CITY OF PASADENA, CALIFORNIA

Independent Accountants' Report on Applying Agreed-Upon Procedures for a Review of Deferred Compensation

For the Period
July 1, 2024 through June 30, 2025

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
APPLIED FOR A REVIEW OF DEFERRED COMPENSATION PLAN

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

We have performed the procedures enumerated below, which were agreed to by the City Council and the management of the City of Pasadena, California (the City), solely to assist the City in evaluating the deferred compensation plan for the fiscal year ended June 30, 2025. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Scope of the Procedures Performed and Related Findings

The procedures performed and the results obtained from the performance thereof were as follows:

1. **Procedure Performed:** We obtained payroll registers for four periods for the fiscal year ending June 30, 2025. We traced the amounts withheld relating to the 457 deferred compensation plan to the liability recorded in the benefits fund liability amount payable to the deferred compensation provider (Empower Financial Services).

   Result: LSL noted variances between the amounts withheld relating to the 457 deferred compensation plan per the payroll registers and the liability recorded in the benefits fund payable to Empower Financial Services. These differences result from payroll being processed in batches, which may include dates from the prior and/or following pay periods.

   Management Response:

   As noted by the Auditors these differences result from payroll being processed in batches. These batches do not always match up so that 100 percent of the payments remitted are matched within the same pay period that the employee withholding occurred in. Withholdings are accounted for based on pay period ending dates and remittance to the deferred compensation provider, Empower Financial Services, are based on pay days. A number of special payrolls are run each pay period for special items such as terminations and retirements. Depending on when Accounting runs the payroll journal load process, some portion of these may be posted in the following pay period resulting in minor timing differences. When reviewed with all pay periods, all withholdings are remitted to the deferred compensation provider.

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

2. **Procedure Performed:** For each of the four pay periods selected, we agree the amount withheld to the payments issued to the provider.

   Result: LSL noted variances between the amounts withheld relating to the 457 deferred compensation plan per the payroll registers and the liability recorded in the benefits fund payable to Empower Financial Services. These differences result from payroll being processed in batches, which may include dates from the prior and/or following pay periods.

   Management Response:

   As noted by the Auditors these differences result from payroll being processed in batches. These batches do not always match up so that 100 percent of the payments remitted are matched within the same pay period that the employee withholding occurred in. Withholdings are accounted for based on pay period ending dates and remittance to the deferred compensation provider, Empower Financial Services, are based on pay days. A number of special payrolls are run each pay period for special items such as terminations and retirements. Depending on when Accounting runs the payroll journal load process, some portion of these may be posted in the following pay period resulting in minor timing differences. When reviewed with all pay periods, all withholdings are remitted to the deferred compensation provider.

3. **Procedure Performed:** We reviewed the selected payments to determine that the withholdings were remitted to the provider for investment within fifteen days following the close of the month, in accordance with Internal Revenue Code Section 457.

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

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

LSL, LLP

Irvine, California
December 23, 2025