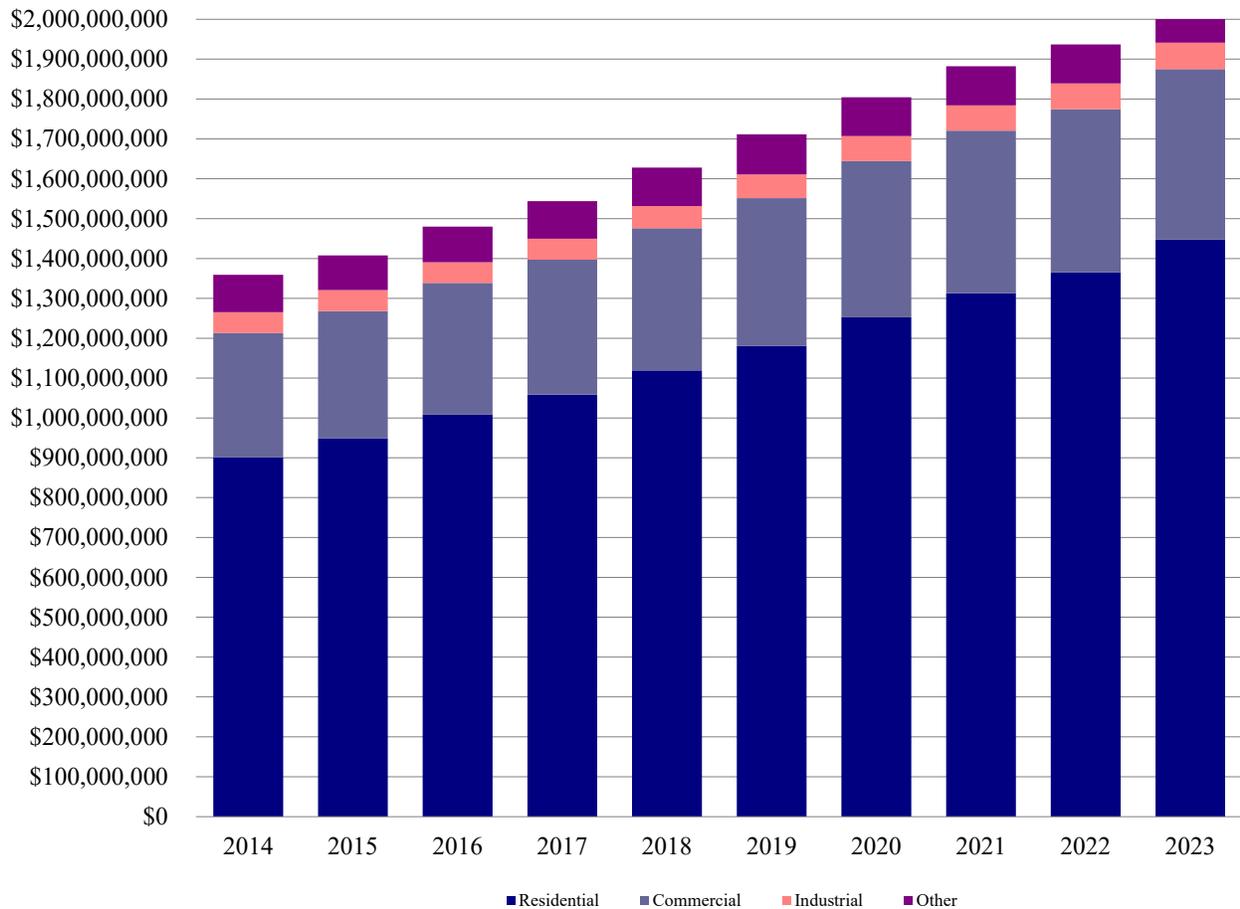
⁽¹⁾ Net of exemptions

⁽²⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies

CITY OF ARTESIA, CALIFORNIA
Assessed Value of Taxable Property by Use
Last Ten Fiscal Years

Fiscal Year	Assessed Value ⁽¹⁾				Total	Total Effective Rate (2)
	Residential	Commercial	Industrial	Other		
2014	901,286,264	311,754,506	52,408,817	93,789,590	1,359,239,177	0.6563%
2015	948,906,951	319,382,443	52,441,154	87,169,610	1,407,900,158	0.6566%
2016	1,009,152,736	329,584,977	52,095,299	89,193,819	1,480,026,831	0.6571%
2017	1,058,706,264	338,230,423	52,874,890	93,989,959	1,543,801,536	0.6573%
2018	1,119,486,714	356,504,771	55,586,834	96,672,666	1,628,250,985	0.6573%
2019	1,180,780,891	370,883,525	59,402,802	100,341,234	1,711,408,452	0.6582%
2020	1,252,584,691	391,879,135	62,474,763	97,396,330	1,804,334,919	0.6585%
2021	1,313,136,749	407,314,525	63,675,586	98,252,024	1,882,378,884	0.6587%
2022	1,365,326,692	409,261,464	64,579,385	97,850,887	1,937,018,428	0.6590%
2023	1,447,244,217	427,658,253	66,447,381	114,808,110	2,056,157,961	0.6593%



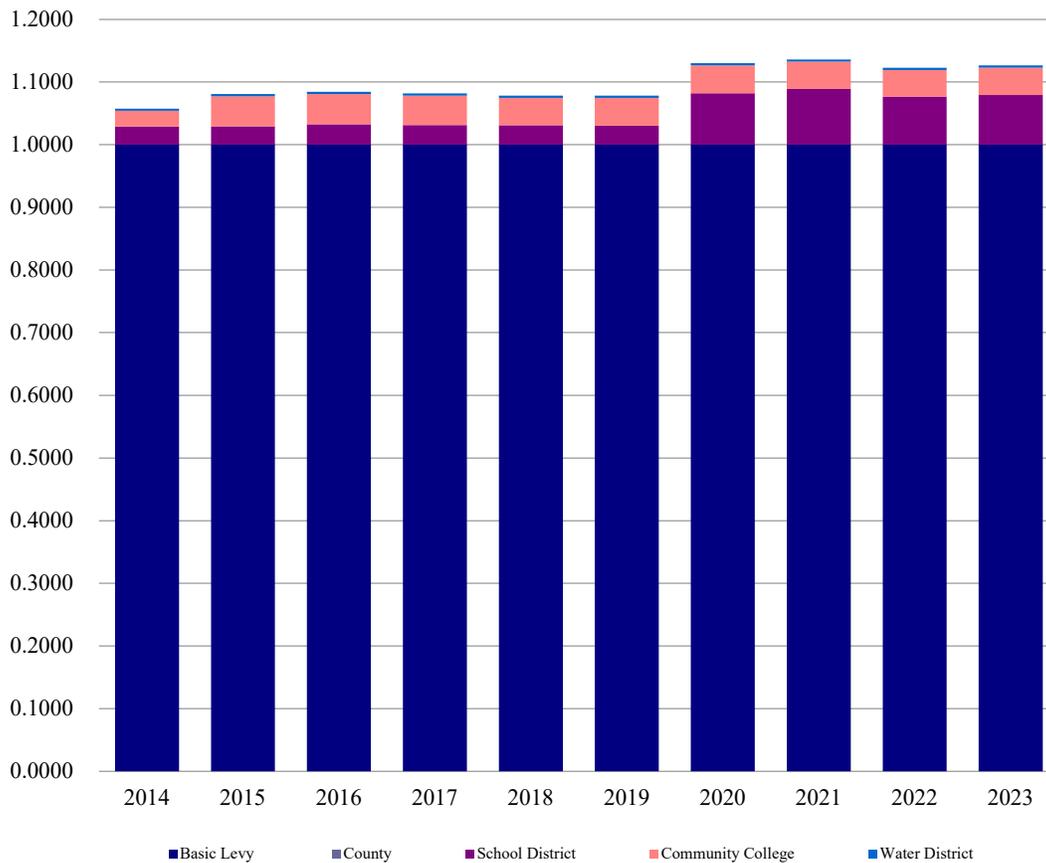
⁽¹⁾ Net of exemptions

⁽²⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies

CITY OF ARTESIA, CALIFORNIA
 Direct and Overlapping Property Tax Rates ⁽¹⁾
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)

Fiscal Year	Basic Levy ⁽²⁾	County			School District ⁽³⁾	Community		Total Effective Rate ⁽⁵⁾
		Detention Facilities	Flood Control	Total		College District ⁽⁴⁾	Water District	
2014	1.0000	0.0000	0.0000	0.0000	0.0289	0.0250	0.0035	0.6563%
2015	1.0000	0.0000	0.0000	0.0000	0.0292	0.0481	0.0035	0.6566%
2016	1.0000	0.0000	0.0000	0.0000	0.0324	0.0483	0.0035	0.6571%
2017	1.0000	0.0000	0.0000	0.0000	0.0313	0.0470	0.0035	0.6573%
2018	1.0000	0.0000	0.0000	0.0000	0.0311	0.0437	0.0035	0.6573%
2019	1.0000	0.0000	0.0000	0.0000	0.0302	0.0445	0.0035	0.6582%
2020	1.0000	0.0000	0.0000	0.0000	0.0819	0.0445	0.0035	0.6585%
2021	1.0000	0.0000	0.0000	0.0000	0.0890	0.0435	0.0035	0.6587%
2022	1.0000	0.0000	0.0000	0.0000	0.0766	0.0425	0.0035	0.6590%
2023	1.0000	0.0000	0.0000	0.0000	0.0793	0.0436	0.0035	0.6593%



⁽¹⁾ Per \$100 of assessed value

⁽²⁾ Basic levy for City (\$0.067), County (\$0.329), LA Consolidated Fire District (\$0.183), ABC Unified School District (\$0.19), Educational Rev Aug. Fund(\$0.203) and other agencies (\$0.028).

⁽³⁾ ABC Unified School District .

⁽⁴⁾ Cerritos Community College District .

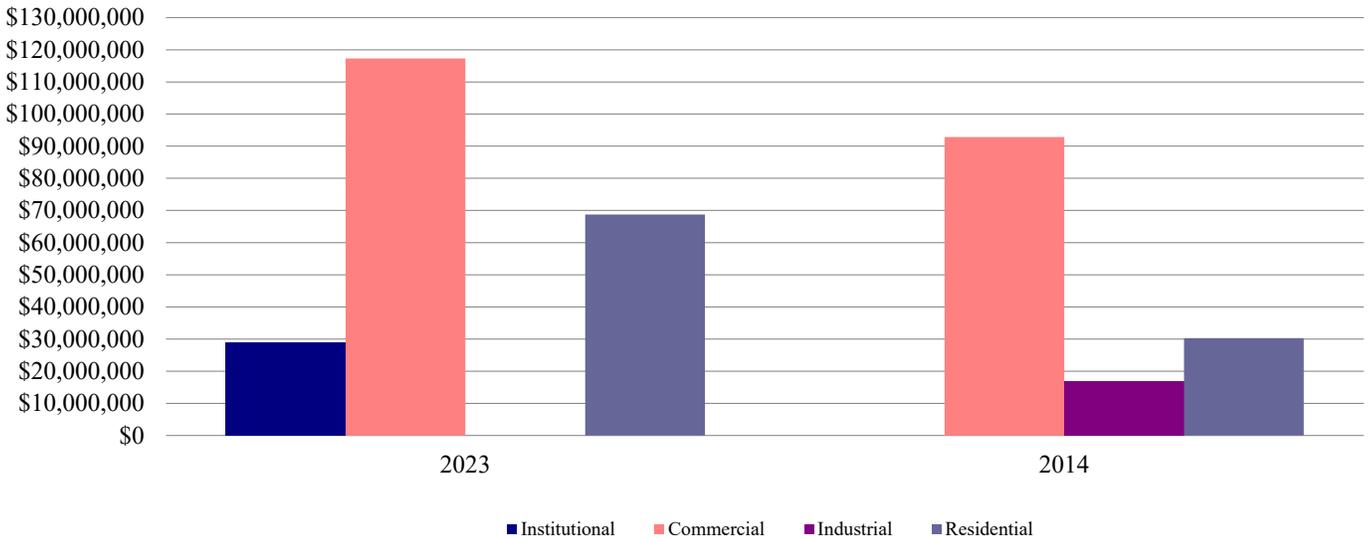
⁽⁵⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies .

CITY OF ARTESIA, CALIFORNIA
Principal Property Tax Payers
June 30, 2023

Taxpayer	Primary Use	2023			2014		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾
Eaves Artesia LP	Residential	\$ 35,127,434	1	1.71%	30,292,709	1	1.34%
YSM Investment No 3 LLC	Commercial	34,000,000	2	1.65%	21,850,000	3	1.61%
Artesia Partners LLC	Commercial	33,500,000	3	1.63%	28,707,901	2	1.27%
Pioneerlux Associates, LP	Commercial	21,447,193	4	1.04%	-	-	-
Realty Specialties Inc	Residential	21,085,051	5	1.03%	-	-	-
11900 East Artesia Boulevard LLC	Institutional	15,433,351	6	0.75%	20,143,215	4	1.48%
Maya Inn and Suites	Commercial	14,506,262	7	0.71%	-	-	-
Haw Lay I LLC	Commercial	13,865,140	8	0.67%	11,948,575	7	0.88%
Artesia Christian Home Inc	Institutional	13,627,582	9	0.66%	-	-	-
Antonio E Martins CoTrustee	Residential	12,527,983	10	0.61%	-	-	-
Artesia Towne Center	Cross-Referenc	-	-	-	8,566,703	10	0.63%
Eastand Estate	Commercial	-	-	-	8,954,757	9	0.66%
Mei H Chu Trust	Commercial	-	-	-	9,005,814	8	0.66%
BSREP Socal 91 Freeway LLC	Commercial	-	-	-	12,350,000	6	0.55%
California Milk Producers	Industrial	-	-	-	16,851,449	5	1.24%
Total		\$ 215,119,996		10.46%	\$ 168,671,123		10.33%

Principal Property Owners

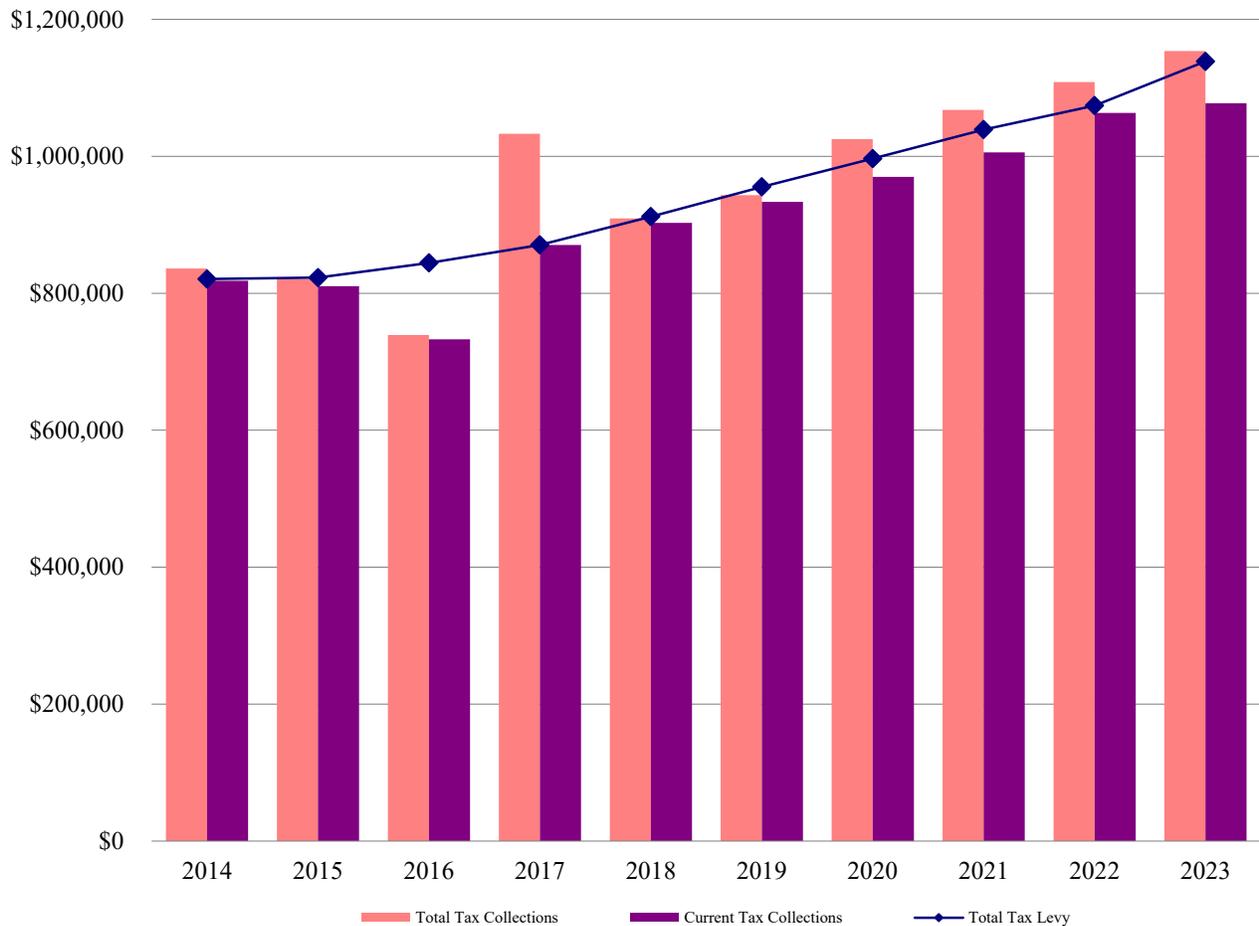


⁽¹⁾ Total assessed valuation of taxable property exclusive of exemptions.

Source: Los Angeles County/Hdl Companies

CITY OF ARTESIA, CALIFORNIA
Property Tax Levies and Collections⁽¹⁾
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy ⁽²⁾	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2014	820,801	818,338	99.7%	18,076	836,414	101.9%
2015	822,968	810,542	98.5%	9,866	820,408	99.7%
2016	844,497	732,978	86.8%	6,200	739,178	87.5%
2017	870,625	870,625	100.0%	162,375	1,033,000	118.7%
2018	912,132	903,094	99.0%	6,372	909,466	99.7%
2019	955,470	933,541	97.7%	9,866	943,407	98.7%
2020	996,741	970,140	97.3%	55,112	1,025,252	102.9%
2021	1,039,175	1,005,854	96.8%	62,123	1,067,977	102.8%
2022	1,074,233	1,063,592	99.0%	45,002	1,108,594	103.2%
2023	1,138,723	1,077,769	94.6%	76,232	1,154,001	101.3%



⁽¹⁾ Includes only City general property taxes of the General Fund

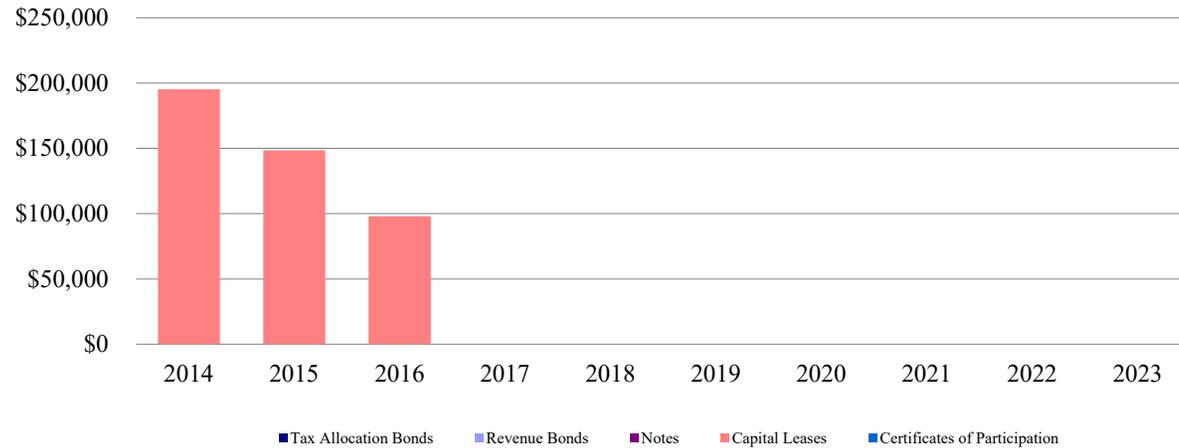
⁽²⁾ Includes secured and unsecured property tax levies exclusive of homeowner exemption

Source: Los Angeles County.

CITY OF ARTESIA, CALIFORNIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total	Percentage of Personal Income ⁽¹⁾	Percentage of Debt Per Capita ⁽¹⁾
	Tax Allocation Bonds ⁽²⁾	Notes	Capital Leases			
2014	-	-	195,240	195,240	188.19%	8.59%
2015	-	-	148,385	148,385	244.67%	11.31%
2016	-	-	97,908	97,908	369.89%	17.24%
2017	-	-	-	-	0.00%	0.00%
2018	-	-	-	-	0.00%	0.00%
2019	-	-	-	-	0.00%	0.00%
2020	-	-	-	-	0.00%	0.00%
2021	-	-	-	-	0.00%	0.00%
2022	-	-	-	-	0.00%	0.00%
2023	-	-	-	-	0.00%	0.00%

Outstanding Debt by Type-Last Ten Fiscal Years



Note: Details regarding the City's outstanding debt can be found in the *notes to the financial statements*.

⁽¹⁾ See Demographic Statistics on Demographic and Economic Statistics Schedule

⁽²⁾ Due to the dissolution of the Artesia Redevelopment Agency, the debt related to tax allocation bonds is no longer rep

CITY OF ARTESIA, CALIFORNIA
 Computation of Direct and Overlapping Bonded Debt
 As of June 30, 2023

2022-23 Assessed Valuation	\$ 3,847,720,685		
Jurisdiction	Net General Activities Bonded and Capital Lease Debt Outstanding	Percentage Applicable to City of Artesia ⁽¹⁾	Amount Applicable to City of Artesia
<u>Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	\$ 19,215,000	0.057%	\$ 10,953
Cerritos Community College District	445,232,887	3.541%	15,765,697
ABC Unified School District	124,137,739	11.149%	13,840,117
Total Direct and Overlapping Tax and Assessment Debt			\$ 29,616,767
<u>Overlapping General Fund Debt:</u>			
Los Angeles County General Fund Obligations	\$ 2,601,551,282	0.109%	\$ 2,835,691
Los Angeles Superintendent of Schools Certificates of Participation	3,403,487	0.109%	3,710
Los Angeles County Sanitation District 2 Authority	776,732	0.988%	7,674
Los Angeles County Sanitation District 18 Authority	434,236	0.298%	1,294
Los Angeles County Sanitation District 19 Authority	139,904	7.296%	10,207
City of Artesia	-	100%	-
Total Direct and Overlapping Tax and Assessment Debt			\$ 2,858,576
<u>Overlapping Tax Increment Debt (Successor Agencies):</u>	\$ 12,207,970	100%	\$ 12,207,970
Total Direct Debt			-
Total Overlapping Debt			\$ 44,683,313
Combined Total Debt			\$ 44,683,313

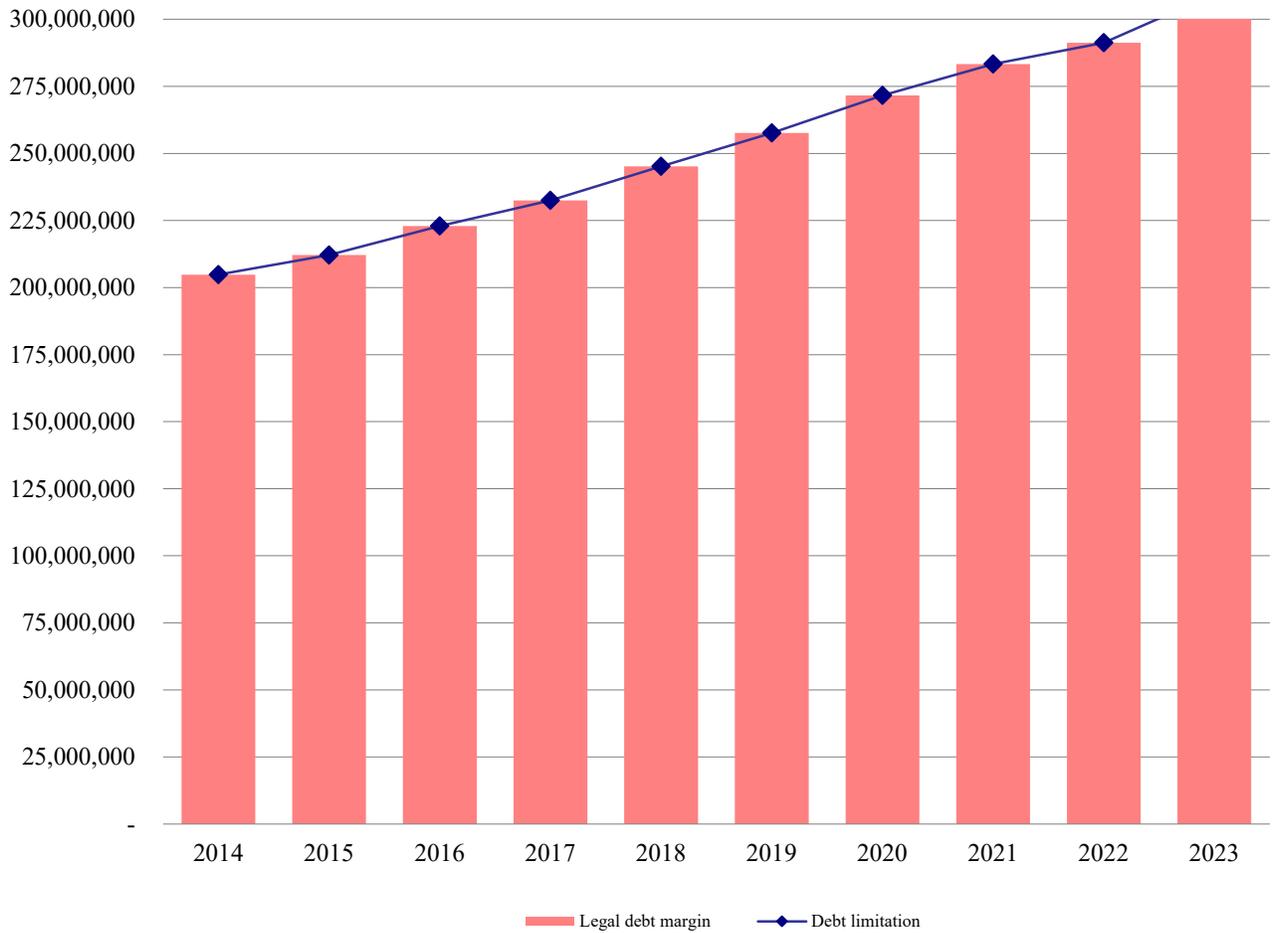
Notes:

⁽¹⁾ The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and

CITY OF ARTESIA, CALIFORNIA
 Legal Debt Margin Information
 Last Ten Fiscal Years

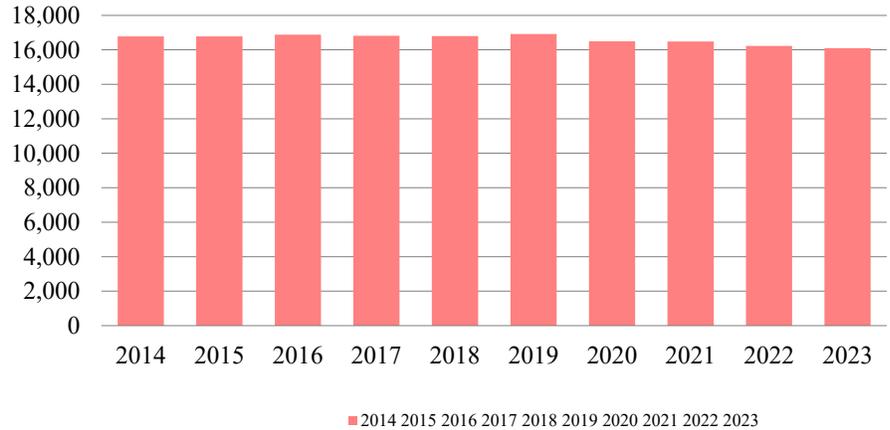
Fiscal Year	Assessed Valuations			Legal Debt Margin		
	Assessed Value	Add Exemptions	Total Assessed Value	Debt Limitation-15% of Total Assessed Value	Total Debt Applicable to Limitation	Legal Debt Margin
2014	1,359,239,177	6,276,033	1,365,515,210	204,827,282	-	204,827,282
2015	1,407,900,158	6,276,033	1,414,176,191	212,126,429	-	212,126,429
2016	1,480,026,831	6,276,033	1,486,302,864	222,945,430	-	222,945,430
2017	1,543,801,536	6,276,033	1,550,077,569	232,511,635	-	232,511,635
2018	1,628,250,985	6,276,033	1,634,527,018	245,179,053	-	245,179,053
2019	1,711,408,452	6,276,033	1,717,684,485	257,652,673	-	257,652,673
2020	1,804,334,919	6,533,855	1,810,868,774	271,630,316	-	271,630,316
2021	1,882,378,884	6,451,377	1,888,830,261	283,324,539	-	283,324,539
2022	1,937,018,428	4,799,444	1,941,817,872	291,272,681	-	291,272,681
2023	2,056,157,961	6,451,377	2,062,609,338	309,391,401	-	309,391,401



CITY OF ARTESIA, CALIFORNIA
Demographic and Economic Statistics

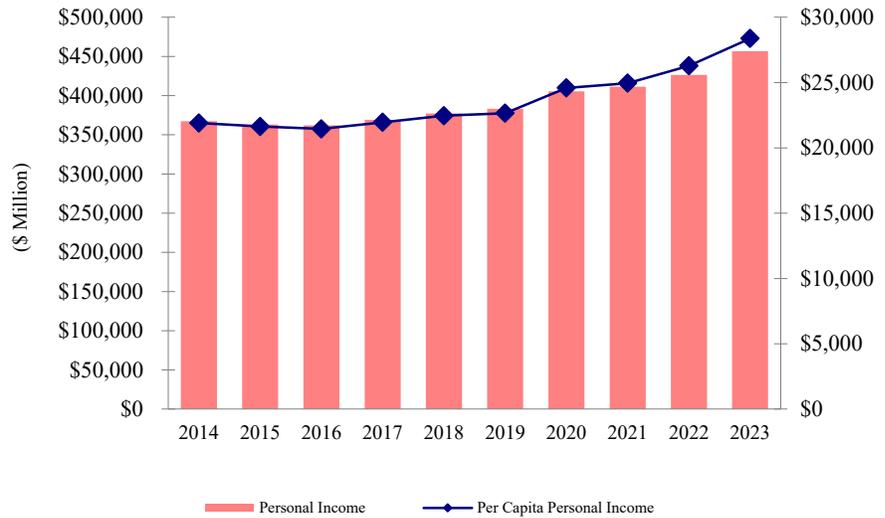
Last Ten Fiscal Years

Year	Population ⁽¹⁾
2014	16,776
2015	16,781
2016	16,883
2017	16,816
2018	16,792
2019	16,919
2020	16,490
2021	16,484
2022	16,226
2023	16,093



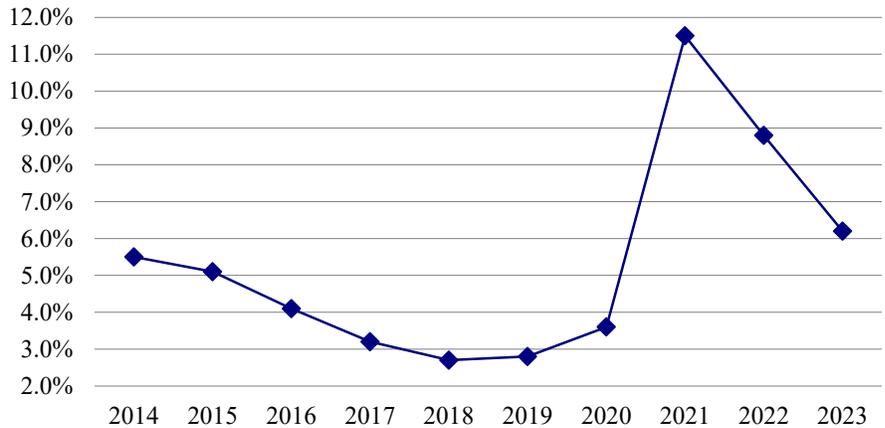
Last Ten Fiscal Years

Year	Personal Income ⁽²⁾ (\$ Thousand)	Per Capita Personal Income ⁽²⁾
2014	367,428	21,902
2015	363,057	21,635
2016	362,149	21,450
2017	369,249	21,958
2018	377,241	22,465
2019	383,243	22,651
2020	405,497	24,590
2021	411,323	24,952
2022	426,436	26,281
2023	456,631	28,374



Last Ten Fiscal Years

Year	Unemployment Rate ⁽²⁾
2014	5.5%
2015	5.1%
2016	4.1%
2017	3.2%
2018	2.7%
2019	2.8%
2020	3.6%
2021	11.5%
2022	8.8%
2023	6.2%



⁽¹⁾ State Department of Finance.

⁽²⁾ HdL, Coren & Cone.

CITY OF ARTESIA, CALIFORNIA

Principal Employers

As of June 30, 2023

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
SDKJ FOREVER LLC	52	1	10.18%	845	2	39.90%
BORBA INVESTMENT REALTY, INC.	46	2	9.00%	249	5	11.76%
CITY OF ARTESIA	38	3	7.44%	307	3	14.49%
SK ENTER BKING PR INC TX AUDIT PRES	20	4	3.91%	2,494	1	117.75%
ANGELES INSTITUTE, LLC	20	5	3.91%			
KUMON MATH & READING CENTER OF ARTESIA	20	6	3.91%			
TOPANGA HOSPICE CARE, INC.	18	7	3.52%			
NURSES PLUS HOSPICE INC	16	8	3.13%	205	10	9.68%
SMILE ADULT DAY HEALTH CENTER	15	9	2.94%	218	8	10.29%
SAGE M. HUMPHRIES D.D.S, M.S.	9	10	1.76%	277	4	13.08%
	<u>254</u>		<u>49.71%</u>	<u>4,595</u>		<u>216.95%</u>
Total number of employees	<u>511</u>			<u>2,118</u>		
Number of businesses	859			1,041		

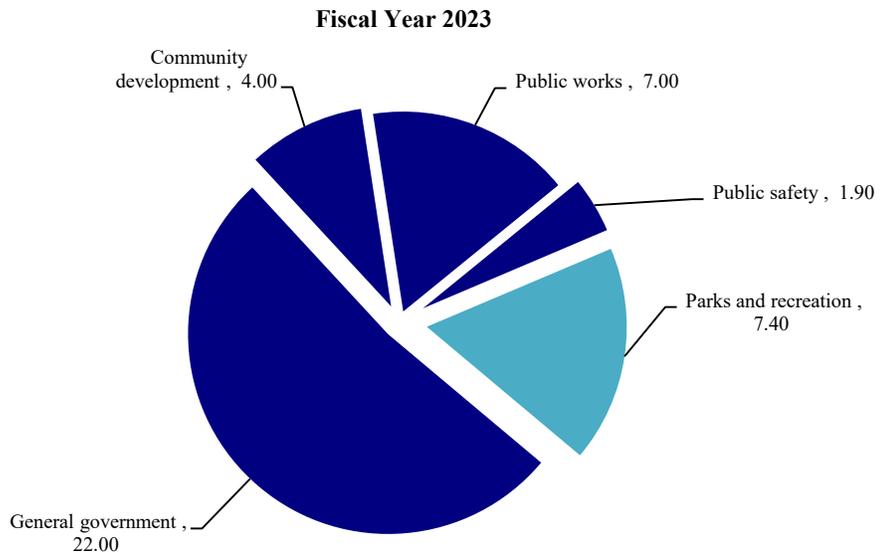
Source: Finance Department, HdL

CITY OF ARTESIA, CALIFORNIA

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Total									
General government	18.00	17.00	19.00	16.29	15.01	19.60	19.00	20.00	20.00	22.00
Community development	-	-	-	5.88	8.33	3.00	4.00	4.00	4.00	4.00
Public works	8.00	8.00	7.00	2.93	3.03	7.00	7.00	6.00	6.00	7.00
Public safety	3.00	3.00	2.85	0.95	2.22	4.38	3.90	4.90	4.90	1.90
Parks and recreation	8.00	8.00	8.00	10.95	11.46	9.15	10.15	9.40	9.40	7.40
Total full-time equivalent positions	37.00	36.00	36.85	37.00	40.05	43.13	44.05	44.30	44.30	42.30



Source: Finance Department

CITY OF ARTESIA, CALIFORNIA
 Capital Asset Statistics by Function⁽¹⁾
 Last Ten Fiscal Years

	<u>2014</u> ⁽²⁾	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government										
Number of Buildings - City Hall	1	1	1	1	1	1	1	1	1	1
Number of Historical Museums	2	2	2	2	2	2	2	2	2	2
Historical Water Tower	1	1	1	1	1	1	1	1	1	1
General Government Vehicles	2	2	2	2	2	2	2	2	2	2
Park and Recreation										
Number of Buildings - Community Centers	5	5	5	5	5	5	5	5	5	5
Number of Buildings - Library	1	1	1	1	1	1	1	1	1	1
Acres of Park Space	16.98	16.98	16.98	16.98	16.98	16.98	16.98	16.98	16.98	16.98
Park Trees	202	202	202	202	202	202	202	202	202	202
Parks	3	3	3	3	3	3	3	3	3	3
Recreation Transit Vehicles	2	2	2	2	2	2	2	2	2	2
Playground Areas	5	5	5	5	5	5	5	5	5	5
Baseball Fields	7	7	7	7	7	7	7	7	7	7
Basketball Courts	3	3	3	3	3	3	3	3	3	3
Roller Hockey Rinks	1	1	1	1	1	1	1	1	1	1
Handball Court	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Maintenance/Public works										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Street Trees	1,662	1,652	1,652	1,652	1,652	1,652	1,652	1,652	1,652	1,652
Miles of Streets and Service Roads	30.09	30.09	30.09	30.09	30.09	30.09	30.09	30.09	30.09	38.33
Number of Traffic Signals	23	25	25	25	25	25	25	25	25	26
Number of Street Lights	85	136	136	136	136	136	136	136	136	136
Vehicles	11	11	11	11	11	11	11	11	11	11
Public safety										
Number of Parking Pay Stations	29	28	28	28	28	28	28	28	28	28
Public Safety Vehicles	4	4	4	4	4	4	4	4	4	4

⁽¹⁾ Information provided by various departments