

City of Mission Viejo  
**Comprehensive Annual Financial Report**  
Year Ended June 30, 2019

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**About the covers** - Construction began in November 2016 on a state-of-the-art project to renovate the 44-year-old facility that has been home to the world-famous Nadadores swim and dive teams since the 1970s. The City celebrated the newly renovated Aquatics Complex with a Grand Reopening event on April 7, 2019 – ushering in a new era for the Nadadores and community.

**Front cover photos** – *Left* – Featuring a new 45-foot dive tower with doublewide platforms, the first in Orange County, the Aquatics Complex is the only facility on the west coast capable of hosting synchronized diving competitions. *Center (top to bottom)* – Nadadores team members in flag procession, double-sided scoreboard view from the 50-meter pool, and colorful flags of all nations. *Right* – A view from across the 50-meter pool to the dive pool and tower.

**Back cover photos** – *Top to bottom, left to right* – Looking across the 50-meter pool to the shaded grandstands; Nadadores proudly participating in the flag procession; Amy White Ballidis' 1984 Olympic silver medal for the 200m backstroke; kids enjoying an inflatable obstacle course; night view from the dive tower; grand reopening décor; and young Nadadores.

**Photo credits** – Karen Hamman, Jerry Hammond, Keith Rattay, and Takata Photo Design.

**Cover design** – Sherry Merrifield

**CITY OF MISSION VIEJO  
CALIFORNIA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

**CITY COUNCIL**

Greg Rath, Mayor  
Brian Goodell, Mayor Pro Tem  
Wendy Bucknum, Council Member  
Trish Kelley, Council Member  
Ed Sachs, Council Member

**CITY MANAGER**

Dennis R. Wilberg

**PREPARED BY  
DEPARTMENT OF ADMINISTRATIVE SERVICES**

Cheryl Dyas  
Director of Administrative Services



MISSION VIEJO

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**CITY OF MISSION VIEJO**  
Comprehensive Annual Financial Report  
Year ended June 30, 2019

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# City of Mission Viejo

## Administrative Services Department

**Greg Rath**  
*Mayor*

**Brian Goodell**  
*Mayor Pro Tem*

**Wendy Bucknum**  
*Council Member*

**Trish Kelley**  
*Council Member*

**Edward Sachs**  
*Council Member*

December 1, 2019

Honorable Mayor, Members of the City Council, City Manager and Citizens of Mission Viejo:

The Comprehensive Annual Financial Report (CAFR) of the City of Mission Viejo for the fiscal year ended June 30, 2019 is submitted herewith.

This report consists of management's representations concerning the finances of the City of Mission Viejo. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

The City's financial statements have been audited by Davis Farr LLP, certified public accountants. The auditors have issued an unmodified ("clean") opinion on these financial statements. Their report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### *Profile of Mission Viejo*

Mission Viejo is located in southern California approximately halfway between Los Angeles and San Diego, in the southern-most portion of Orange County commonly referred to as the Saddleback Valley. The City's current population is 96,434 making it the largest city in the Saddleback Valley and the ninth largest of the county's 34 cities.

The City of Mission Viejo is an 18 square-mile city. Although the City incorporated in 1988, the first homes in the community were built in the mid-1960's. It was developed as a master planned community by the former Mission Viejo Company. The City is best known for its recreational facilities and programs, and includes 42 park sites within its boundaries.

The City is governed under the Council-Manager form of government, with a five-member City Council elected at-large on a non-partisan basis. Council members serve staggered, four-year terms, with a three consecutive term limit. Council elections are held in November of even-numbered years. The Mayor is selected by the City Council from among its membership and serves a one-year term. The City Manager is appointed by the City Council to carry out the policies and direction of the City Council, oversee the day-to-



day operations of the City and appoint the heads of the various City departments. The current City Manager, Dennis Wilberg, has served in that position since November 2003.

The City provides a full range of municipal services, including police, public works, planning, building, recreation, library and animal control. However, Mission Viejo is a "contract city," and contracts with other governmental entities, private firms and individuals to deliver many of these services. Fire services are provided directly by the Orange County Fire Authority, and water and sewer services are provided by separate districts.

The City is financially accountable for two legally separate entities: the Mission Viejo Housing Authority (MVHA) and the Mission Viejo Community Development Financing Authority (CDFA). The activities of these two entities are included in these financial statements. The former Community Development Agency of the City of Mission Viejo (CDA), was dissolved on February 1, 2012. Upon dissolution, the CDA assets and liabilities were transferred to the Successor Agency to the CDA. The City is obligated to report the resources and activities of the Successor Agency in a separate Private-Purpose Trust Fund, which are also included in these financial statements. Additional information on all three of these legally separate entities can be found in Note 1 to the basic financial statements.

The City (the primary government) utilizes a two-year budget, which the Council adopts by June 30 or as soon thereafter as possible in odd-numbered years. Each year of the two-year budget is appropriated separately. The budget is prepared by program area (e.g., public safety), program (e.g., police patrol services) and fund. The City Manager can authorize appropriation transfers in the operating budget within the same program area and fund without limitation, and in the capital budget between capital projects within the same department and fund up to \$30,000. The City Council must authorize all other budget changes. The CDFa and the MVHA utilize a one-year budget. These two budgets are controlled at the fund level. Expenses out of the Successor Agency Fund are restricted to Department of Finance (DOF) approved enforceable obligations. These enforceable obligations are approved by the DOF through the submission of an annual Recognized Obligation Payment Schedule.

State law mandates that Mission Viejo can only raise local tax rates with voter approval. User and regulatory fees must also follow procedures set forth in State law and must not exceed the estimated reasonable cost of providing services. Fees require approval by the City Council; or fees in excess of reasonable cost require voter approval.

### *Local economy*

Mission Viejo's central location in the Saddleback Valley area makes it a hub for regional commerce. It is also the home of major educational and health facilities for the area. It is primarily a "bedroom community" with a relatively small industrial base.

The two largest employers in the City are Mission Hospital Regional Medical Center and Saddleback College. Both have been major employers in the community since incorporation. Mission Hospital Regional Medical Center is the largest hospital in South Orange County and one of only three trauma centers in all of Orange County with 2,600 employees. The hospital is in the middle of a multi-year expansion program to ensure that key services will meet patient care needs as the region continues to grow. In January 2018, the hospital began construction of a new cancer center that is being built on a portion of the Shops at Mission Viejo site adjacent to Medical Center Road and the hospital campus. Construction is complete for the first two floors

of the facility and opened to the public in November 2019. Construction will be completed for the remainder of the facility in 2020. Saddleback College, the City's second largest employer with 1,210 employees, is a two-year community college serving over 40,000 students each school year. It was established in 1968 and is part of the California Community College system. The college is fully accredited and offers over 240 associate degrees, certificate and occupational awards in 83 program areas, including accounting, engineering, fashion, journalism and nursing.

The commercial section of the City is anchored by The Shops at Mission Viejo, a regional mall of 1.1 million square feet. Tenants include Macy's, Nordstrom, Forever 21, Microsoft and Apple. Seven high-end auto dealers are located in Mission Viejo: Acura, Audi, Infiniti, Jaguar/Land Rover, Lexus, Tesla and Volvo. Home Depot also has a major presence in town as does Target, which opened their third location in Mission Viejo in November, 2018. The Mission Viejo Freeway Center, located adjacent to Interstate 5, is home to Best Buy, Bed Bath and Beyond, World Market, Michael's and others. Another new addition to the business community is Floor & Decor, which also opened in November, 2018 along the I-5 freeway at La Paz Road and Muirlands Boulevard. In 2020, Amazon is planning to open a new California Delivery Station in Mission Viejo at the current RV Storage Depot on Jeronimo Road. The new station will power Amazon's last-mile delivery capabilities to speed up deliveries for customers in the Orange County area.

Since its incorporation, Mission Viejo has had a strong tax base. Over the years, the relatively high property values and personal income levels within the City have generated tax revenues sufficient to support a very high level of municipal services and facilities for the community to enjoy, as well as healthy fund balances. The tax base has performed well since the end of the recession. Since 2010, assessed valuation of property in the City has grown at an average annual rate of 3.2%. City property tax revenue accounts for about 46% of total governmental revenues. Sales tax revenue represents about 26% of governmental revenues. The remainder of the tax base (franchise taxes, real property transfer taxes and transient occupancy taxes) contributes another 5.9% of general governmental revenues.

Mission Viejo has generally maintained a low unemployment rate. The rate has traditionally not only been below the State and national rates, but also below the County unemployment rate. Except during periods of recession in the early 1990's and since 2008, the unemployment rate in the City had ranged between 1.4% and 2.9%. In the mid-1990's, it peaked at 6.6% and it reached 6.9% in 2010. The City's current unemployment rate is 3.0%, down from 3.1% a year ago.

Since the recession ended in 2009 the economy in Mission Viejo has slowly recovered. Job growth is occurring in Orange County and elsewhere and the unemployment rate has declined by 3.9% from the 2010 peak of 6.9%. Median housing values have risen from a low of \$425,000 in 2012 to \$705,000 in 2019, exceeding the pre-recession high of \$613,000 in 2007. As a result of the City's healthy property tax base and personal income levels, the Mission Viejo economy is expected to continue to perform as well as the economies of Orange County and the State.

### *Long-term financial planning*

The City prepared a Master Financial Plan (MFP) as part of the 2019-2021 biennial budget and is an integral part of the City's budget process. The MFP includes a seven-year General Fund revenue forecast and expenditure plan. The MFP also provides essential information on projected General Fund reserves, and allows for analysis of the amount of resources available to fund equipment replacement as well as asset rehabilitation and repair. The long-range nature of the MFP also allows management and staff to be more

proactive in budget planning, using the seven years of projections to plan for anticipated swings in revenues or expenditures. The 2021-26 revenue forecast indicated that general fund revenue would grow throughout the forecast period on an average of 2.95% per year. Property tax and sales tax revenue represents 82% of General Fund revenue and are important revenue sources for the City. The MFP projects that both these revenue sources will grow annually on an average of 2.61% for property taxes and 0.05% for sales taxes through 2026. Actual revenue growth for property taxes was 4.99% in FY 2018-19. The City saw significant growth in sales tax revenue over the prior year, in the amount of \$3.0 million. However, \$1.0 million of this growth is considered to be a one-time increase due to administration issues causing delays in reporting by retailers. Another \$1.3 million was growth in the auto and transportation industry. It is not expected that the City will see this same level of activity during fiscal year 2019-20 and therefore, the City's sales tax revenue projections for 2019-20 are conservative. The current MFP was prepared with a conservative approach to future expenditure planning. The 2019-21 adopted General Fund budget is balanced without the use of General Fund reserves. For each year beyond 2021, the MFP reflects that expenditures could exceed revenues in FY 2021-22 through FY 2025-26 by as much as \$5.3 million; however, with careful monitoring and a commitment to limit annual expenditures to current revenue resources, the City can continue to maintain balanced budgets through 2026.

Financial policy requires the City adopt a balanced operating budget. This means that budgeted revenues are sufficient to support current operating expenditures while maintaining a positive operating position. Any one-time revenues that are received are to be used for one-time costs. The City's General Fund reserve policy requires that reserves will be established through a risk analysis performed biennially in coordination with the preparation of the two-year budget. The analysis for the 2019-21 budget was adopted in April 2019. The City Council set the target General Fund reserve at 49% of General Fund revenues, with a minimum General Fund reserve of 44%. The reserve balance at June 30, 2019 is 50%. However, on November 8, 2019, the City closed escrow on the purchase of the Casta Del Sol public golf course utilizing General Fund reserves. After the purchase, the General Fund reserve balance will be \$20.5 million, or 32% of General Fund revenue.

The City received the GFOA Distinguished Budget Presentation Award and CSMFO Excellence in Operational Budgeting Award for its 2017-2019 biennial budget document. To qualify for the GFOA award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The CSMFO award reflects excellence in the budget document and the underlying budget process through which the budget is implemented. I believe the 2019-21 budget continues to conform to the GFOA and CSMFO budget award program requirements, and the budget has been submitted to both GFOA and CSMFO for award consideration.

#### *Major initiatives/projects*

A number of major initiatives have continued through the 2018-19 fiscal year and are on-going into 2019-20. These include:

Economic Development – City consultant SWA is preparing Design Guidelines to help implement the City's Core Area Vision Plan and ensure that future development within the Core Area is architecturally consistent and compatible. City consultant Retail Strategies is assisting with retail business attraction and recruitment efforts including market and demographic research, site assessment, direct outreach to desired retail matches, and representation at major retail conventions. The City Council has allocated over \$440,000 to

further economic development in fiscal year 2019-2020.

**Reducing Unfunded Liabilities** – The City continues to be committed to reducing pension and healthcare unfunded liabilities. Additional contributions have been made to reduce unfunded liabilities of over \$7.0 million during the past four years. In January 2018, 1.5% of the employer share pension normal cost was shifted to employees. As of June 30, 2018, the last date for both the pension and retiree healthcare valuations, funded status reflected that the pension plan is 79.3% funded and the healthcare plan is 111% funded.

Significant capital projects that are planned for fiscal year 2019-20 and beyond include:

**Rehabilitation of Montanoso Recreation Center Pool Area** – The renovation will include upgrading filtration equipment, replacing portions of the pool decking, improving site functionality and re-plastering the pools surface. Estimated cost of project is \$1.2 million with construction is expected to begin in mid to late 2020.

**Craycraft Park Restroom/Snack Bar Renovation** - This project will include a new 12 fixture restroom building with 6 sinks equally divided on each side of the facility. The new restroom facility will be located central to the ball fields and the play area and picnic facility. Additional hardscape will be added adjacent to the restroom building and current picnic area. The current restroom facilities will be repurposed into onsite storage for the leagues and the City. Estimated cost of project is \$0.7 million, with construction expected to begin during the month of February 2020 with anticipated completion in April 2020.

**La Paz Bridge & Road Widening** – This project will add a third lane in each direction of La Paz Road between Chrisanta Drive and Muirlands Boulevard. The roadway and the existing bridges over the railroad tracks will be widened. Estimated cost of project is \$9.2 million with construction estimated to commence in summer 2020.

**Slope Rehabilitations** – City completed slope rehabilitation in 2018-19 along Trabuco Road from Via Bahia to Los Alisos Boulevard and on the north side of Alicia Parkway from Via Aurora to Trabuco Road. The 2019-20 budget includes resources for the continuation of slope rehabilitation along Alicia Parkway from Trabuco Road to the I-5 freeway.

Finally, the City purchased the Casta Del Sol public golf course on November 8, 2019 after four months of due diligence and negotiations with the seller. This purchase will preserve 108 acres of open space in the heart of Mission Viejo and create opportunities to complete the Oso Creek Trail and enhance other recreational venues in the City. During the next 6 to 8 months, the City will evaluate course operations and begin development a long-term plan for capital improvements. The City has executed a management agreement with American Golf Corporation to manage the facility on behalf of the City.

#### *Awards and acknowledgements*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mission Viejo for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The Certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents

Honorable Mayor, Members of the City Council, City Manager and Citizens of the City of Mission Viejo  
December 1, 2019

conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Mission Viejo received its first Certificate of Achievement in 1988-89, its first full year of incorporation as a city, and has received the certificate every year since then. I believe this 2018-19 CAFR continues to conform to the Certificate of Achievement program requirements, and it will be submitted to GFOA for award consideration.

The preparation and publication of the CAFR is a team effort, requiring the dedication and cooperation of the entire Administrative Services Department staff and the City's independent auditors, Davis Farr LLP. I would like to acknowledge the following individuals who contributed significant effort toward the publication of this document: Administrative Services Manager Kim Lashley, Administrative Services Manager Andrea Pham, Junior Accountant Julie Smith, Junior Accountant Jennifer Frye and Administrative Services Analyst Sherry Merrifield.

In closing, I would like to express my appreciation to the City Council and City Manager for their leadership and support, and for their continuing efforts to maintain the City's fiscal health.

Respectfully submitted,



Cheryl Dyas, CPA  
Director of Administrative Services





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Mission Viejo  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

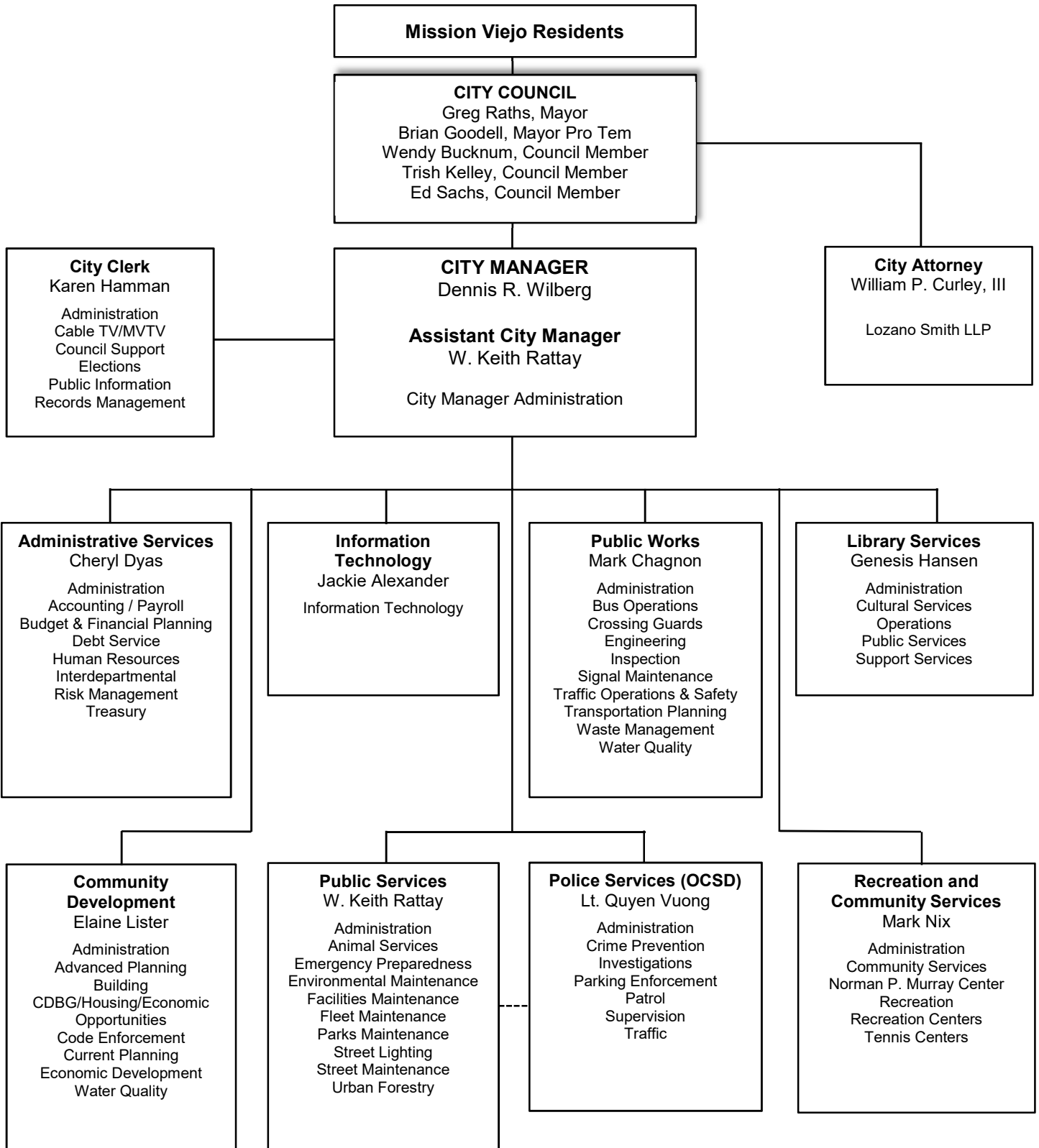
*Christopher P. Morrill*

Executive Director/CEO

# CITY OF MISSION VIEJO

Organizational Structure

June 30, 2019



**CITY OF MISSION VIEJO**

List of Principal Officials  
as of June 30, 2019

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City Manager .....	Dennis R. Wilberg
City Attorney .....	William P. Curley III
Director of Community Relations/City Clerk.....	Karen Hamman
Assistant City Manager/Director of Public Services.....	W. Keith Rattay
Director of Administrative Services.....	Cheryl Dyas
Director of Community Development.....	Elaine Lister
Director of Information Technology.....	A. Jackie Alexander
Director of Library and Cultural Services .....	Genesis Hansen
Director of Public Works .....	Mark Chagnon
Director of Recreation and Community Services .....	Mark Nix
Chief of Police Services (O.C. Sheriff Department).....	Lt. Quyen Vuong



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## **Independent Auditor's Report**

City Council  
City of Mission Viejo  
Mission Viejo, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mission Viejo, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and aggregate remaining fund information of the City of Mission Viejo, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the City of Mission Viejo's 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information for the General Fund and each major special revenue fund, schedule of changes in net pension liability and related ratios, schedule of plan contributions, schedule of changes in net OPEB liability/(asset) and related ratios and schedule of OPEB contributions* 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 Mission Viejo's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules*, the *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report November 27, 2019 on our consideration of the City of Mission Viejo'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 of Mission Viejo's internal control over financial reporting and compliance.



Irvine, California  
November 27, 2019



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2019

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As management of the City of Mission Viejo ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. Please read it in conjunction with the accompanying transmittal letter at the front of this report, and the basic financial statements, which follow this section.

### **Financial Highlights**

- Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$683.4 million. This amount is referred to as the net position of the City. Of this amount, \$24.0 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased \$0.1 million from the prior year.
- As of June 30, 2019, the City's governmental funds (the General Fund plus Special Revenue, Debt Service and Capital Projects funds) reported combined ending fund balances of \$48.2 million. Governmental revenues and other financing sources exceeded expenditures and other financing uses by \$2.9 million in FY 2018-19. Of the \$48.2 million combined ending fund balances at June 30, 2019, \$27.2 million is categorized as unassigned, \$6.1 million is categorized as assigned and \$14.9 million is categorized as restricted.
- Of the \$6.1 million General Fund assigned fund balance, \$1.0 million is assigned to natural disasters, \$1.0 million is assigned to pension and OPEB liabilities, \$1.1 million is assigned to capital asset replacement, with \$3.0 million assigned to capital projects.
- The unassigned General Fund fund balance of \$28.2 million includes a \$13.1 million reserve for economic and budgetary uncertainty. Another \$2.2 million is for carryover appropriations to FY 2019-20, including encumbrances. The balance of \$12.9 million is available for any purpose at the Council's discretion.
- The City's total long-term liabilities, as reported on the Statement of Net Position, decreased by \$5.5 million from the prior fiscal year due to a decrease in the City's net pension liability of \$1.7 million and the use of reserves to pay down the 1999 Series A bonds as part of the bond's fixed rate conversion in the amount of \$1.96 million, in addition to scheduled debt services payments in the amount of \$2.1 million.

### **Overview of the Financial Statements**

This discussion and analysis is an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also consists of supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. There are two government-wide financial statements: the Statement of Net Position and the Statement of Activities. They present information for the government as a whole and present a longer-term view of the City's



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finances. These two statements help to answer the question: "Is the City as a whole better off or worse off as a result of this year's activities?"

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. In time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on how the City's net position changed during the 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 the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused employee leave).

Both of the government-wide financial statements distinguish functions of the City 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 (business-type activities). The governmental activities of the City include police services, public works, infrastructure maintenance, most general government activities, recreation and community services, community development and library services. The business-type activities of the City include animal services and government-access cable television.

The government-wide financial statements include not only the City of Mission Viejo itself (known as the primary government), but also two other legally separate entities: the Mission Viejo Housing Authority (the "Housing Authority"); and the Mission Viejo Community Development Financing Authority (the "Financing Authority"), a joint powers authority formed by both the City and the dissolved Community Development Agency of the City of Mission Viejo (the former redevelopment agency of the City), to issue bonds for the construction of major capital facilities. The City is financially accountable for both of these legally separate entities, which are referred to as component units. The Housing Authority and Financing Authority function for all practical purposes as departments of the City, and therefore, these component units have been included in these financial statements as an integral part of the primary government.

The government-wide financial statements can be found on pages 27-29 of this report.

**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, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City 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

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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 reports on 14 individual governmental funds for financial statement reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Developer Fees Fund, Grants Fund, and Housing Authority Fund, which are considered to be the City's four major funds for the current fiscal year. Data from the other ten governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these other governmental funds is provided in the form of combining schedules elsewhere in the report.

The City (the primary government) adopts a biennial budget for all its governmental and proprietary funds. Annual appropriations are approved prior to the beginning of each year of the biennial budget period. The Financing Authority and Housing Authority adopt an annual budget. A budgetary comparison schedule has been provided for each of the governmental funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 32-38 of this report.

**Proprietary funds.** The City maintains two enterprise funds, a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its animal services operations and government-access cable television station.

The basic proprietary fund financial statements can be found on pages 39-42 of this report.

**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 statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City utilizes one private-purpose trust fund to account for the assets, liabilities and activities of the Successor Agency to the dissolved Community Development Agency. The Successor Agency was created on February 1, 2012.

The basic fiduciary fund financial statements can be found on page 43-44 of this report.

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**Notes to basic 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. The notes to basic financial statements can be found on pages 45-97 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's "modified approach" method of accounting for its street infrastructure assets, budgetary policies and supplemental information on the City's defined benefit plans. Required supplementary information can be found on pages 100-110 of this report.

The supplemental schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information as supplementary schedules. Combining and individual fund statements and schedules can be found on pages 112-137 of this report.

### **Government-wide Financial Analysis**

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$683.4 million as of June 30, 2019, the close of the most recent fiscal year. In comparison to 2018 and 2017, net position was \$683.3 and \$690.5, respectively. Overall, the City's total net position did not change from the prior year.

By far the largest portion of the City's net position at June 30, 2019 (\$637.5 million, or 93% of total net position) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are further discussed later in this analysis.

An additional \$21.9 million of the City's net position is restricted net position, representing resources that are subject to external restrictions on how they may be used. Restricted net position increased \$1.0 million, or 4.8% from June 30, 2018. The primary cause for the increase is the accumulation of additional assets of almost \$0.8 million dedicated to street and road projects, including the residential and arterial highway street resurfacing projects, various traffic synchronization and intersection improvement projects, and the Crown Valley trash and runoff abatement project.

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**Net Position at Year-End (in millions)**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Current assets	\$49.3	\$47.6	\$5.6	\$4.9	\$54.9	\$52.5	4.6%
Noncurrent assets	20.9	21.0	0.1	0.1	21.0	21.1	-0.5%
Capital assets	667.0	673.3	2.6	2.8	669.6	676.1	-1.0%
<b>Total assets</b>	<b>737.2</b>	<b>741.9</b>	<b>8.3</b>	<b>7.8</b>	<b>745.5</b>	<b>749.7</b>	<b>-0.6%</b>
<b>Deferred outflows of resources</b>	<b>5.0</b>	<b>6.9</b>	<b>0.6</b>	<b>0.7</b>	<b>5.6</b>	<b>7.6</b>	<b>-26.3%</b>
Current liabilities	10.6	12.0	0.3	0.2	10.8	12.2	-11.5%
Noncurrent liabilities	52.7	58.3	2.5	2.5	55.2	60.8	-9.2%
<b>Total liabilities</b>	<b>63.3</b>	<b>70.3</b>	<b>2.8</b>	<b>2.7</b>	<b>66.0</b>	<b>73.0</b>	<b>-9.6%</b>
<b>Deferred inflows of resources</b>	<b>1.5</b>	<b>0.9</b>	<b>0.2</b>	<b>0.1</b>	<b>1.7</b>	<b>1.0</b>	<b>70.0%</b>
Net investment in capital assets	634.9	639.3	2.6	2.7	637.5	642.1	-0.7%
Restricted	21.9	20.9	-	-	21.9	20.9	4.8%
Unrestricted	20.6	17.4	3.3	2.9	24.0	20.3	18.2%
<b>Total net position</b>	<b>\$677.4</b>	<b>\$677.6</b>	<b>\$5.9</b>	<b>\$5.6</b>	<b>\$683.4</b>	<b>\$683.3</b>	<b>0.0%</b>

The third category of net position, unrestricted, increased by \$3.7 million to \$24.0 million from the prior year. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This same condition also held true for the prior fiscal year. The City's overall net position increase by \$0.1 million from the prior fiscal year is discussed in the following sections for governmental activities and business-type activities.

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**Changes in Net Position (in millions)**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
<b>Revenues</b>							
Program revenues:							
Charges for services	\$6.6	\$6.7	\$2.9	\$2.8	\$9.5	\$9.5	0.0%
Operating grants and contributions	7.4	6.7	0.2	0.1	7.6	6.8	11.7%
Capital grants and contributions	0.8	1.2	-	-	0.8	1.2	-33.3%
General revenues:							
Property taxes	36.5	34.8	-	-	36.5	34.8	4.9%
Sales and use taxes	19.7	16.7	-	-	19.7	16.7	18.0%
Other taxes	4.5	4.7	-	-	4.5	4.7	-4.2%
Investment earnings	1.0	0.2	0.1	0.1	1.1	0.3	266.7%
Other	0.2	0.3	-	-	0.2	0.3	-33.3%
<b>Total revenues</b>	<b>76.7</b>	<b>71.3</b>	<b>3.2</b>	<b>3.0</b>	<b>79.9</b>	<b>74.3</b>	<b>7.5%</b>
<b>Expenses</b>							
General government-legislative	1.4	1.9	-	-	1.4	1.9	-26.3%
General government-mgmt/support	9.5	9.2	-	-	9.5	9.2	3.3%
Public safety	21.2	20.4	-	-	21.2	20.4	3.9%
Community development	3.1	3.4	-	-	3.1	3.4	-8.8%
Engineering & transportation	8.7	8.1	-	-	8.7	8.1	7.4%
Infrastructure maintenance	20.9	24.5	-	-	20.9	24.5	-14.7%
Recreation, community and library services	10.5	10.2	-	-	10.5	10.2	2.9%
Animal services	-	-	3.2	2.8	3.2	2.8	14.3%
Mission Viejo television	-	-	0.3	0.6	0.3	0.6	-50.0%
Interest on long-term debt	1.0	1.1	-	-	1.0	1.1	-9.1%
<b>Total expenses</b>	<b>76.3</b>	<b>78.8</b>	<b>3.5</b>	<b>3.4</b>	<b>79.8</b>	<b>82.2</b>	<b>-2.9%</b>
<b>Excess (deficiency) in net position before transfers</b>	<b>0.4</b>	<b>(7.5)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>0.1</b>	<b>(7.9)</b>	<b>101.3%</b>
Transfers	(0.6)	(0.5)	0.6	0.5	-	-	0.0%
<b>Increase (decrease) in net position</b>	<b>(0.2)</b>	<b>(8.0)</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>(7.9)</b>	<b>101.3%</b>
Net position, beginning of year, as restated	677.6	685.6	5.6	5.5	683.3	691.2	-1.1%
<b>Net position, end of year</b>	<b>\$677.4</b>	<b>\$677.6</b>	<b>\$5.9</b>	<b>\$5.6</b>	<b>\$683.4</b>	<b>\$683.3</b>	<b>0.0%</b>

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**Governmental activities.** During the current year, net position for governmental activities decreased \$0.2 million from the prior fiscal year ending balance of \$677.6 million. As reflected above, total revenues of \$76.7 million were less than expenses and transfers out of \$76.9 million.

Revenue Analysis

Total revenues increased by \$5.4 million. Program revenues increased \$0.2 million, with a \$0.3 million increase reflected in operating and capital grants and contributions, while charges for services decreased \$0.1 million. General revenues increased by \$5.2 million. Property tax revenue was up \$1.7 million. The property tax growth rate for secured and unsecured property for FY 2018-19 was 4.99% accounting for the majority of this increase. The City also received \$0.7 million in redevelopment dissolution property tax residual payments in the current year. This is an increase of \$0.2 million over the prior year. The most notable change is an increase in sales tax revenue from the prior year in the amount of \$3.0 million. Sales tax revenue was down in the prior year due to changes at the California Department of Taxes and Fees Administration (CDTFA), the agency that administers the collection and distribution of sales taxes. The CDTFA implemented a new reporting software beginning in 2018 and moved up reporting deadlines. As a result of these new deadlines and software performance issues, not all revenue in the third and fourth reporting quarter of the prior year were recorded as of June 30, 2018. Because receipt of these revenues occurred after the 60-day availability period, the City reported approximately \$1.0 million in sales tax revenue in the current fiscal year that was attributable to the prior fiscal year. Additionally, sales in the area of autos and transportation performed extremely well during the fiscal year, reflecting an increase of \$1.3 million. This increase is primarily due to one auto maker delivering on back orders during FY 2018-19. This trend is not expected to continue into FY 2019-20. A \$0.4 million increase was reflected in sales tax revenue from the Countywide pool. This increase is a result of a combination of CDTFA reporting issues as noted above and the capture of internet related transactions due to the Supreme Court Wayfair decision.

For both operating and capital grants and contributions, amounts fluctuate from year to year depending upon the type of projects and activities approved in each budget cycle. One-time grant revenue received in the current year includes a \$145,000 grant from the State of California applied to the Felipe/Olympiad Road street resurfacing project, over \$300,000 from a Measure M grant for the Felipe/Olympiad Road traffic signal synchronization project, and another state grant of \$488,000 for the Trabuco Road/Marguerite Parkway pavement rehabilitation project. Revenue for the Community Development program was down by approximately \$0.2 million with less revenue received in the current year for Community Development Block Grant (CDBG) activity. Revenue for Infrastructure Maintenance was also down by \$0.2 million as a result of one-time revenue received in the prior year from the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (Cal OES) for reimbursement of project costs related to 2017 storm related damage along Oso Creek trail.

Expenses Analysis

Expenses associated with governmental activities decreased by \$2.5 million, or 3.2%. A decrease in expenses in General Government-Legislative by \$0.5 million is due to the allocation of legal expenses across all program areas beginning with FY 2018-19. Through FY 2017-18 all legal expenses were recorded under one program under the legislative program area. Expenses in the Engineering and

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Transportation program increased by \$0.6 million and are related to capital improvement projects that did not meet the criteria for capitalization. Some of the more significant project costs not capitalized in the current year include approximately \$0.9 million for traffic signal synchronization projects and \$3.5 million for street resurfacing projects. Another \$0.3 million was spent on intersection improvements at Alicia and Marguerite Parkways and at Santa Margarita and Marguerite Parkways. Infrastructure Maintenance programs decreased by \$3.6 million. This program had approximately \$3.6 million of capital improvement projects in the prior year that did not meet the criteria for capitalization and were expensed, compared to \$0.0 expensed in the current year. Project costs in the prior year included facility improvements for the Marguerite Aquatics Center rehabilitation, Cordova Park playground renovation and the Felipe Tennis Center restroom project. The cost increase in Public Safety is due to an increase in the annual Orange County Sheriff Department (OCSD) contract of \$0.8 million.

The cost of all governmental activities in FY 2018-19 was \$61.5 million. That cost was financed by: those who directly benefited from the programs and services (8.6%); other governments and organizations that subsidized certain programs and projects with grants and contributions (10.7%); and general tax revenues and other general revenues of the City (80.7%). This is a slight decrease from 81.6% in the prior year.

### Net Cost of Governmental Activities (in millions)

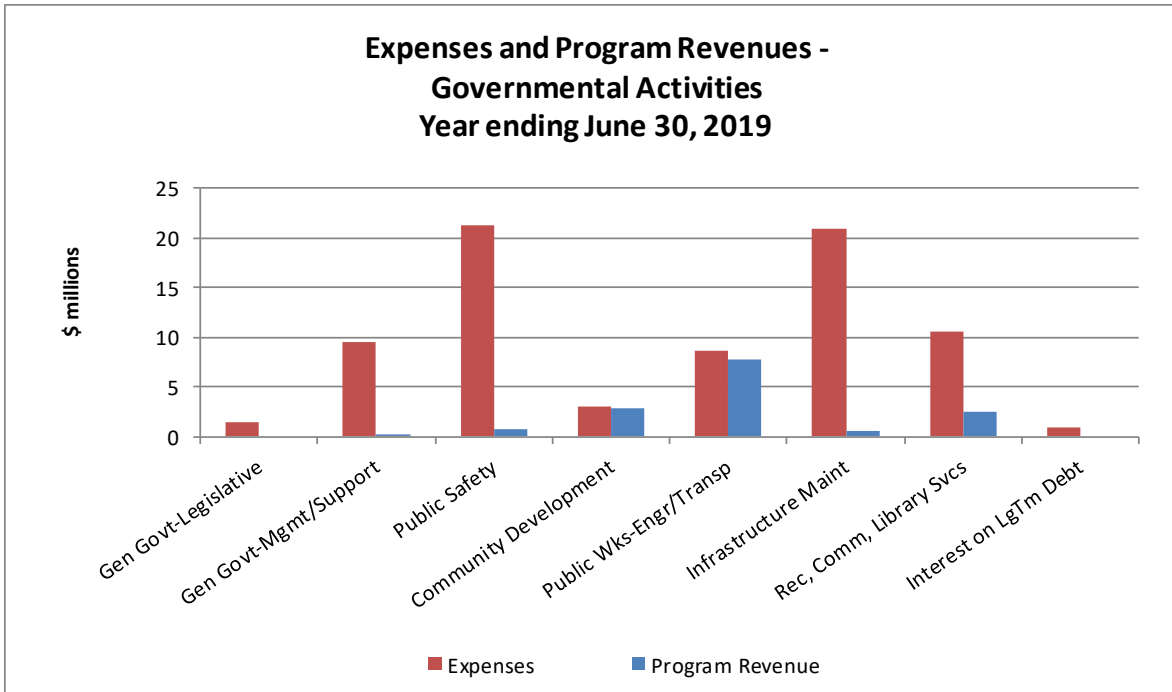
	2019			2018		
	Total Cost of Services	Net Cost of Services	% of Total Cost Borne By General Revenues	Total Cost of Services	Net Cost of Services	% of Total Cost Borne By General Revenues
General government-legislative	\$1.4	\$1.4	100.0%	\$1.9	\$1.9	100.0%
General government-mgmt/support	9.5	9.2	96.8%	9.2	8.7	94.6%
Public safety	21.2	20.5	96.7%	20.4	19.7	96.6%
Community development	3.1	0.2	6.5%	3.4	(0.3)	0.0%
Engineering & transportation	8.7	0.9	10.3%	8.1	1.5	18.5%
Infrastructure maintenance	20.9	20.5	98.1%	24.5	23.9	97.6%
Recreation, community and library services	10.5	7.8	74.3%	10.2	7.8	76.5%
Interest on long-term debt	1.0	1.0	100.0%	1.1	1.1	100.0%
<b>Totals</b>	<b>\$76.3</b>	<b>\$61.5</b>	<b>80.6%</b>	<b>\$78.8</b>	<b>\$64.3</b>	<b>81.6%</b>

The overall decrease is caused by a decrease in total expenses of \$2.5 million as discussed in the previous paragraphs. While expenses from the prior year decreased 3.2%, program revenue decreased by only 1.4%. The most notable change in net cost of services is in the Community

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Development program. Charges for services for building activity was down approximately \$0.6 million from the prior year, causing the net cost of services in this program to increase.

The following graph demonstrates the total program revenues and expenses by program area (function). The difference between these represents the net cost of governmental activities paid with general revenues.



**Business-type activities.** The business-type activities of the City continue to be a relatively small component of overall City operations, representing about 4.4% of total City expenses. There are two business-type activities: Animal Services comprises 90.6% of the expenses and Mission Viejo Television comprises 9.4% of expenses. Net position for the Animal Services Fund increased \$15,000, while net position for the Mission Viejo Television Fund increased by \$240,000 in FY 2018-19. Program revenue in the Animal Services Fund was up from the prior year by \$0.1 million, with expenses increasing almost \$0.4 million. Most of the increase was in the cost of personnel services and caused by pension related costs required to be reported under GASB 68. Revenues for Mission Viejo Television Fund were flat at \$532,000. Operating expenditures for Mission Viejo Television Fund decreased \$271,000 from the prior year due to the upgrade of the television studio and Council Chambers that occurred in the prior fiscal year. The decrease can be seen in supplies.



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Financial Analysis of the Governmental Funds

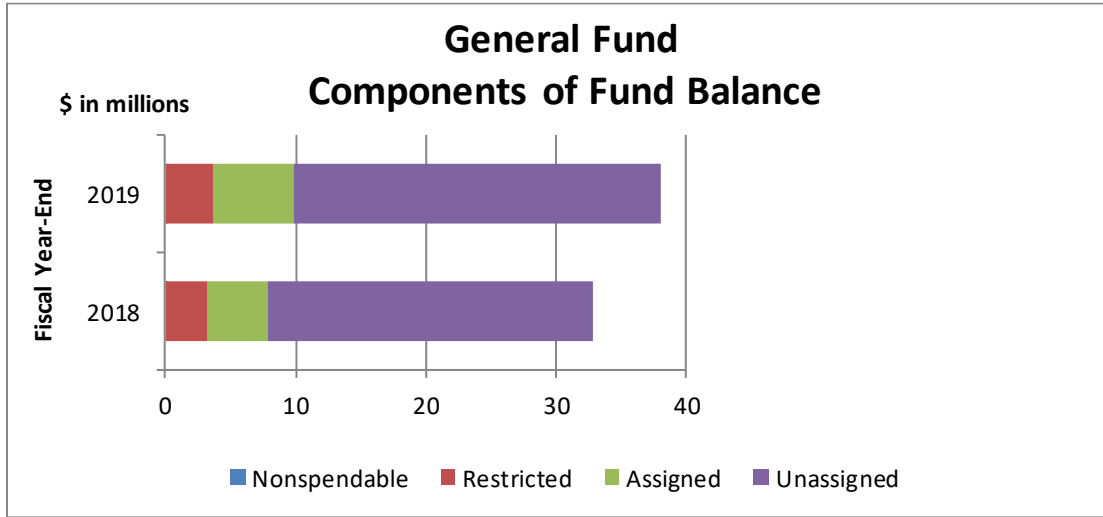
**Governmental funds.** As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City'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 an 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.

At June 30, 2019, the City's governmental funds (as presented in the balance sheet on pages 32-33) reported combined fund balances of \$48.2 million, an increase of \$2.9 million in comparison with the prior year balance of \$45.3 million. Approximately \$27.2 million of this total amount (56%) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted or assigned to indicate that it is 1) not in spendable form (\$33,000) 2) legally required to be spent on specific uses or be maintained intact (\$14.9 million), or 3) assigned for a particular purpose (\$6.1 million).

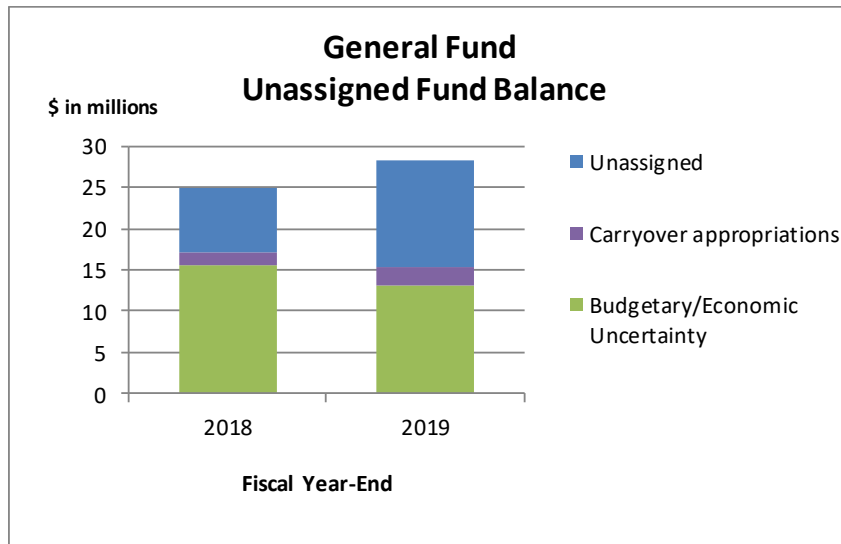
**General Fund.** The General Fund is the chief operating fund of the City. As of June 30, 2019, the total fund balance of the General Fund was \$37.9 million, an increase of \$5.1 million from the \$32.8 million prior year balance. General Fund revenues were up approximately \$4.7 million due growth in property tax and sales tax revenue as previously discussed on page 12. Expenditures were down approximately \$2.4 million. This is reflected in the area of capital outlay. In the prior year, the City utilized General Fund resources in the amount of \$3.8 million for the completion of the Marguerite Aquatics Center rehabilitation project, Cordova Park playground renovation, Cordova Park lighting renovation and the Felipe Park restroom renovation. The City expended only \$255,000 for capital outlay in the current year. Projects in the current year included the Cordova Park lighting renovation, Lakeside Park improvements, and the Christopher Park playground renovation.

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Components of General Fund fund balance are reflected in the following graph.



Restricted fund balance of \$3.6 million is primarily comprised of assets set aside in a Section 115 Trust account for the payment of its pension obligations to eligible employees of the City and their eligible dependents and beneficiaries. Assigned fund balance of \$6.1 million is comprised of \$1.0 million for pension and OPEB liabilities, \$1.0 million for natural disasters, \$1.1 million for capital asset replacement and \$3.0 million for capital projects. These amounts were designated by the City Council on April 23, 2019 with Resolution 19-08 as a result of the 2019 General Fund Reserve Risk Analysis. The largest component of fund balance is unassigned fund balance at \$28.2 million.



Unassigned fund balance includes \$13.1 million for economic and budgetary uncertainty and \$2.2 million for carry over appropriations, including amounts for encumbrances. The remaining balance in unassigned fund balance of \$12.9 million, is available for any purpose at the Council's discretion. On

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October 14, 2019, the City Council approved the purchase of the Casta Del Sol Public Golf Property for the Purpose of Preserving the Golf Course and Open Space, with escrow closing on November 8, 2019. This purchase will preserve 108 acres of open space in the heart of Mission Viejo and create opportunities to complete the Oso Creek Trail and enhance other recreational venues in the City. The purchase cost was \$13.0 million and General Fund unassigned fund balance was used for the purchase.

As a measure of the General Fund's relative fiscal strength, it is useful to calculate the General Fund reserve balance as a percentage of total General Fund revenues. The City Council has defined reserves under their discretion for purposes of this calculation as the total balance of assigned reserves in the amount of \$6.1 million, the economic and budgetary uncertainty reserve in the amount of \$13.1 million and the unassigned reserve of \$12.9 million, to comprise the balance of the City Council's discretionary reserve balance of \$32.1 million at June 30, 2019. This amount represents 51% of FY 2018-19 General Fund revenue. With the purchase of the golf property, this discretionary reserve balance dropped to \$21.1 million or 33% of FY 2018-19 General Fund revenue.

The City has three other major funds: Developer Fees Fund, Grants Fund and the Housing Authority Fund.

**Developer Fees Fund.** The Developer Fees Fund ended the year with a negative fund balance of \$0.3 million, a decrease of \$0.1 million from the prior year ending fund balance of negative \$0.2 million. The decrease in fund balance is due to the expenditures reported for capital improvement project costs that will be funded with South County Roadway Improvement Program (SCRIP) development fees. SCRIP is a developer funding program for implementing improvements in South Orange County necessitated by the expected traffic impacts of Mission Viejo Ranch plan developments. Projects include the Felipe/Oso Parkway intersection improvement project and the Oso Parkway/I-5 northbound on ramp improvement project. SCRIP reimbursement to the City from the County of Orange is expected in a future fiscal year when the projects are complete. There is an intergovernmental receivable in this fund of \$0.4 million for amounts due the City at June 30, 2019. This receivable increased \$88,000 over the prior year balance.

**Grants Fund.** The Grants Fund ended the year with a positive fund balance of \$189,000, an increase of \$101,000 from the prior year. The grants fund includes activity for the CDBG grant and the Senior Mobility grant funded through the Orange County Transportation Authority (OCTA). Total CDBG and OCTA grant revenues in the current year were \$0.5 million compared to \$0.4 million in expenditures. CDBG program expenditures were \$0.3 million, while Senior Mobility grant expenditures were \$72,000. Capital improvement expenditures were \$79,000. There is a CDBG housing rehabilitation loan receivable balance in this fund of \$2.1 million at June 30, 2019. These loans are repaid when a home is either refinanced, sold by the owner, or when the loan recipient no longer occupies the home. The loan receivable balance decreased by \$105,000 from the prior year. There were loan repayments of \$205,000 against new loan issues of \$100,000. Individual loans are capped at \$25,000.

**Housing Authority Fund.** The Housing Authority Fund had a fund balance of \$5.3 million at June 30, 2019, the same as the prior year. Expenditures during the fiscal year were minimal, at \$43,000,

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2019

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primarily for compliance monitoring of affordable housing sites. Revenue consisted of \$9,300 of investment earnings.

The fund has a note payable balance due the City in the amount of \$2.125 million against a note agreement dated May 8, 2015 for the purchase of land (Site C) for future affordable housing purposes. Additional information on this note can be found in footnote 7 to the basic financial statements.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements for the City's business-type activities, but in more detail.

The City operated two business-type activities: Animal Services and Mission Viejo Television. For the Animal Services Fund, unrestricted net position at June 30, 2019 was \$2.1 million, a \$0.2 million increase from the prior year unrestricted net position. For Mission Viejo Television, unrestricted net position increased \$0.3 million from the prior year. The operating loss for Animal Services was \$0.7 million, a \$0.3 million decline from the prior year. Mission Viejo Television reported operating income of \$0.2 million in the current year, an increase of \$0.3 million from the prior year. The operating loss for Animal Services was offset by an operating subsidy transferred from the City's General Fund in the amount of \$0.6 million and investment earnings of almost \$100,000. The operating subsidy in the prior year was \$0.5 million. There was no operating subsidy for Mission Viejo Television. The reasons for changes in revenues and expenses were previously discussed under Business-Type Activities under the Government-wide financial analysis section of this report.

### **General Fund Budgetary Highlights**

**Original budget compared to final budget.** After each fiscal year is closed, outstanding encumbrances at year end and unencumbered appropriations are determined for carryover to the subsequent fiscal year. These amounts for FY 2018-19 were approved by the City Council in October 2018 and increased the original budget accordingly. Total carryover appropriations for FY 2018-19 were \$1.8 million, with \$1.7 million appropriated in the operating budget and \$70,000 for the capital improvement program (CIP) budget. The most significant operating carryover appropriation was \$0.4 million for Economic Development to continue implementation of the Civic Core Vision Plan and other economic development efforts. Another \$0.3 million was carried over to supplement the public safety program budget and specifically to provide funding for the Orange County Sheriff's contract. The capital improvement project carryover appropriation was for Lakeside Park improvements and LED safety light conversion for traffic signals.

During the year, there were a number of amendments approved by the City Council to increase the original adopted budget for a total increase in appropriations in the amount of \$1.3 million. The most significant of these amendments include: increase to the Cordova Park lighting renovation in the amount of \$132,000, a new appropriation for the purchase of staff computers through an equipment lease for a total of \$455,000, increase in legal services in the amount of \$180,000 due to a California Voting Right Act lawsuit, \$275,000 of additional appropriations in various programs in the Infrastructure Maintenance program area for a variety of repair and maintenance needs at City facilities and parks,

# CITY OF MISSION VIEJO

## Management's Discussion and Analysis

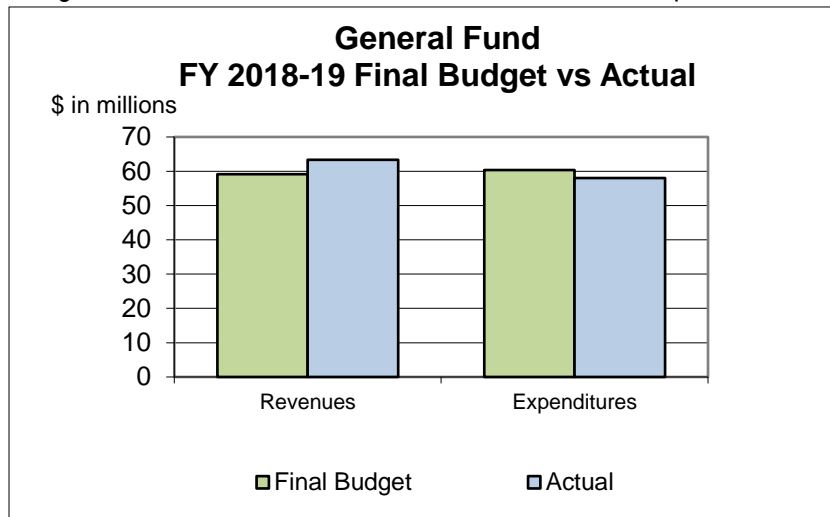
Year ended June 30, 2019

\$20,000 for Marty Russo Youth Athletic Park ADA access ramps, and approximately \$39,000 for Lakeside Park improvements.

**Final budget compared to actual results.** Actual revenues for the year were \$4.2 million more than revised budget estimates. Actual property tax revenue came in greater than projections in the amount of \$173,000. Franchise fees exceeded projections by \$209,000 and sales taxes exceeded projections by \$2.6 million. Investment earnings exceeded projections by \$0.5 million due to a change in investment strategy and higher yields during most of the fiscal year over prior year yields. The most significant shortage is reflected in fines and forfeiture revenue. Actual revenue for deposit forfeitures related to developer deposits came in less than projections.

Actual expenditures were \$2.4 million less than the final appropriations budget. Of this \$2.4 million total, operating expenditures were \$1.8 million less than budget and capital projects came in \$0.6 million under budget. The most significant difference between estimated and actual expenditures for the operating budget was a positive variance of \$0.8 million in the General Government-Management and Support program area budget of which \$0.4 is reflected in the Information Technology program.

Although these appropriations were not spent during FY 2018-19, the entire unspent balance in the Information Technology program has been carried over for



continued use in FY 2019-20 for on-going active projects, the Citywide replacement of staff computers, as well as to supplement OCSD contract costs. The Community Development program area had savings of \$0.4 million, all of which has been carried over for economic development purposes. The Police Safety program reflected saving of \$0.4 million, all of which has been carried over to supplement the OCSD contract costs and the replacement of a police motorcycle. In the CIP budget, most projects utilizing General Fund resources were completed by June 30, 2019. Unspent CIP appropriations for three projects in the General Fund have been carried over to FY 2019-20. The largest active project is the Christopher Park playground renovation, with a carryover of \$488,000.

Of the \$2.4 million current year savings, \$2.2 million has been carried over to FY 2019-20 for continuing operations and the completion of capital projects.

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Year ended June 30, 2019

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$669.6 million, net of accumulated depreciation. This investment in assets includes land, buildings, machinery, equipment, vehicles and infrastructure.

**Capital Assets, Net of Depreciation (in millions)**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Land	\$48.8	\$48.8	\$0.6	\$0.6	\$49.4	\$49.4	0.0%
Rights of way	243.8	243.8	-	-	243.8	243.8	0.0%
Building and improvements	65.3	69.2	1.8	1.9	67.1	71.1	-5.6%
Park improvements	5.2	5.5	-	-	5.2	5.5	-5.4%
Machinery, equipment and furniture	2.5	2.8	0.1	0.2	2.6	3.0	-13.3%
Vehicles	0.1	0.1	0.1	0.1	0.2	0.2	0.0%
Infrastructure	297.8	299.5	-	-	297.8	299.5	-0.5%
Water rights	0.9	0.9	-	-	0.9	0.9	0.0%
Construction in progress	2.6	2.6	-	-	2.6	2.6	0.0%
<b>Total</b>	<b>\$667.0</b>	<b>\$673.2</b>	<b>\$2.6</b>	<b>\$2.8</b>	<b>\$669.6</b>	<b>\$676.0</b>	<b>-0.9%</b>

The total decrease in capital assets for the current fiscal year was \$6.4 million, or 0.9%. While there were a number of additions to capital assets, individually, none were considered significant. The largest addition was in the amount of \$256,000 for traffic signals as part of the Alicia and Marguerite Parkways and Santa Margarita and Marguerite Parkways intersection improvement projects. Annual depreciation reduced net assets in total by \$7.6 million. The largest share of depreciation is recorded for building and improvements in the amount of \$3.9 million. Another \$2.3 million is recorded across various infrastructure assets.

Construction in progress reflected additions in the amount of \$0.9 million, however, completed projects resulted in deletions in the same amount resulting in no change to this asset category for the year. Projects completed during this fiscal year reflecting amounts in both the addition and deletions column include Cordova Park Lighting project, Lakeside Park improvements and both the Alicia and Marguerite Parkways and Santa Margarita and Marguerite Parkways intersection improvement projects. Additions to Construction in Progress for projects that were not completed during FY 2018-19 include design costs for Christopher Park playground renovation and the Marty Russo ADA ramp improvements, as well as costs for the Felipe/Oso Parkway intersection improvement, the Oso/I-5 northbound on ramp improvement and the Los Alisos/Santa Margarita Parkway intersection improvement projects. Generally, as the Notice of Completion ("NOC") is filed on each project, the costs associated with each

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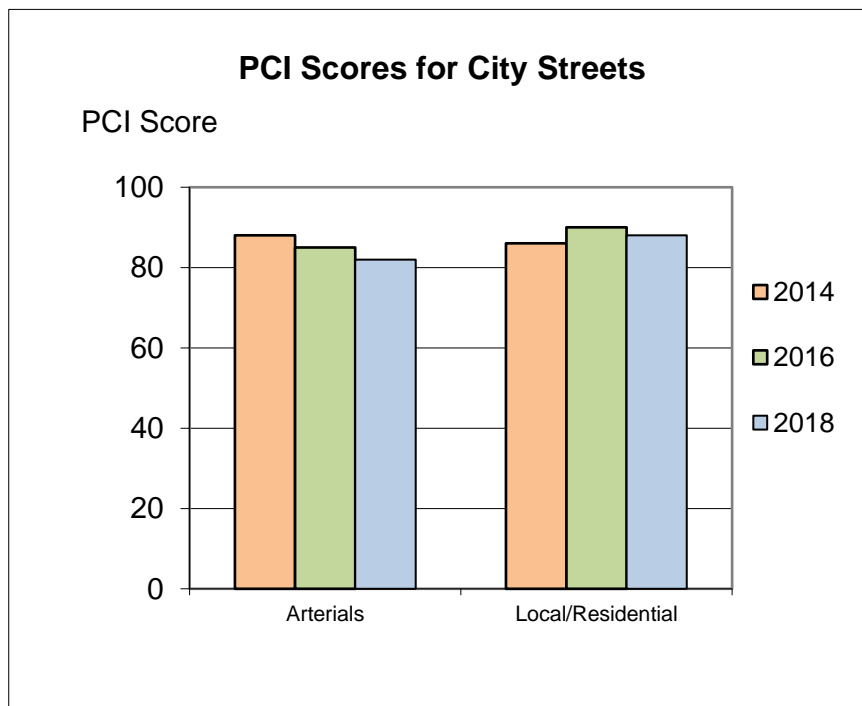
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project will be deleted from the Construction in Progress capital asset category and added to the appropriate capital asset category in the year the NOC is filed.

The City funded a grant in the amount of \$1.0 million to Santa Margarita Water District to provide financial assistance for the construction of the Lake Mission Viejo Advanced Purified Water Treatment Facility. As part of that agreement, the City has the right to reduced water rates from the water district over a twenty-year period. This asset will be amortized at \$50,000 per year over twenty years. FY 2018-19 is the third year of amortization.

As allowed by GASB Statement No. 34, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the “modified approach,” the City expenses certain maintenance and preservation costs and does not report depreciation expense. The assets accounted for under the “modified approach” are 225.9 miles of roads that the City is responsible for maintaining.

The City has continued to maintain the condition of its roads at a high level. The City Council’s established minimum condition level is for categories of roads to have a Pavement Condition Index (PCI) rating of 75 or above, using the PCI methodology. There are five PCI categories ranging from “Very Good” to “Very Poor”. Street categories are classified as Arterials or Local/Residential streets. The most recent condition assessment, completed for fiscal year 2017-18, indicated that



arterials roadways were in “good” condition with a PCI score of 82 and local/residential streets were all in “very good” condition with a PCI score of 88. The current citywide weighted average Pavement Condition Index is 86, which is a slight decrease of two PCI points since the 2016 assessment. The City has 0.1% of its streets reported in the “Very Poor” category.

For the last five fiscal years, total actual maintenance fell below total projected preservation needs by \$1.1 million. For FY 2018-19, actual expenditures fell short of projected needs by \$0.8 million. The estimate assumes the streets in the worst condition will be repaired first. However, for street maintenance purposes the City is divided into seven geographic areas. By grouping the streets into

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these seven areas the City can maintain and preserve its streets in a more economical and productive manner. Once every seven years all streets in each area receive the required maintenance and preservation work required to maintain the streets at or above the condition level adopted by City Council.

Additional information about the City's capital assets is presented in Note 6 of the Notes to Basic Financial Statements on pages 67-70 of this report and Note 2 of the Notes to Required Supplementary Information on pages 108-110.

**Long-Term Debt.** At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$55.2 million.

**Long-Term Liabilities (in millions)**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Revenue bonds	\$32.0	\$36.0	\$-	\$-	\$32.0	\$36.0	-11.1%
Bond premium	0.9	1.0	-	-	0.9	1.0	-10.0%
<b>Subtotal-bonds payable</b>	<b>32.9</b>	<b>37.0</b>	<b>-</b>	<b>-</b>	<b>32.9</b>	<b>37.0</b>	<b>-11.1%</b>
Net pension liability	17.6	19.4	2.4	2.3	20.0	21.7	-7.8%
Capital lease	0.3	-	-	-	0.3	-	100.0%
Compensated absences	1.9	1.8	0.1	0.2	2.0	2.0	0.0%
<b>Total</b>	<b>\$52.7</b>	<b>\$58.2</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$55.2</b>	<b>\$60.7</b>	<b>-9.1%</b>

The City's total debt decreased by \$5.5 million, or 9.1%, during the current fiscal year. Total principal on all debt issues decreased by \$4.1 million due to regular principal payments of \$2.1 million and the use of reserves to pay down the 1999 Series A bonds as part of the bond's fixed rate conversion in the amount of \$1.96 million. The net pension liability decreased \$1.7 million from the prior year. The City entered into a capital lease with an original principal amount of \$420,000. Principal payments in the amount of \$84,000 were made during the year, resulting in a year-end balance of \$336,000.

The California State Constitution limits the amount of general obligation bond debt a city may incur to 3.75% of its total assessed valuation, which for the City of Mission Viejo was \$651.1 million at June 30, 2019. The City has no general obligation bond debt outstanding.

Additional information on the City's long-term liabilities can be found in Note 8 and 9 of the Notes to Basic Financial Statements on pages 71-75 of this report. Additional information on the City's pension liability can be found in Note 19 on pages 83-90 of this report.



**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2019

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**Next Year's Budget, Tax Rates and Fee Levels**

The fiscal year 2019-20 City budget was prepared conservatively with property tax and sales tax estimates projected with conservative growth from the previous fiscal year. The city completed a comprehensive user fee study in May 2019. The City Council approved an updated master fee schedule on June 11, 2019. Due to the timing of the preparation and adoption of the 2019-21 biennial budget, the fees approved in June 2019 were not considered when developing the 2019-21 budget. Building, planning and public works related fees approved in June 2019 became effective on September 1, 2019. All other fees, including those related to animal services, library and recreation fees go into effect January 1, 2020. A comprehensive master fee schedule can be located on the finance page of the City website at the following link. <https://cityofmissionviejo.org/departments/finance/master-fee-schedule>. There were no tax rate increases as part of the preparation and adoption of the 2019-21 budget.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Mission Viejo's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, City of Mission Viejo, 200 Civic Center, Mission Viejo, California 92691 or to [adminservices@cityofmissionviejo.org](mailto:adminservices@cityofmissionviejo.org).



MISSION VIEJO

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## **BASIC FINANCIAL STATEMENTS**

# CITY OF MISSION VIEJO

## BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2019

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The following basic financial statements, which consist of Government-wide Financial Statements and Fund Financial Statements, along with the Notes to Basic Financial Statements, present an overview of the City's financial position at June 30, 2019 and the results of its operations and cash flows for the fiscal year.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These financial statements distinguish functions of the City 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 (business-type activities).

The Statement of Net Position presents information on all of the City's assets, deferred outflow of resources, liabilities, and deferred inflows of resources, with the difference between the four 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 is improving or deteriorating.

The Statement of Activities presents information showing how the City'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 on the full accrual basis of accounting even though some items will only result in cash flows in future fiscal periods.

### 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. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### Governmental Fund Types

These funds (General, Special Revenue, Capital Projects and Debt Service) are those through which most governmental functions are typically financed. The governmental fund measurement focus is on "financial flow," the accounting for sources and uses of available spendable resources, not on net income determination.

### Proprietary Fund Type

The Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful for sound financial management. This fund type is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

### Fiduciary Fund Types

These funds (Private-purpose Trust and Agency) are used to account for assets held by the City as an agent for others. The measurement focus is on economic resources and the accrual basis of accounting.

CITY OF MISSION VIEJO

Statement of Net Position  
June 30, 2019 (With Comparative Totals As of June 30, 2018)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2019	2018
<b>ASSETS</b>				
Cash and investments (note 2)	\$ 38,468,492	\$ 5,542,027	\$ 44,010,519	\$ 40,439,168
Accounts receivable	270,321	-	270,321	269,440
Taxes receivable	4,642,073	129,619	4,771,692	4,389,354
Loans receivable	2,284,812	-	2,284,812	2,437,412
Notes receivable	2,616,996	-	2,616,996	2,739,095
Interest receivable	213,136	-	213,136	148,181
Prepaid items	21,451	-	21,451	30,577
Deposits	430	-	430	430
Intergovernmental receivable	2,659,341	-	2,659,341	2,214,303
Intergovernmental receivable-Successor Agency (note 4)	4,141	-	4,141	17,745
Due from developers (note 5)	7,318,117	-	7,318,117	7,552,176
Land held for resale	6,900,000	-	6,900,000	6,900,000
Restricted cash and investments for pensions (note 2)	767,468	-	767,468	352,608
Restricted cash and investments with fiscal agent (note 2)	3,066,461	-	3,066,461	5,363,672
OPEB asset (note 21)	977,687	63,022	1,040,709	861,747
Capital assets not being depreciated (note 6)	496,913,306	561,377	497,474,683	497,329,119
Capital assets, net of depreciation (note 6)	170,123,028	2,028,561	172,151,589	178,703,230
<b>Total assets</b>	<b>737,247,260</b>	<b>8,324,606</b>	<b>745,571,866</b>	<b>749,748,257</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related (note 19)	4,220,666	567,385	4,788,051	6,606,303
OPEB related (note 21)	11,566	746	12,312	170,250
Deferred refunding charge	783,622	-	783,622	848,924
<b>Total deferred outflows of resources</b>	<b>5,015,854</b>	<b>568,131</b>	<b>5,583,985</b>	<b>7,625,477</b>
<b>Total assets and deferred outflows of resources</b>	<b>742,263,114</b>	<b>8,892,737</b>	<b>751,155,851</b>	<b>757,373,734</b>
<b>LIABILITIES</b>				
Accounts payable	4,783,303	88,275	4,871,578	5,190,416
Accrued payroll	781,063	103,429	884,492	792,923
Accrued interest payable	2,904,697	-	2,904,697	2,760,331
Unearned revenues	163,079	-	163,079	201,735
Deposits payable	1,725,352	4,477	1,729,829	1,913,697
Intergovernmental payable	5,777	42,157	47,934	93,617
Other liabilities	42,154	-	42,154	27,257
Retainage payable	138,231	-	138,231	1,266,517
<b>Noncurrent liabilities:</b>				
Due within one year (note 8)	3,418,160	113,925	3,532,085	3,436,252
Due in more than one year (note 8)	49,325,300	2,420,293	51,745,593	57,318,911
<b>Total liabilities</b>	<b>63,287,116</b>	<b>2,772,556</b>	<b>66,059,672</b>	<b>73,001,656</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related (note 19)	1,429,972	192,231	1,622,203	1,064,029
OPEB related (note 21)	76,661	4,942	81,603	-
<b>Total deferred inflows of resources</b>	<b>1,506,633</b>	<b>197,173</b>	<b>1,703,806</b>	<b>1,064,029</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>64,793,749</b>	<b>2,969,729</b>	<b>67,763,478</b>	<b>74,065,685</b>
<b>NET POSITION</b>				
Net investment in capital assets	634,921,382	2,589,938	637,511,320	642,088,768
Restricted for:				
General government - management and support	184,246	-	184,246	158,158
Community development	10,286,329	-	10,286,329	10,502,444
Public safety	72,896	-	72,896	3,915
Public works	3,892,186	-	3,892,186	3,140,059
Parks and recreation	189,561	-	189,561	88,137
Library	853,994	-	853,994	936,498
Debt service	3,073,986	-	3,073,986	2,988,636
Unrestricted	23,994,785	3,333,070	27,327,855	23,401,434
<b>Total net position</b>	<b>\$ 677,469,365</b>	<b>\$ 5,923,008</b>	<b>\$ 683,392,373</b>	<b>\$ 683,308,049</b>

See accompanying notes to basic financial statements

# CITY OF MISSION VIEJO

## Statement of Activities

For the Year Ended June 30, 2019 (With Comparative Totals For The Year Ended June 30, 2018)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General Government - Legislative	\$ 1,402,416	\$ 5,538	\$ -
General Government - Mgmt and Support	9,477,436	150,718	124,048
Public Safety	21,171,371	423,894	246,195
Community Development	3,139,741	2,564,613	322,959
Engineering and Transportation	8,651,747	927,931	6,087,907
Infrastructure Maintenance	20,952,619	300,800	175,678
Recreation/Community/Library Services	10,481,960	2,219,695	437,973
Interest and fiscal charges	1,025,169	-	-
<b>Total governmental activities</b>	<b>76,302,459</b>	<b>6,593,189</b>	<b>7,394,760</b>
<b>Business-type activities:</b>			
Animal Services	3,158,185	2,328,939	160,341
Mission Viejo Television	328,099	532,447	-
<b>Total business-type activities</b>	<b>3,486,284</b>	<b>2,861,386</b>	<b>160,341</b>
<b>Total primary government</b>	<b>\$ 79,788,743</b>	<b>\$ 9,454,575</b>	<b>\$ 7,555,101</b>
<b>General revenues:</b>			
Property taxes			
Sales and use taxes			
Other taxes			
Unrestricted motor vehicle in lieu fees			
Investment earnings			
Other			
<b>Transfers</b>			
<b>Total general revenues and transfers</b>			
<b>Change in net position</b>			
<b>Net position, beginning</b>			
<b>Net position, ending</b>			

See accompanying notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government				
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
			2019	2018
\$ -	\$ (1,396,878)	\$ -	\$ (1,396,878)	\$ (1,887,119)
-	(9,202,670)	-	(9,202,670)	(8,746,372)
-	(20,501,282)	-	(20,501,282)	(19,758,352)
-	(252,169)	-	(252,169)	348,495
756,472	(879,437)	-	(879,437)	(1,460,638)
-	(20,476,141)	-	(20,476,141)	(23,884,247)
-	(7,824,292)	-	(7,824,292)	(7,800,112)
-	(1,025,169)	-	(1,025,169)	(1,079,976)
<u>756,472</u>	<u>(61,558,038)</u>	<u>-</u>	<u>(61,558,038)</u>	<u>(64,268,321)</u>
-	-	(668,905)	(668,905)	(404,698)
-	-	204,348	204,348	(65,881)
-	-	(464,557)	(464,557)	(470,579)
<u>\$ 756,472</u>	<u>(61,558,038)</u>	<u>(464,557)</u>	<u>(62,022,595)</u>	<u>(64,738,900)</u>
	36,537,581	-	36,537,581	34,828,754
	19,735,853	-	19,735,853	16,732,687
	4,500,794	-	4,500,794	4,563,624
	46,074	-	46,074	50,911
	1,022,224	127,677	1,149,901	281,470
	127,686	9,030	136,716	339,025
	(582,999)	582,999	-	-
	<u>61,387,213</u>	<u>719,706</u>	<u>62,106,919</u>	<u>56,796,471</u>
	(170,825)	255,149	84,324	(7,942,429)
	677,640,190	5,667,859	683,308,049	691,250,478
	<u>\$ 677,469,365</u>	<u>\$ 5,923,008</u>	<u>\$ 683,392,373</u>	<u>\$ 683,308,049</u>

# CITY OF MISSION VIEJO

## BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2019

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### DESCRIPTION OF GOVERNMENTAL FUNDS

#### MAJOR GOVERNMENTAL FUNDS:

##### GENERAL FUND

The General Fund, which is required to be classified as a major fund, is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

##### CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for revenues and the related expenditures for major capital projects which are legally required to be accounted for in a separate fund.

The City of Mission Viejo has the following major Capital Projects Funds:

**DEVELOPER FEES** – This fund was established to account for receipts and expenditures of developer fees to fund various capital projects in the City.

##### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues and related expenditures for revenue sources which are legally required to be accounted for in a separate fund.

The City of Mission Viejo has the following major Special Revenue Funds:

**GRANTS** – The City receives grant awards from various sources based on an application process. Currently included in these funds are monies from Federal, State, and County governments which are used to fund various housing, transportation, park and facility program and capital improvement projects.

**MISSION VIEJO HOUSING AUTHORITY** – This special revenue fund is used to account for receipts and expenditures required to carry out the community's affordable housing obligations.

#### NON-MAJOR GOVERNMENTAL FUNDS:

These funds constitute all other governmental funds that do not meet the criteria to be a major fund, which is 10% or more of assets, liabilities, revenues or expenditures for the governmental funds and 5% or more of total assets, liabilities, revenues or expenditures for the total governmental and enterprise funds combined. These funds include other Special Revenue Funds, other Capital Project Funds and Debt Service Funds of the City.



# CITY OF MISSION VIEJO

## BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2019

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### DESCRIPTION OF PROPRIETARY FUNDS

#### **ENTERPRISE FUNDS**

Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services. The City of Mission Viejo utilizes enterprise funds for two activities partially funded by fees and charges.

The City of Mission Viejo has the following Enterprise Funds:

**ANIMAL SERVICES** – To account for the City’s animal services program, which provides animal licensing, field patrol and shelter services to residents of Mission Viejo and the cities of Aliso Viejo, Laguna Hills, Laguna Niguel, and Rancho Santa Margarita and shares operating and capital costs of the program with those cities on a basis proportional to population.

**MISSION VIEJO TELEVISION** – To account for the operation of Mission Viejo Television (MVTV), a government access channel funded by user fees and charges as well as by a portion of the franchise fee paid by the City’s cable television provider.

### DESCRIPTION OF FIDUCIARY FUNDS

These funds are used to account for assets held by the City in a trustee or agency capacity for individuals, private organizations, other governments and/or other funds. The City of Mission Viejo maintains the following fiduciary fund:

#### **PRIVATE-PURPOSE TRUST FUND**

**SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MISSION VIEJO** – This fund is used to account for the assets transferred from the former Community Development Agency of the City of Mission Viejo as of February 1, 2012, as required by the State Controller’s Office, as well as the activities of the Successor Agency related to Required Obligation Payments and funds received for these payments.

**CITY OF MISSION VIEJO**

**Governmental Funds**

**Balance Sheet**

**June 30, 2019 (With Comparative Totals As of June 30, 2018)**

	General Fund	Developer Fees Fund	Grants Fund
<b>ASSETS</b>			
Cash and investments	\$ 33,444,164	\$ 42,213	\$ 254,280
Accounts receivable	270,321	-	-
Taxes receivable	4,323,399	-	18,444
Loans receivable	11,480	-	2,065,621
Interfund note receivable (note 7)	2,125,000	-	-
Notes receivable	2,616,996	-	-
Interest receivable	208,406	-	-
Prepaid items	21,451	-	-
Deposits	430	-	-
Intergovernmental receivable	114,348	374,075	50,080
Interfund receivables (note 3)	2,045,041	-	-
Intergovernmental receivable-Successor Agency (note 4)	4,141	-	-
Due from developers	4,212,272	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investment for pensions	767,468	-	-
Cash and investments with fiscal agents	-	-	-
<b>Total assets</b>	<b>\$ 50,164,917</b>	<b>\$ 416,288</b>	<b>\$ 2,388,425</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,314,060	\$ 237	\$ 30,691
Accrued payroll	653,709	652	1,704
Unearned revenues	163,079	-	-
Deposits payable	1,724,327	-	-
Intergovernmental payable	3,761	-	-
Interfund payable (note 3)	-	376,244	47,807
Other liabilities	42,154	-	-
Retainage payable	-	-	2,505
Interfund note payable (note 7)	-	-	-
<b>Total liabilities</b>	<b>5,901,090</b>	<b>377,133</b>	<b>82,707</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	6,337,270	374,075	2,116,157
<b>Total deferred inflow of resources</b>	<b>6,337,270</b>	<b>374,075</b>	<b>2,116,157</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>12,238,360</b>	<b>751,208</b>	<b>2,198,864</b>
<b>FUND BALANCES (deficits) (note 11)</b>			
Nonspendable	33,361	-	-
Restricted	3,568,710	-	189,561
Assigned	6,100,000	-	-
Unassigned	28,224,486	(334,920)	-
<b>Total fund balances (deficits)</b>	<b>37,926,557</b>	<b>(334,920)</b>	<b>189,561</b>
<b>Total liabilities, deferred inflows or resources and fund balances</b>	<b>\$ 50,164,917</b>	<b>\$ 416,288</b>	<b>\$ 2,388,425</b>

See accompanying notes to basic financial statements.

Mission Viejo Housing Authority Fund	Total Nonmajor Funds	Totals	
		2019	2018
\$ 146,254	\$ 4,581,581	\$ 38,468,492	\$ 35,611,136
-	-	270,321	269,440
-	300,230	4,642,073	4,253,997
207,711	-	2,284,812	2,437,412
-	-	2,125,000	2,125,000
-	-	2,616,996	2,739,095
4,730	-	213,136	148,181
-	-	21,451	30,577
-	-	430	430
-	2,120,838	2,659,341	2,214,303
-	106,718	2,151,759	983,584
-	-	4,141	17,745
3,105,845	-	7,318,117	7,552,176
6,900,000	-	6,900,000	6,900,000
-	-	767,468	352,608
-	3,066,461	3,066,461	5,363,672
<u>\$ 10,364,540</u>	<u>\$ 10,175,828</u>	<u>\$ 73,509,998</u>	<u>\$ 70,999,356</u>
\$ 2,635	\$ 1,435,680	\$ 4,783,303	\$ 5,113,144
-	124,998	781,063	706,997
-	-	163,079	201,735
-	1,025	1,725,352	1,909,429
-	2,016	5,777	-
1,130	1,726,578	2,151,759	993,906
-	-	42,154	27,257
-	135,726	138,231	1,266,517
2,125,000	-	2,125,000	2,125,000
<u>2,128,765</u>	<u>3,426,023</u>	<u>11,915,718</u>	<u>12,343,985</u>
<u>2,916,549</u>	<u>1,654,592</u>	<u>13,398,643</u>	<u>13,341,284</u>
<u>2,916,549</u>	<u>1,654,592</u>	<u>13,398,643</u>	<u>13,341,284</u>
<u>5,045,314</u>	<u>5,080,615</u>	<u>25,314,361</u>	<u>25,685,269</u>
-	-	33,361	36,014
5,319,226	5,816,346	14,893,843	16,451,269
-	-	6,100,000	4,500,000
-	(721,133)	27,168,433	24,326,804
<u>5,319,226</u>	<u>5,095,213</u>	<u>48,195,637</u>	<u>45,314,087</u>
<u>\$ 10,364,540</u>	<u>\$ 10,175,828</u>	<u>\$ 73,509,998</u>	<u>\$ 70,999,356</u>



MISSION VIEJO

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## City of Mission Viejo

### Reconciliation of Balance Sheet to the Statement of Net Position June 30, 2019

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Fund balances of governmental funds	\$ 48,195,637
Amounts reported for governmental activities in the statement of net position different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	667,036,334
Non-current asset that have not been included in the governmental fund OPEB asset	977,687
Long-term debt, captial lease and compensated absences that have not been included in the governmental fund activity:	
Net pension liability	(17,629,876)
Long-term liabilities	(32,898,574)
Capital lease liability	(336,000)
Deferred refunding charge	783,622
Compensated absences	(1,879,010)
Deferred infows and outflows of resources related to pensions that have not included in the governmental fund activity:	
Deferred outflows of resources-pension related	4,220,666
Deferred inflows of resources-pension related	(1,429,972)
Deferred infows and outflows of resources related to OPEB that have not been included in the governmental fund activity:	
Deferred outflows of resources-OPEB related	11,566
Deferred inflows of resources-OPEB related	(76,661)
Accrued interest payable for the current portion of interest due on bonds has been reported in the governmental funds	(2,904,697)
Receivables that are measurable but not available are recorded as a deferred inflow of resources under the modified accrual basis of accounting	<u>13,398,643</u>
Net position of governmental activities	<u><u>\$ 677,469,365</u></u>

See accompanying notes to basic financial statements

# CITY OF MISSION VIEJO

## Governmental Funds

### Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2019 (With Comparative Totals For the Year Ended June 30, 2018)

	General Fund	Developer Fees Fund	Grants Fund
<b>REVENUES</b>			
Taxes	\$ 55,147,662	\$ -	\$ -
Licenses and permits	1,816,832	-	-
Intergovernmental	676,213	-	519,621
Charges for services	3,335,276	-	-
Investment earnings	1,022,226	856	2,845
Fines and forfeitures	547,470	-	-
Developer fees	-	-	-
Other	811,175	-	-
<b>Total revenues</b>	<b>63,356,854</b>	<b>856</b>	<b>522,466</b>
<b>EXPENDITURES</b>			
General government-Legislative	1,376,002	-	-
General government-Mgmt and Support	7,609,341	-	4,271
Public Safety	20,972,975	-	4,464
Community Development	2,746,009	-	260,973
Engineering & Transportation	2,134,767	-	-
Infrastructure Maintenance	17,191,196	-	-
Recreation/Community/Library Services	5,443,460	-	71,878
Capital Outlay	254,829	91,199	79,456
Debt Service:			
Principal retirement	84,000	-	-
Interest	5,684	-	-
Administrative charges	-	-	-
<b>Total expenditures</b>	<b>57,818,263</b>	<b>91,199</b>	<b>421,042</b>
Excess (deficiency) of revenues over (under) expenditures	5,538,591	(90,343)	101,424
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (note 12)	1,109,506	-	-
Transfers out (note 12)	(1,936,320)	-	-
Capital lease	420,000	-	-
Sale of City property	23,725	-	-
<b>Total other financing sources (uses)</b>	<b>(383,089)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	5,155,502	(90,343)	101,424
Fund balances (deficits) - beginning	32,771,055	(244,577)	88,137
Fund balances (deficits) - ending	<b>\$ 37,926,557</b>	<b>\$ (334,920)</b>	<b>\$ 189,561</b>

See accompanying notes to basic financial statements

Mission Viejo Housing Authority	Total Nonmajor Funds	Totals	
		2019	2018
\$ -	\$ 4,120,414	\$ 59,268,076	\$ 54,637,638
-	-	1,816,832	2,386,051
-	7,963,593	9,159,427	7,337,040
-	224,291	3,559,567	3,462,740
9,286	151,971	1,187,184	427,381
-	38,937	586,407	664,077
-	-	-	64,958
-	346,190	1,157,365	773,483
<u>9,286</u>	<u>12,845,396</u>	<u>76,734,858</u>	<u>69,753,368</u>
-	-	1,376,002	1,848,205
-	227,045	7,840,657	7,446,415
-	150,000	21,127,439	20,322,682
42,675	39,127	3,088,784	3,280,501
-	513,813	2,648,580	2,559,113
-	467,659	17,658,855	17,685,584
-	2,963,032	8,478,370	8,046,601
-	6,041,508	6,466,992	13,424,143
-	4,055,000	4,139,000	1,970,000
-	737,335	743,019	533,671
-	146,336	146,336	179,820
<u>42,675</u>	<u>15,340,855</u>	<u>73,714,034</u>	<u>77,296,735</u>
<u>(33,389)</u>	<u>(2,495,459)</u>	<u>3,020,824</u>	<u>(7,543,367)</u>
-	2,744,161	3,853,667	4,273,297
-	(2,500,346)	(4,436,666)	(4,813,744)
-	-	420,000	-
-	-	23,725	7,675
-	<u>243,815</u>	<u>(139,274)</u>	<u>(532,772)</u>
<u>(33,389)</u>	<u>(2,251,644)</u>	<u>2,881,550</u>	<u>(8,076,139)</u>
<u>5,352,615</u>	<u>7,346,857</u>	<u>45,314,087</u>	<u>53,390,226</u>
<u>\$ 5,319,226</u>	<u>\$ 5,095,213</u>	<u>\$ 48,195,637</u>	<u>\$ 45,314,087</u>

## City of Mission Viejo

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2019

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Net change in fund balances - total governmental funds	\$ 2,881,550
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	
Capital asset expenditures	1,265,256
Disposition of capital assets	(101,309)
Depreciation expense	(7,380,355)
The issuance of long-term debt, including capital leases provides current financial resources to governmental funds. The transaction has no effect on net position	
Issuance of capital lease	(420,000)
Long-term debt, capital lease and compensated absences that have not been included in the governmental fund activity	
Principal payment	4,139,000
Premium amortization	8,552
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds	(144,366)
Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(39,006)
Pension and OPEB expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, these expenses include the change in the net pension and OPEB liability, and related change in pension and OPEB amounts for deferred outflows of resources and deferred inflows and resources	
Pension related net adjustments	(380,595)
OPEB related net adjustments	(56,911)
Certain revenues in the governmental funds that are measurable but not available are recorded as a deferred inflows of resources under the modified accrual basis of accounting. These revenues are included on the accrual basis of accounting used in the Government-wide statements. Amount represents the change during the year.	<u>57,359</u>
Change in net position of governmental activities	<u>\$ (170,825)</u>

See accompanying notes to basic financial statements



**CITY OF MISSION VIEJO**

**Proprietary Funds**

**Statement of Net Position**

**June 30, 2019 (With Comparative Totals As of June 30, 2018)**

	Business-type Activities			
	Animal Services	Nonmajor Mission Viejo Television	2019	2018
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 4,277,163	\$ 1,264,864	\$ 5,542,027	\$ 4,828,032
Taxes receivable	-	129,619	129,619	135,357
Interfund receivable	-	-	-	10,552
Total current assets	<u>4,277,163</u>	<u>1,394,483</u>	<u>5,671,646</u>	<u>4,973,941</u>
Noncurrent assets:				
Capital assets, not depreciated	561,377	-	561,377	561,377
Capital assets, depreciated, net	1,862,358	166,203	2,028,561	2,218,230
Net OPEB asset	61,616	1,406	63,022	52,184
Total noncurrent assets	<u>2,485,351</u>	<u>167,609</u>	<u>2,652,960</u>	<u>2,831,791</u>
<b>Total assets</b>	<u>6,762,514</u>	<u>1,562,092</u>	<u>8,324,606</u>	<u>7,805,732</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related	540,092	27,293	567,385	706,875
OPEB related	729	17	746	10,310
Total deferred outflows of resources	<u>540,821</u>	<u>27,310</u>	<u>568,131</u>	<u>717,185</u>
<b>Total assets and deferred outflows of resources</b>	<u>7,303,335</u>	<u>1,589,402</u>	<u>8,892,737</u>	<u>8,522,917</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	73,003	15,272	88,275	77,272
Accrued payroll	99,160	4,269	103,429	85,926
Deposits payable	4,477	-	4,477	4,268
Intergovernmental payable	42,157	-	42,157	93,617
Interfund payable	-	-	-	230
Total current liabilities	<u>218,797</u>	<u>19,541</u>	<u>238,338</u>	<u>261,313</u>
Noncurrent liabilities:				
Compensated absences payable	150,326	13,909	164,235	154,431
Net pension liability	2,255,984	113,999	2,369,983	2,325,463
Total noncurrent liabilities	<u>2,406,310</u>	<u>127,908</u>	<u>2,534,218</u>	<u>2,479,894</u>
<b>Total liabilities</b>	<u>2,625,107</u>	<u>147,449</u>	<u>2,772,556</u>	<u>2,741,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related	182,984	9,247	192,231	113,851
OPEB related	4,831	111	4,942	-
Total deferred inflows of resources	<u>187,815</u>	<u>9,358</u>	<u>197,173</u>	<u>113,851</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>2,812,922</u>	<u>156,807</u>	<u>2,969,729</u>	<u>2,855,058</u>
<b>NET POSITION</b>				
Investment in capital assets	2,423,735	166,203	2,589,938	2,779,607
Unrestricted	2,066,678	1,266,392	3,333,070	2,888,252
<b>Total net position</b>	<u>\$ 4,490,413</u>	<u>\$ 1,432,595</u>	<u>\$ 5,923,008</u>	<u>\$ 5,667,859</u>

See accompanying notes to basic financial statements.

**CITY OF MISSION VIEJO**

**Proprietary Funds**

**Statement of Revenues, Expenses and Changes in Net Position**

**For the Year Ended June 30, 2019 (With Comparative Totals For the Year Ended June 30, 2018)**

	Business-type Activities			
	Animal Services	Nonmajor Mission Viejo Television	2019	2018
<b>OPERATING REVENUES</b>				
Licenses and permits	\$ 779,270	\$ -	\$ 779,270	\$ 781,381
Charges for services	1,364,818	100	1,364,918	1,303,342
Franchise taxes	-	532,347	532,347	532,776
Fines and forfeitures	184,851	-	184,851	191,300
Other	160,341	9,030	169,371	108,092
<b>Total operating revenues</b>	<b>2,489,280</b>	<b>541,477</b>	<b>3,030,757</b>	<b>2,916,891</b>
<b>OPERATING EXPENSES</b>				
Personnel services	2,370,147	88,269	2,458,416	2,172,627
Supplies	206,836	16,115	222,951	453,072
Utilities	66,040	32,912	98,952	80,953
Contractual services	352,357	153,589	505,946	474,002
Rent	10,453	-	10,453	191
Depreciation	145,519	37,214	182,733	191,344
Other expenses	6,833	-	6,833	6,081
<b>Total operating expenses</b>	<b>3,158,185</b>	<b>328,099</b>	<b>3,486,284</b>	<b>3,378,270</b>
Operating income (loss)	(668,905)	213,378	(455,527)	(461,379)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	99,580	28,097	127,677	34,441
<b>Total nonoperating revenues (expenses)</b>	<b>99,580</b>	<b>28,097</b>	<b>127,677</b>	<b>34,441</b>
Income (loss) before contributions and transfers	(569,325)	241,475	(327,850)	(426,938)
Transfers in (note 12)	609,188	-	609,188	540,447
Transfers out (note 12)	(24,929)	(1,260)	(26,189)	-
Net transfers	584,259	(1,260)	582,999	540,447
Change in net position	14,934	240,215	255,149	113,509
Total net position - beginning	4,475,479	1,192,380	5,667,859	5,554,350
Total net position - ending	\$ 4,490,413	\$ 1,432,595	\$ 5,923,008	\$ 5,667,859

See accompanying notes to basic financial statements.

**CITY OF MISSION VIEJO**

**Proprietary Funds**

**Statement of Cash Flows**

**For the Year Ended June 30, 2019 (With Comparative Totals For the Year Ended June 30, 2018)**

	Business-type Activities - Enterprise Funds			
	Animal Services	Nonmajor	2019	2018
		Mission Viejo Television		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 2,437,820	\$ 547,215	\$ 2,985,035	\$ 3,402,490
Payments to suppliers	(630,203)	(203,720)	(833,923)	(1,114,958)
Payments to employees	(2,059,408)	(95,321)	(2,154,729)	(2,026,923)
Net cash provided (used) by operating activities	(251,791)	248,174	(3,617)	260,609
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash transfers in	609,188	-	609,188	540,447
Cash transfers out	(24,929)	(1,260)	(26,189)	-
Net cash provided (used) by noncapital financing activities	584,259	(1,260)	582,999	540,447
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	-	-	(221,737)
Disposal of capital assets	-	6,936	6,936	-
Net cash provided (used) by capital and related financing activities	-	6,936	6,936	(221,737)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	99,580	28,097	127,677	34,441
Net cash provided (used) by investing activities	99,580	28,097	127,677	34,441
Net increase (decrease) in cash and cash equivalents	432,048	281,947	713,995	613,760
Cash and cash equivalents, beginning of year	3,845,115	982,917	4,828,032	4,214,272
Cash and cash equivalents, end of year	\$ 4,277,163	\$ 1,264,864	\$ 5,542,027	\$ 4,828,032

(Continued)

See accompanying notes to basic financial statements.

**CITY OF MISSION VIEJO**

**Proprietary Funds**

**Statement of Cash Flows**

**For the Year Ended June 30, 2019 (With Comparative Totals For the Year Ended June 30, 2018)**

	Business-type Activities - Enterprise Funds			
	Animal Services	Nonmajor Mission Viejo Television	2019	2018
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income	\$ (668,905)	\$ 213,378	\$ (455,527)	\$ (461,379)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation	145,519	37,214	182,733	191,344
Changes in assets and liabilities:				
Deferred outflows-pension related	124,502	14,988	139,490	(107,592)
Deferred outflows-OPEB related	9,351	213	9,564	10,703
Deferred inflows-pension related	75,943	2,437	78,380	36,046
Deferred inflows-OPEB related	4,831	111	4,942	-
Net pension liability	69,614	(25,094)	44,520	242,643
Net OPEB liability (asset)	(10,596)	(242)	(10,838)	(33,981)
Accounts receivable	-	-	-	393,619
Taxes receivable	-	5,738	5,738	(1,637)
Interfund receivable	10,552	-	10,552	(10,552)
Accounts payable	12,107	(1,104)	11,003	(100,564)
Accrued payroll	16,903	600	17,503	(4,919)
Deposits payable	209	-	209	174
Intergovernmental payable	(51,460)	-	(51,460)	93,617
Interfund payable	-	(230)	(230)	230
Accrued compensated absences	9,639	165	9,804	12,857
<b>Total Adjustments</b>	<b>417,114</b>	<b>34,796</b>	<b>451,910</b>	<b>721,988</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (251,791)</b>	<b>\$ 248,174</b>	<b>\$ (3,617)</b>	<b>\$ 260,609</b>

There are no significant noncash investing, capital, or financing activities for the years ended June 30, 2019 and 2018

See accompanying notes to basic financial statements.

# CITY OF MISSION VIEJO

## Fiduciary Funds

### Statement of Fiduciary Net Position

June 30, 2019 (With Comparative Totals As of June 30, 2018)

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	Successor Agency to the Community Development Agency of the City of Mission Viejo Private- purpose Trust Fund	
	2019	2018
<b>ASSETS</b>		
Cash and investments	\$ 1,462,660	\$ 1,632,666
Prepaid items	15,535	18,381
<b>Total assets</b>	<u>1,478,195</u>	<u>1,651,047</u>
<b>LIABILITIES</b>		
Accounts payable	-	2,182
Intergovernmental payable-City	4,141	17,745
<b>Total liabilities</b>	<u>4,141</u>	<u>19,927</u>
<b>NET POSITION</b>		
Unrestricted	1,474,054	1,631,120
<b>Total net position</b>	<u>\$ 1,474,054</u>	<u>\$ 1,631,120</u>

See accompanying notes to basic financial statements.

**CITY OF MISSION VIEJO**

**Fiduciary Funds**

**Statement of Changes in Fiduciary Net Position**

**For the Year Ended June 30, 2019**

**(With Comparative Totals for the Year Ended June 30, 2018)**

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private- purpose Trust Fund	
	2019	2018
<b>ADDITIONS</b>		
Taxes	\$ 1,241,942	\$ 1,788,215
<b>Total additions</b>	<u>1,241,942</u>	<u>1,788,215</u>
<b>DEDUCTIONS</b>		
Administrative expenses	241,045	219,716
Contributions to other governments	1,128,852	1,295,309
Other expenses	29,111	168
<b>Total deductions</b>	<u>1,399,008</u>	<u>1,515,193</u>
Change in net position	(157,066)	273,022
Net Position - beginning of year	1,631,120	1,358,098
Net Position - end of year	<u>\$ 1,474,054</u>	<u>\$ 1,631,120</u>

See accompanying notes to basic financial statements.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### (1) Summary of Significant Accounting Policies

The financial statements of the City of Mission Viejo, California have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

#### (a) Reporting Entity

The City of Mission Viejo was incorporated on March 31, 1988 under the laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City operates under a council-manager form of government and currently provides public safety, animal control, planning, building, code enforcement, engineering, street maintenance, street lighting, parks, recreation, library and general administrative services.

This report includes all fund types of the City of Mission Viejo (the "primary government"), as well as its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bond debt without approval from the City).

#### Blended Component Units

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are reported with the interfund data of the City. The governing boards of the component units are comprised of the same membership as the City Council. The City may impose its will on the component units, including the ability to appoint, hire, reassign or dismiss management. There are also financial benefit/burden relationships between the City and these entities.

The following organizations are considered to be component units of the City:

Mission Viejo Community Development Financing Authority (Authority) was formed as a joint powers authority on June 2, 1997 by the City and the former Community Development Agency. Its purpose is to serve as the issuer of bonds for the construction of capital facilities for the City. The activities of the Authority are recorded in the 1999 Mall Bonds and the 2016 Lease Revenue Refunding Bonds debt service funds. Separate financial statements are not prepared for the Mission Viejo Community Development Financing Authority.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity (continued)

Blended Component Units, (continued)

Mission Viejo Housing Authority (MVHA) was formed on February 21, 2011 pursuant to the California Housing Authorities Law, Health and Safety Code Section 34200, et seq. The primary mission of the MVHA is to facilitate development and rehabilitation of affordable housing and programs and services that support the city's housing goals. The activities are recorded in the MVHA special revenue fund. Separate financial statements are not prepared for the MVHA.

(b) Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all Governmental Accounting Standards Board pronouncements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Eliminations have been made in the Statement of Activities and Changes in Net Position so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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- (1) Summary of Significant Accounting Policies, (continued)
  - (b) Basis of Accounting and Measurement Focus, (continued)

### Government-wide Financial Statements, (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for personnel costs where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities and Changes in Net Position to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

In the government-wide statements, when an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

### Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. 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.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(b) Basis of Accounting and Measurement Focus, (continued)

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues.

Sales taxes, property taxes, transient occupancy taxes, highway users taxes, franchise fees, motor vehicle in lieu subventions, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(b) Basis of Accounting and Measurement Focus, (continued)

Governmental Funds, (continued)

Revenues, expenditures, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within 60 days after the fiscal year ends to meet the “available” criteria of revenue recognition. Therefore, recognition of governmental fund type revenue represented by non-current receivables is deferred until the receivables meet the availability criteria. Non-current portions of other long-term receivables are offset by fund balance non-spendable accounts.

Because of their spending measurement focus, expenditure recognition for governmental funds excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City’s policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City’s policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Proprietary Funds

The City’s enterprise funds are proprietary funds. In the fund financial statements, the proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(b) Basis of Accounting and Measurement Focus, (continued)

Proprietary Funds, (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 enterprise funds are charges to customers for sales and services. In the Mission Viejo Television proprietary fund the City also recognizes as operating revenue a portion of franchise fees received from the City's cable television provider. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expense.

Fiduciary Funds

The City maintains one fiduciary fund type for the year ended June 30, 2019. The fund is a private-purpose trust fund which uses the economic resources measurement focus and the accrual basis of accounting. Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

(c) Fund Classifications

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Developer Fees Fund - This capital project fund was established to account for receipts and expenditures of developer fees to fund various capital construction projects in the City.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(c) Fund Classifications, (continued)

Grants Fund – This special revenue fund represents monies received from grant awards from various sources based on an application process. Currently included in these funds are monies from Federal, State, and County governments which are used to fund various housing, transportation, park and facility program and capital improvement projects.

Mission Viejo Housing Authority Fund - This special revenue fund represents the remaining resources available to carry out the community's affordable housing obligations after the dissolution of the former Redevelopment Agency effective February 1, 2012. Additional resources are provided by the repayment of loans made for affordable housing construction and improvements.

The City reports the following major proprietary funds:

Animal Services - To account for the City's animal services program, which provides animal licensing, field patrol and shelter services to residents of Mission Viejo and the cities of Aliso Viejo, Laguna Hills, Laguna Niguel and Rancho Santa Margarita and share operating and capital costs of the program with those cities on a basis proportional to population.

The City's fund structure also includes the following fund types:

Special Revenue Funds - The City maintains a total of eight special revenue funds: two major special revenue funds discussed above and six nonmajor special revenue funds. The other funds account for financial resources related to gas tax, library operations, law enforcement grants, air quality, Measure M and Certified Access Specialist program (CASp). These specific revenues are legally restricted and expended for specific purposes.

Capital Projects Funds - The City maintains a total of two capital projects funds. These funds account for the resources accumulated to fund various capital construction projects in the City.

Debt Service Funds - The City maintains a total of three debt service funds. These funds account for the resources accumulated and payments made on long-term debt of the governmental funds.

Private-purpose Trust Fund - The City maintains one private-purpose trust fund. This fund is used to account for the activity of the Successor Agency to the Community Development Agency of the City of Mission Viejo.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(d) Cash and Investments

Investments are reported in the accompanying financial statements at fair value except for certain certificates of deposit that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment earnings reported for the fiscal year, which may result in negative investment earnings in the accompanying financial statements. Interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments are the primary components of investment earnings.

The City pools cash and investments of all funds, except for assets held by fiscal agents and the Housing Authority and Successor Agency funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average daily cash and investment balance.

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash and not subject to significant changes in value from interest rate fluctuations.

(e) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or 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 a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until that time. The government has three items that qualify for reporting in this category, deferred outflows – pension related, deferred outflows – Other Post Employment Benefits (OPEB) related and deferred refunding charge. This first item relates to the recording of the pension liability. The second item relates to the recording of the OPEB asset. The deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position or 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify for reporting in this category. One of these items arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue related to items received outside the City's availability period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, deferred inflows – pension related, is associated with the recording of the pension liability. The third item, deferred inflows – OPEB related, is associated with the recording of the OPEB asset.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(f) Interfund Note

Long-term interfund advances are recorded as a receivable and as non-spendable fund balance by the advancing governmental fund.

(g) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Donated or annexed capital assets are recorded at acquisition value at the date of donation or annexation. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of 5 years or more.

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. All infrastructure assets have been recorded as capital assets.

Capital assets used in operations are depreciated over their estimated useful lives, except for streets, which the City reports based on the modified approach. The City uses the straight-line method in the government-wide financial statements for depreciating buildings and improvements, park improvements, equipment and furniture, vehicles, curbs and gutters, sidewalks, roadway bridges, traffic signals, medians and parkways, and storm drains. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The range of lives used for depreciation purposes for each capital asset class is as follows:

<u>Item</u>	<u>Useful Life</u>
Buildings and improvements	32 years
Park improvements	15 years
Equipment, furniture and vehicles	5-7 years
Computer Software	10 years
Infrastructure – curbs and gutters	75 years
Infrastructure – sidewalks	75 years
Infrastructure – roadway bridges	75 years
Infrastructure – traffic signals	30 years
Infrastructure – trees	75 years
Infrastructure – storm drains	75 years
Water Rights	20 years

The City has elected to use the modified approach to report a certain subsystem of its street infrastructure network. Under the modified approach, infrastructure assets that are part of a network or subsystem of a network are not required to be depreciated as long as two requirements are met. First, the government manages the eligible infrastructure assets using an asset management system that has the following characteristics:

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(g) Capital Assets, (continued)

- Has an up-to-date inventory of eligible infrastructure assets,
- Performs condition assessments of the eligible infrastructure assets and summarizes the results using a measurement scale,
- Estimates each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

Second, the government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government. If eligible infrastructure assets meet all requirements and are not depreciated, all expenditures made for those assets (except for additions and improvements) are expensed in the period incurred. Additions and improvements to eligible infrastructure assets are capitalized. Additions or improvements increase the capacity or efficiency of infrastructure assets rather than preserve the useful life of the assets.

(h) Compensated Absences

The City provides to its employees a comprehensive annual leave program. Leave pay is payable at the time it is taken or upon termination. There is also an optional, voluntary buyback program, subject to certain limitations. An employee cannot accrue more than three times his/her annual entitlement. The City accounts for compensated absences in accordance with GASB Codification Section C60. Expenditures related to compensated absence liabilities are only recognized in the fund financial statements when they become due and payable.

(i) Property Taxes

Property tax revenue is recognized in accordance with GASB Codification Section P70; that is, in the fiscal year for which the taxes have been levied providing they become available. Available means 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 60 days) to be used to pay liabilities in the current period.

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 a.m. on the first day of January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover 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 March 1 each year, and are delinquent, if unpaid, on August 31.



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(j) Prepaid Items

Prepaid items are reported in the governmental funds under the consumption method and are offset by a reservation of fund balance to indicate that they are not spendable for appropriation and are not expendable financial resources.

(k) Use of Estimates

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

(l) Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

(m) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(1) Summary of Significant Accounting Policies, (continued)

(m) Other Postemployment Benefits (OPEB), (continued)

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

(n) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

(o) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### 2) Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 44,010,519
Restricted assets:	
Cash and cash investments for pensions	767,468
Cash and cash investments with fiscal agent	3,066,461
Fiduciary Fund Statement of Assets and Liabilities:	
Cash and investments	1,462,660
Total cash and investments	<u>\$ 49,307,108</u>

Cash and investments at June 30, 2019, consisted of the following:

Cash on hand	\$ 4,655
Deposits with financial institutions	2,238,226
Investments	47,064,227
Total cash and investments	<u>\$ 49,307,108</u>

Four separate investment portfolios are maintained by the City: the City portfolio (for the primary government), the Housing Authority portfolio, the Pension Plan portfolio and the Community Development Financing Authority portfolio. The Community Development Financing Authority portfolio contains only debt proceeds and resources to pay debt service, held by bond trustees. The cash held on behalf of the Successor Agency of the Community Development Agency are held in a non-interest bearing checking account.

### Investments Authorized by the California Government Code and the City of Mission Viejo's Investment Policy

The following table identifies the investment types that are authorized for the City by the California Government Code (or the City of Mission Viejo's policies where more restrictive) at June 30, 2019. The table also identifies certain provisions of the investment policies that address interest rate risk, credit risk and concentration of credit risk. The investment authorized by the Housing Authority is limited to the Local Agency Investment Fund. This table does not address investments of debt proceeds held by bond trustees, which are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policies:

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (2) Cash and Investments, (continued)

*City of Mission Viejo:*

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
US Securities	5 years	100%	None
US Government Sponsored Entities Securities (FFC, FHLB, FNMA, FHLMC)	5 years	100%	25% of total portfolio
Corporate Medium Term Notes	5 years	30%	5% of total portfolio
Municipal Securities	5 years	30%	5% of total portfolio
Supranationals	5 years	30%	10% of total portfolio
Banker's Acceptances	180 days	40%	5% of total portfolio
Federally Insured Time Deposits/Collateralized Time Deposits	5 years	20%	Maximum covered under federal insurance for federally insured No limit on collateralized
Certificates of Deposit Placement Service	5 years	30%	N/A
Negotiable Certificates of Deposit	5 years	30%	5% of total portfolio
Repurchase Agreements	1 year	100%	N/A
Commercial Paper	270 days	25%	5% of total portfolio
Local Agency Investment Fund	N/A	\$65M	N/A
Orange County Investment Pool	N/A	10%	N/A
California Asset Management Pool	5 years	15%	5% of fair value of total assets in investment pool
Government Money Market Funds	N/A	20%	10% of total portfolio
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities	5 years	20%	5% of total portfolio

\* Excluding amounts held by bond trustees, which are not subject to investment policy restrictions.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

(2) Cash and Investments, (continued)

Investments Authorized by Debt Agreements

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

*1999 Series A Fixed Rate Revenue Bonds, 1999 Series B Subordinate Lien Taxable Revenue Bonds:*

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
US Securities	None	100%	None
US Government Sponsored Entities and Federal Agency Securities	None	100%	None
Certificates of Deposit	180 days	100%	None
Commercial Paper	180 days	100%	None
Repurchase Agreements	30 days	100%	None
Local Agency Investment Fund	N/A	100%	N/A
Government Money Market Funds	None	100%	None

*CDFA 2016 Lease Revenue Refunding Bonds:*

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U S Securities	None	100%	None
US Government Sponsored Entities (FFC, FHLB, FNMA, FHLMC SLMA)	None	10% of bond proceeds	None
Federal Funds, Certificates of Deposit, Time Deposits, Banker's Acceptances	180 Days	100%	None
Deposits (FDIC insured)	None	100%	None
Debt Obligations	None	100%	None
Commercial Paper	270 Days	100%	None
Money Market Funds/Money Market Mutual Funds	None	100%	None
Demand Deposits/Money Market Accounts	None	100%	None
Collateralized Investment Agreements	None	100%	None
Local Agency Investment Fund	N/A	100%	N/A
Repurchase Agreements	None	100%	None
Investments Authorized in the City of Mission Viejo Investment Policy	None	100%	None

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### (2) Cash and Investments, (continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages its exposure to interest rate risk 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 liquidity needed for operations.

The City's investment policy requires that investments only be in fixed-rate, fixed coupon securities and prohibits investments in securities with embedded options and securities that may return all or parts of their principal prior to their stated final maturity date. The investment policies set a Benchmark Index for each portfolio. The Benchmark Index has characteristics similar to those of the portfolio in terms of types of securities and maturities. The City manages its exposure to interest rate risk by keeping the average duration of the portfolio in line with the duration of the Benchmark Index. For the fiscal year ended June 30, 2019, the average duration of the Benchmark Index was 0.94 for the City portfolio.

#### *City of Mission Viejo:*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
US Treasury Notes	\$2,638,755	2.14
US Government Sponsored Entities	12,537,934	1.61
Supranational Securities	995,322	0.40
US Corporate Notes	4,388,640	2.37
Foreign Corporate Notes	459,136	2.46
Asset Backed Securities	1,013,679	0.64
Collateralized Mortgage Obligations	878,990	2.92
Commercial Paper	407,079	0.31
Government Money Market Funds	567,100	-
Local Agency Investment Fund	16,939,231	-
California Asset Management Pool	3,104,816	-
	<u>\$43,930,682</u>	0.94

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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(2) Cash and Investments, (continued)

Interest Rate Risk, (continued)

*Mission Viejo Housing Authority:*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
Local Agency Investment Fund	<u>\$67,084</u>	-
	<u>\$67,084</u>	-

*Mission Viejo Community Development Financing Authority:*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
Government Money Market Funds	<u>\$3,066,461</u>	-
	<u>\$3,066,461</u>	-

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by bond trustees) do not include investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (2) Cash and Investments, (continued)

#### 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 the 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 Moody's or Standards & Poor rating as of year-end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Aaa/AAA*	Aa1/Aa2/Aa3*	A1/A2/A3*	A-1*	Not Rated
US Treasury Notes	\$2,638,755	N/A	\$2,638,755	\$ -	\$ -	\$ -	\$ -
US Government Sponsored Entities	12,537,934	N/A	12,537,934	-	-	-	-
Supranational Securities	995,322	AA	995,322	-	-	-	-
US Corporate Notes	4,388,640	A	-	506,172	3,882,468	-	-
Foreign Corporate Notes	459,136	A	-	251,062	208,074	-	-
Asset Backed Securities	1,013,679	AA	1,013,679	-	-	-	-
Collateralized Mortgage Obligations	878,990	AA	878,990	-	-	-	-
Commercial Paper	407,079	A-1	-	-	-	407,079	-
Government Money Market Funds	567,100	AAA	567,100	-	-	-	-
LAIF pool	17,006,315	N/A	-	-	-	-	17,006,315
CAMP pool	3,104,816	N/A	3,104,816	-	-	-	-
Held by Trustee: Government Money Market Funds	3,066,461	AAA	3,066,461	-	-	-	-
<b>Total</b>	<b>\$47,064,227</b>		<b>\$24,803,057</b>	<b>\$757,234</b>	<b>\$4,090,542</b>	<b>\$407,079</b>	<b>\$17,006,315</b>

\* Aaa, Aa1, Aa2, Aa3, A1, A2 and A3 - Moody's Rating Service  
AAA Standards & Poor Rating Service and Fitch Rating Service  
A-1 - Standars & Poor Rating Service

#### Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code (see preceding tables). Investments at June 30, 2019 in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total portfolio investments (excluding investments held by trustee) were as follows:

Portfolio	Issuer	Investment Type	%	Reported Amount
City	Federal Farm Credit	US Government Sponsored Entities Securities	9.1%	\$3,985,026
City	Federal Home Loan Bank	US Government Sponsored Entities Securities	9.0%	\$3,942,614
City	Federal National Mortgage Association	US Government Sponsored Entities Securities	6.8%	\$3,000,098



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### (2) Cash and Investments, (continued)

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial 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 policies do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits or investments, other than as follows. 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 secured public deposits. The investment policies for all four portfolios require delivery vs. payment procedures and that all securities be held in safekeeping by a third party bank trust department.

As of June 30, 2019, all of the City's deposits with financial institutions in excess of federal depository insurance limits were collateralized by an interest in an undivided collateral pool as required by State law.

#### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The City may invest up to \$65 million in LAIF funds. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at <http://www.treasurer.ca.gov>.

The City's investment in this pool is reported in the accompanying City's financial statements at fair value 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). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$977.2 million, which represent 0.92% of the total LAIF portfolio of \$105.7 billion as of June 30, 2019. LAIF's (and the City's) exposure to risk (credit, market or legal) is not currently available. This fund does not calculate duration for their portfolio. The average days to maturity for this fund is 173 days.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (2) Cash and Investments, (continued)

#### Investment in California Asset Management Program Pool

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Trust's activities are directed by a Board of Trustees, all of whom are employees of the California public agencies which are participants in the Trust. The Pool's investments are limited to investments permitted by subdivision (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. CAMP is not registered with the Securities and Exchange Commission. This fund does not calculate a duration for their portfolio. The average days to maturity is 54 days.

#### Fair Value Measurement

The City categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2019:

#### Fair Value Hierarchy

	Investments not Measured at Fair Value	Level 1	Level 2	Level 3	Total
US Treasury Notes	\$ -	\$ -	\$ 2,638,755	\$ -	\$ 2,638,755
US Government Sponsored Entities securities	-	-	12,537,934	-	12,537,934
Supranational securities	-	-	995,322	-	995,322
US Corporate	-	-	4,388,640	-	4,388,640
Foreign Corporate	-	-	459,136	-	459,136
Asset Backed Securities	-	-	1,013,679	-	1,013,679
Collateralized Mortgage obligations	-	-	878,990	-	878,990
Commercial Paper	-	-	407,079	-	407,079
Government money market funds	3,633,561	-	-	-	3,633,561
CAMP	3,104,816	-	-	-	3,104,816
LAIF	17,006,315	-	-	-	17,006,315
	<u>\$ 23,744,692</u>	<u>\$ -</u>	<u>\$ 23,319,535</u>	<u>\$ -</u>	<u>\$ 47,064,227</u>
Total investments	\$ 23,744,692	\$ -	\$ 23,319,535	\$ -	\$ 47,064,227

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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(3) Interfund Balances

Interfund balances at June 30, 2019 consisted of the following:

Payable Fund	Receivable		Total
	General Fund	Other Governmental Funds	
Developer Fees Fund	\$ 376,244	\$ -	\$ 376,244
Grants Fund	47,807	-	47,807
Housing Authority Fund	1,130	-	1,130
Other Governmental Funds	1,619,860	106,718	1,726,578
<b>Total</b>	<b>\$2,045,041</b>	<b>\$106,718</b>	<b>\$2,151,759</b>

All interfund balances are short-term in nature and are expected to be repaid within one year. Generally, these balances result from interfund borrowings to cover short-term operating deficits.

(4) Intergovernmental Receivable/Payable - Successor Agency/City

Intergovernmental receivable/payable - Successor Agency/City at June 30, 2019 consisted of the following:

Intergovernmental Receivable	Intergovernmental Payable	Amount
General Fund	Successor Agency	\$ 4,141
	<b>Total</b>	<b>\$ 4,141</b>

The intergovernmental receivable/payable between the General Fund and the Successor Agency Fund represents an amount due the General Fund for reimbursement of administration costs incurred by the City on behalf of the Successor Agency through June 30, 2019. Amounts are generally reimbursed in the first quarter of the following fiscal year.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(5) Due from Developers

In October 1994, the Mission Viejo Community Development Agency (now the Successor Agency) loaned \$401,000 to a developer in accordance with an affordable housing agreement executed by the Agency and the Developer on July 1, 1994. The note bears no interest during the first two years after the date of the note, and thereafter until the note is paid in full, bears simple interest at the rate of 3% per annum. No payments were required to be made on the note during the first five years. Thereafter, annual payments of principal and interest amortized over a thirty year period are due. At June 30, 2019, the outstanding balance is \$206,850 which includes unpaid accrued interest of \$17,553, and is reported in the Housing Authority, a major special revenue fund.

On May 11, 1999, the Mission Viejo Community Development Financing Authority issued \$31,100,000 of 1999 Series A Variable Rate Demand Revenue Bonds to finance a portion of the costs of the acquisition, construction, installation and equipping of various public capital improvements to the Mission Viejo Mall (The Shops at Mission Viejo). As a result of the issuance of these bonds, the mall owner, Simon Properties Group, entered into an agreement with the City. Under terms of this agreement, Simon Properties Group is obligated to pay the annual letter of credit, remarketing and other variable debt related costs related to the Series A Bonds. In July 2018, these bonds were converted from variable rate to fixed rate and all variable debt related costs stopped accruing at date of conversion. Total amount due from the developer at date of conversion was \$4,359,195. At June 30, 2019, the amount due from the developer for these costs was \$4,212,272 and is reported in the General Fund.

In March 2010, the former Mission Viejo Community Development Agency entered into an affordable housing agreement with Lennar homes which included the development of 22 affordable units located at The Ridge housing development. Upon the sale of each of the 22 affordable units, each homebuyer is required to enter into an Affordable Homebuyer Loan Agreement with the Housing Authority. These loans are secured by a second deed of trust on each property, and restrict ownership of each property to qualified Very Low or Low Income Households. The affordability period for each home is 45 years starting on the closing escrow date for each housing unit. As of June 30, 2019, 20 of these loans are still outstanding for a total balance of \$2,898,995 which is reported in the Housing Authority, a major special revenue fund.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (6) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental activities:	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
Capital assets, not depreciated:				
Land	\$ 48,737,312	\$ 16,500	\$ (16,500)	\$ 48,737,312
Rights of way	243,853,387	21,919	-	243,875,306
Construction in progress	2,562,261	951,660	(947,597)	2,566,324
Infrastructure – Street network:				
Streets	<u>201,614,782</u>	<u>119,582</u>	<u>-</u>	<u>201,734,364</u>
Total capital assets, not depreciated	<u>496,767,742</u>	<u>1,109,661</u>	<u>(964,097)</u>	<u>496,913,306</u>
Capital assets, being depreciated:				
Buildings and improvements	126,560,661	124,557	(143,273)	126,541,945
Park improvements	5,539,870	80,604	-	5,620,474
Equipment and furniture	11,933,168	381,467	(428,334)	11,886,301
Vehicles	1,172,886	31,848	(109,100)	1,095,634
Infrastructure – Street network:				
Curbs and gutters	34,034,819	114,955	(28,654)	34,121,120
Sidewalks	31,154,180	-	-	31,154,180
Roadway bridges	6,289,000	-	-	6,289,000
Traffic signals	11,274,983	256,298	(196,776)	11,334,505
Infrastructure – Medians and Parkways network:				
Medians and Parkways	38,357,723	95,390	(26,971)	38,426,142
Infrastructure – Storm Drains network:				
Storm Drains	40,827,163	34,573	(5,530)	40,856,206
Water Rights	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total capital assets, being depreciated	<u>\$308,144,453</u>	<u>\$1,119,692</u>	<u>\$(938,638)</u>	<u>\$308,325,507</u>

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (6) Capital Assets (Continued)

Governmental activities:	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (57,324,975)	\$(3,943,193)	\$ 83,852	\$ (61,184,316)
Park Improvements	-	(371,005)	-	(371,005)
Equipment and furniture	(9,105,191)	(687,559)	428,334	(9,364,416)
Vehicles	(1,023,118)	(77,416)	109,100	(991,434)
Infrastructure – Street network:				
Curbs and gutters	(12,612,141)	(454,646)	8,405	(13,058,382)
Sidewalks	(11,857,529)	(415,863)	-	(12,273,392)
Roadway bridges	(2,501,407)	(83,853)	-	(2,585,260)
Traffic signals	(9,134,180)	(211,985)	196,776	(9,149,389)
Infrastructure – Medians and Parkways Network:				
Medians and Parkways	(12,463,620)	(511,439)	7,912	(12,967,147)
Infrastructure – Storm Drains Network:				
Storm Drains	(15,537,292)	(573,396)	2,950	(16,107,738)
Water Rights	<u>(100,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(150,000)</u>
Total accumulated depreciation	<u>(131,659,453)</u>	<u>(7,380,355)</u>	<u>837,329</u>	<u>(138,202,479)</u>
Total capital assets being depreciated, net	<u>176,485,000</u>	<u>(6,260,663)</u>	<u>(101,309)</u>	<u>170,123,028</u>
Governmental activities Capital assets, net	<u>\$673,252,742</u>	<u>\$(5,151,002)</u>	<u>\$(1,065,406)</u>	<u>\$667,036,334</u>

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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(6) Capital Assets (Continued)

Business-type activities:	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
Capital assets, not depreciated:				
Land	\$ 561,377	\$ -	\$ -	\$ 561,377
Total capital assets, not depreciated	<u>561,377</u>	<u>-</u>	<u>-</u>	<u>561,377</u>
Capital assets, being depreciated:				
Buildings	2,434,204	-	-	2,434,204
Improvements other than buildings	912,847	-	-	912,847
Machinery and equipment	<u>1,318,871</u>	<u>-</u>	<u>(337,388)</u>	<u>981,483</u>
Total capital assets, being depreciated	<u>4,665,922</u>	<u>-</u>	<u>(337,388)</u>	<u>4,328,534</u>
Less accumulated depreciation for:				
Buildings	(1,180,949)	(75,751)	-	(1,256,700)
Improvements other than buildings	(290,358)	(28,342)	-	(318,700)
Machinery and equipment	<u>(976,385)</u>	<u>(78,641)</u>	<u>330,453</u>	<u>(724,573)</u>
Total accumulated depreciation	<u>(2,447,692)</u>	<u>(182,734)</u>	<u>330,453</u>	<u>(2,299,973)</u>
Total capital assets, being depreciated, net	<u>2,218,230</u>	<u>(182,734)</u>	<u>(6,935)</u>	<u>2,028,561</u>
Business-type activities				
Capital assets, net	<u>\$2,779,607</u>	<u>\$ (182,734)</u>	<u>\$ (6,935)</u>	<u>\$2,589,938</u>

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(6) Capital Assets (Continued)

Depreciation expense was charged to the following functions of governmental activities in the Statement of Activities:

General Government – Legislative	\$	139
General Government – Management and Support		1,621,424
Public Safety		69,420
Community Development		10,803
Engineering and Transportation		463,613
Infrastructure Maintenance		3,336,879
Recreation, Community and Library Services		<u>1,878,077</u>
Total	\$	<u>7,380,355</u>

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

Animal Services	\$	145,520
Mission Viejo Television		<u>37,214</u>
Total	\$	<u>182,734</u>

(7) Interfund Note Payable and Receivable

On May 18, 2015, the Mission Viejo Housing Authority entered into an agreement with the City of Mission Viejo for the purchase of land for future affordable housing under the certified housing element of the City's General Plan. Under the agreement the MVHA executed a Promissory Note payable to the City for \$4,300,000. The Note has a thirty year term which can be extended up to five additional one year periods. The Note accrues no interest and is payable July 15 each year until the principal is paid in full. Note principal is paid from unencumbered and available funds in the MVHA Fund pursuant to the HAL and Dissolution Law that are not required for administration or other MVHA projects, enforceable obligations, or any other mandated payments due from MVHA to a third party. As of June 30, 2019, the loan balance is \$2,125,000.



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (8) Long-Term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due Beyond One Year</u>
<u>Governmental Activities:</u>						
Bonds:						
1999 Series A bonds	\$17,200,000	\$ -	\$(3,275,000)	\$13,925,000	\$1,265,000	\$12,660,000
1999 Series B bonds	7,347,326	-	-	7,347,326	-	7,347,326
2016 Refunding bonds	11,520,000	-	(780,000)	10,740,000	805,000	9,935,000
Bond premium	960,102	-	(73,854)	886,248	73,854	812,394
Total bonds payable	<u>37,027,428</u>	<u>-</u>	<u>(4,128,854)</u>	<u>32,898,574</u>	<u>2,143,854</u>	<u>30,754,720</u>
Other liabilities:						
Net pension liability	19,407,837	443,903	(2,221,864)	17,629,876	-	17,629,876
Capital lease	-	420,000	(84,000)	336,000	84,000	252,000
Compensated absences	1,840,004	1,267,662	(1,228,656)	1,879,010	1,190,306	688,704
Total other liabilities	<u>21,247,841</u>	<u>2,131,565</u>	<u>(3,534,520)</u>	<u>19,844,886</u>	<u>1,274,306</u>	<u>18,570,580</u>
Governmental activities						
Total Long-term liabilities	<u>\$58,275,269</u>	<u>\$2,131,565</u>	<u>\$(7,663,374)</u>	<u>\$52,743,460</u>	<u>\$3,418,160</u>	<u>\$49,325,300</u>
<u>Business-type Activities:</u>						
Other liabilities:						
Net pension liability	\$2,325,463	\$324,916	\$(280,396)	\$2,369,983	\$ -	\$2,369,983
Compensated absences	154,431	152,398	(142,594)	164,235	113,925	50,310
Business-type Activities						
Total Long-term liabilities	<u>\$2,479,894</u>	<u>\$477,314</u>	<u>\$(422,990)</u>	<u>\$2,534,218</u>	<u>\$113,925</u>	<u>\$2,420,293</u>

For governmental activities, compensated absences, net pension liability and capital leases are generally liquidated by the General Fund and Library Operations Fund.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (8) Long-Term Liabilities (continued)

#### Bonds

##### 1999 Series A Revenue Bonds

On May 11, 1999, the Mission Viejo Community Development Financing Authority (Authority) issued \$31,100,000 of 1999 Series A Variable Rate Demand Revenue Bonds to finance a portion of the costs of the acquisition, construction, installation and equipping of various public capital improvements to The Shops at Mission Viejo (mall).

On May 1, 1999, the Authority and the City of Mission Viejo (City) entered into a lease agreement obligating the City to provide annual lease payments of 50% of sales tax revenues generated by the mall provided that the City shall retain a minimum of \$1.5 million annually in sales tax revenues generated by the mall. The \$1.5 million increases each year for the first ten years by the growth rates in the sales tax consultant's study that was part of the bond issue and then by the consumer price index. Furthermore, the Mission Viejo Community Development Agency (Agency) entered into a pledge agreement on May 1, 1999 with the Authority, requiring the Agency to pledge property tax revenues generated by the site. Pledged revenues not needed for debt service are either paid to Simon Properties Group as holders of the 1999 Series B Subordinate Lien Taxable Revenue Bonds (subject to certain sales tax, interest rate and bond cost thresholds) or returned to the City.

The Authority exercised the option of converting the 1999 Series A bonds from a variable rate to a fixed rate debt on July 31, 2018 through private placement with Opus Bank. The conversion fixes the rate of the debt at 3.34% for the remaining life of the bonds. As part of the fixed rate conversion, the bond reserve was used to pay down the principal balance of the bonds from \$17.2 million to \$15.24 million. There is no bond reserve requirement on the fixed rate bonds. Payment of debt service under the Bond Purchase Agreement with Opus Bank is payable solely from certain property tax revenues and lease payments paid by the City from a portion of the sales tax generated by the mall as described in the paragraph above. There is no prepayment allowed under the Bond Purchase Agreement in the first seven years or until July 31, 2025. In the event of default, the interest rate will be 6.34% until the event of default is remedied. Principal amounts will continue to mature every September 1 and March 1 through September 1, 2028 in amounts ranging from \$625,000 to \$840,000. The amount of principal outstanding at June 30, 2019 is \$13,925,000.

Debt service requirements to maturity of the 1999 Series A Revenue Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 1,265,000	\$ 454,658	\$ 1,719,658
2021	1,320,000	411,989	1,731,989
2022	1,355,000	367,650	1,722,650
2023	1,400,000	321,976	1,721,976
2024	1,450,000	274,798	1,724,798
2025 - 2029	<u>7,135,000</u>	<u>608,965</u>	<u>7,743,965</u>
	<u>\$ 13,925,000</u>	<u>\$ 2,440,036</u>	<u>\$ 16,365,036</u>

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(8) Long-Term Liabilities, (continued)

Bonds, (continued)

1999 Series B Subordinate Lien Taxable Revenue Bonds

On May 19, 1999, the Mission Viejo Community Development Financing Authority authorized \$10,000,000 and issued \$115,000 of 1999 Series B Subordinate Lien Taxable Revenue Bonds to finance a portion of the costs of the acquisition, construction, installation and equipping of various public capital improvements to the Mission Viejo Mall. Through June 30, 2018 an additional \$7,232,326 of Series B Bonds were issued. The balance authorized that has not yet been issued is \$2,652,674.

Through July 31, 2019, the interest rate on the bonds is equal to the six-month London Interbank Offered Rate plus 1.5%, not to exceed 8% per annum. If the 1999 Series A Bonds are converted to a fixed interest rate bond, interest on the 1999 Series B Bonds will be equal to the fixed interest rate plus 1%. The 1999 Series A Bonds were converted to a non-rated fixed interest rate bond on July 31, 2018. Interest from July 31, 2018 is calculated at the 3.34% Series A fixed rate plus 1.0% per the Series B Indenture. Interest is payable annually commencing September 1, 1999, subject to certain preconditions. If, in any year, revenues are insufficient to pay interest due on the Series B Bonds, such interest shall remain due and payable. Principal payments on the bonds will commence at the earlier of the conversion of the 1999 Series A Bonds to an investment grade fixed interest rate security or after two consecutive years of two times debt service coverage for the 1999 Series A Bonds. Annual principal payments will be an amount that is proportional to the principal of the 1999 Series A Bonds. The bonds mature on September 1, 2028, at which time, if any outstanding principal or accrued interest remains, such amounts shall cease to be payable. At June 30, 2019, the outstanding principal is \$7,347,326 and the unpaid interest is \$2,697,795.

No debt service requirement to maturity schedule has been included since neither of the two conditions for the initiation of principal payments had been met as of June 30, 2019.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

(8) Long-Term Liabilities, (continued)

Bonds, (continued)

CDFA 2016 Lease Revenue Refunding Bonds

In July 2016, the Mission Viejo Community Development Financing Authority issued a total of \$13,150,000 in Lease Revenue Refunding Bonds, Series 2016. The interest rate on the 2016 Bonds range from 2.0% to 4.0% and will mature on May 1, 2031. These bonds were issued to advance refund the outstanding 2009 Lease Revenue Refunding Bonds issued by the Authority and pay costs of issuance of the Series 2016 Bonds. Proceeds from the 2016 Bonds were used to legally defease the 2009 Bonds on August 10, 2016.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$979,528. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2031 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next 15 years by \$3.1 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1.4 million, representing 10.25% savings of refunded bonds.

Debt service requirements to maturity of the 2016 Lease Revenue Refunding Bonds are as follows:

Year ending June 30,	Principal	Interest	Totals
2020	\$ 805,000	\$ 331,063	\$ 1,136,063
2021	825,000	306,913	1,131,913
2022	855,000	282,163	1,137,163
2023	875,000	256,512	1,131,512
2024	905,000	239,012	1,144,012
2025 - 2029	4,640,000	673,062	5,313,062
2030 - 2031	<u>1,835,000</u>	<u>66,738</u>	<u>1,901,738</u>
	<u>\$ 10,740,000</u>	<u>\$ 2,155,463</u>	<u>\$ 12,895,463</u>

Legal Debt Margin

The City is subject to a debt limit that is 15 percent of adjusted gross assessed valuation on taxable property. Adjusted assessed valuation is equal to 25% of gross assessed valuation. At June 30, 2019 that amount was \$651,098,214. As of June 30, 2019 the total outstanding debt applicable to the limit was \$0.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(9) Capital Lease

This year, the City entered into a lease agreement as lessee for financing the acquisition of personal computer equipment valued at \$420,000. The equipment has a five-year estimated useful life. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 93,878
2021	91,056
2022	88,234
2023	<u>85,411</u>
Total minimum lease payments	358,579
Less: amount representing interest	<u>(22,579)</u>
Present value of minimum lease payments	<u>\$336,000</u>

(10) Net Position

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position is classified into three categories as follows:

*Net investment in capital assets* describes the portion of net position which is represented by the current net book value of the City's capital assets, including infrastructure, net of any debt related to securing these assets.

*Restricted net position* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with creditors, grantors, contributors or laws or regulations of other governments, and restrictions imposed by law through constitutional provision or enabling legislation.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(10) Net Position, (continued)

*Unrestricted net position* describes the portion of net position which is not restricted as to use.

When expenditures are incurred for purposes for which both restricted and unrestricted balances are available, the City's policy is to apply restricted first.

As of June 30, 2019, there was no restricted net position in the proprietary funds. As provided under accounting principles generally accepted in the United States of America, restrictions are only established in proprietary funds for equity legally restricted by parties external to the governmental unit.

(11) Fund Balances

The City follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints upon the use of the resources reported in governmental funds.

In the fund financial statements, governmental fund balance, under GASB 54, is made up of the following components:

Non-spendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.

Restricted fund balance includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, laws or regulations of other governments, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by the highest formal action of the City Council (adoption of ordinance). The City Council has the authority to establish, modify, or rescind a fund balance commitment. The City has no committed fund balance at June 30, 2019.

Assigned fund balance amounts are designated by City Council, in accordance with the City Council Management and Budget policies, for specific purposes and do not meet the criteria to be classified as restricted or committed. The City Council establishes (modifies or rescinds) assigned fund balance with the passage of a resolution. Assigned fund balances at June 30, 2019 were reported solely in the General Fund.

Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications. Unassigned fund balance includes the City Council approved General Fund assignment for Economic/Budgetary Uncertainty in the amount of \$13.1 million.

When expenditures are incurred for purposes for which restricted, committed, assigned or unassigned fund balances are available, the City's policy is to apply restricted fund balance first, committed second, then assigned fund balance, and finally unassigned fund balance.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (11) Fund Balances (continued)

#### Fund Balance Classifications:

Fund balances in the governmental funds at June 30, 2019 have been classified as follows:

	General Fund	Developer Fees	Grants Fund	MV Housing	Nonmajor Funds	Total Governmental Funds
<b>Non Spendable</b>						
Prepaid items	\$ 21,451	\$ -	\$ -	\$ -	\$ -	\$ 21,451
Long term receivables	11,480	-	-	-	-	11,480
Deposits	430	-	-	-	-	430
Subtotal	<u>33,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,361</u>
<b>Restricted for:</b>						
General gvmt-mgmt & support	184,246	-	-	-	-	184,246
Community development	-	-	-	5,319,226	2,487	5,321,713
Public safety	-	-	-	-	72,896	72,896
Public works	-	-	-	-	1,812,983	1,812,983
Recreation/community serv.	-	-	189,561	-	-	189,561
Library services	-	-	-	-	853,994	853,994
Debt service	-	-	-	-	3,073,986	3,073,986
Pensions	3,384,464	-	-	-	-	3,384,464
Subtotal	<u>3,568,710</u>	<u>-</u>	<u>189,561</u>	<u>5,319,226</u>	<u>5,816,346</u>	<u>14,893,843</u>
<b>Assigned to:</b>						
Pension and OPEB liabilities	1,000,000	-	-	-	-	1,000,000
Natural disasters	1,000,000	-	-	-	-	1,000,000
Capital asset replacement	1,100,000	-	-	-	-	1,100,000
Capital projects	3,000,000	-	-	-	-	3,000,000
Subtotal	<u>6,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,100,000</u>
<b>Unassigned</b>	<u>28,224,486</u>	<u>(334,920)</u>	<u>-</u>	<u>-</u>	<u>(721,133)</u>	<u>27,168,433</u>
<b>Totals</b>	<u>\$37,926,557</u>	<u>\$(334,920)</u>	<u>\$189,561</u>	<u>\$5,319,226</u>	<u>\$5,095,213</u>	<u>\$48,195,637</u>

In April, 2019, the City Council established the General Fund target reserve level at \$29.0 million for the 2019-21 budget cycle or 49 percent of 2018-19 General Fund revenues. The minimum level reserve was set at \$26.0 million and 44 percent. Reserves for the purpose of this calculation include assigned and unassigned fund balance.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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(12) Interfund Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$1,083,317
Animal Services Enterprise Fund	General Fund	609,188
General Fund	Animal Services Enterprise Fund	24,929
General Fund	Nonmajor Enterprise Fund	1,260
Other Governmental Funds	General Fund	1,327,132
Other Governmental Funds	Other Governmental Funds	1,417,029
Total		<u>\$4,462,855</u>

Significant transfers included in the accompanying financial statements are described as follows:

Transfers to Major Funds

A transfer of \$1,053,294 was made to the General Fund from the CDFA 1999 Mall Bonds Debt Service Fund representing the 2017 release of the rolling reserve.

A transfer of \$609,188 was made from General Fund to the Animal Services Enterprise Fund representing Mission Viejo's proportionate share of the net costs of the Animal Services operations for the year, as estimated in the budget.

There was \$55,395 in transfers made to the General Fund from Animal Services Fund (\$24,929), a nonmajor Enterprise Fund (\$1,260) and Other Governmental Funds (\$29,206) to transfer those funds share of the pension Section 115 trust payment to the Trust account.

A transfer of \$817 was made to the General Fund from Other Governmental Funds for excess cost of issuance resources for the CDFA 2016 Lease Revenue Refunding Bonds.

Transfers To Other Governmental Funds

Of the \$1,327,132 transferred from the General Fund to Other Governmental Funds, \$1,133,533 was transferred to the CDFA 2016 Lease Revenue Refunding Bonds Debt Service Fund for payment of the debt service on those bonds and \$193,599 was transferred to the Library Operations Fund to fund operations.

The \$1,417,029 transferred from Other Governmental Funds to Other Governmental Funds, represents mall sales tax pledged for mall bond debt service transferred from the Mall Parking Lease Fund to the CDFA 1999 Mall Bonds Debt Service Fund.



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(13) Fund Deficits and Expenditures in Excess of Appropriations

The following funds reported deficits in fund balance as of June 30, 2019:

	<u>Deficit Balances</u>
Major Governmental Funds:	
Capital Projects Fund:	
Developer Fees Fund	\$(334,920)
Non-major Governmental Funds:	
Special Revenue Fund:	
Measure M Fund	(640,664)
Capital Projects Fund:	
Capital Projects Fund	(80,469)

Deficits in all funds will be remedied by the receipt of revenue apportionments received in future years and as grants are billed and received.

(14) Liability, Workers' Compensation, and Purchased Insurance

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 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 California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustments. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### (14) Liability, Workers' Compensation, and Purchased Insurance (Continued)

#### Liability

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.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cipia.org/protection/coverage-programs>.

#### Workers' Compensation

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 layer 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2018-19 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.

#### Purchased Insurance

##### Pollution Legal Liability Insurance

The City of Mission Viejo participates in the pollution legal liability insurance program 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 Mission Viejo. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### (14) Liability, Workers' Compensation, and Purchased Insurance (Continued)

#### Purchased Insurance, (continued)

##### Property Insurance

The City of Mission Viejo participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Mission Viejo property is currently insured according to a schedule of covered property submitted by the City of Mission Viejo to the Authority. City of Mission Viejo property currently has all-risk property insurance protection in the amount of \$126,019,142. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

##### Earthquake and Flood Insurance

The City of Mission Viejo 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 Mission Viejo property currently has earthquake protection in the amount of \$76,852,174. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

##### Crime Insurance

The City of Mission Viejo purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

##### Special Event Tenant User Liability Insurance

The City of Mission Viejo further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City of Mission Viejo according to a schedule. The City of Mission Viejo then pays for the insurance. The insurance is facilitated by the Authority.

##### 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 also no significant reductions in pooled or insured liability coverage in 2018-19.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(15) Joint Venture - Orange County Fire Authority

In January 1995, the City entered into a joint powers agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, Yorba Linda and the County of Orange to create the Orange County Fire Authority (Authority). Since the creation of the Authority, the Cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita, Santa Ana and Westminster joined the Authority as members eligible for fire protection services. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was February 3, 1995. The Authority's governing board consists of one representative from each city and two from the County. The operations of the Authority are funded with fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, Seal Beach and Westminster. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, Seal Beach and Westminster are considered "cash contract cities" and accordingly make cash contributions based on the Authority's annual budget. The City of Mission Viejo does not have an equity interest in the assets of the Orange County Fire Authority. Complete financial statements may be obtained from the Orange County Fire Authority, One Fire Authority Road, Irvine, California 92602 or at [www.ocfa.org](http://www.ocfa.org).

(16) Significant Commitments

Significant construction contracts as of June 30, 2019 consisted of the following:

Projects	Commitment
Felipe/Oso Intersection Improvement	\$1,268,575
Oso/I-5 On Ramp Improvements	\$146,252
Los Alisos & Santa Margarita Intersection Improvement	\$352,191

(17) Lease Commitment

On December 1, 2000, the City entered into a lease agreement with the Santa Margarita Water District for office and storage space. The lease terminates on November 30, 2020. Minimum annual lease commitments as of June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$38,973
2021	<u>16,239</u>
Total	<u>\$55,212</u>

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### (18) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer annually up to \$19,000, until future years. Employees over age 50 may elect to defer up to an additional \$6,000 annually. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City has placed these assets in a trust held for the exclusive benefit of plan participants and their beneficiaries, as prescribed by Internal Revenue Code Section 457(g). Consequently, these assets are not included in the City's financial statements.

### (19) Defined Benefit Pension Plan

#### A. General Information about the Pension Plan

##### Plan Description

The Plan is an agent, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the Plan's June 30, 2017 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at 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. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 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 Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### (19) Defined Benefit Pension Plan (continued)

#### A. General Information about the Pension Plan (continued)

The Plan's provisions and benefits in effect at June 30, 2018 (measurement date) are summarized as follows:

Hire Date	Prior to July 8, 2011	Between July 9, 2011 – December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 – 55	50 – 60	50 – 62
Monthly benefits, as % of eligible compensations	2.0% to 2.7%	1.092% to 2.000%	1.0% to 2.0%
Required employee contribution rates	9.5%	8.5%	7.75%

#### Employees Covered

At June 30, 2017 (valuation date), the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>
Retired members and beneficiaries	91
Transferred and terminated members	115
Active employees	152
	<u>358</u>

#### Contribution Description

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan members contributions requirements are classified as plan member contributions.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(19) Defined Benefit Pension Plan (continued)

B. Net Pension Liability

The City of Mission Viejo's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(19) Defined Benefit Pension Plan (continued)

B. Net Pension Liability, (continued)

### Change of Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

### Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 + 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(19) Defined Benefit Pension Plan, (continued)

B. Net Pension Liability, (continued)

### Long-term Expected Rate of Return, (continued)

The following table reflects long-term expected real rates of return by asset class.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Year 11+<sup>2</sup></u>
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100.0%</u>		

<sup>1</sup> An expected inflation of 2.0% used for this period

<sup>2</sup> An expected inflation of 2.92% used for this period

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

(19) Defined Benefit Pension Plan, (continued)

B. Net Pension Liability, (continued)

Change in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

Miscellaneous Plan			
	Increase (Decreases)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) – (b)
Balance at: 06/30/2017	\$ 85,083,332	\$ 63,350,032	\$ 21,733,300
Changes Recognized for the Measurement Period:			
• Service Cost	2,057,205	-	2,057,205
• Interest on the Total Pension Liability	5,944,295	-	5,944,295
• Changes of Benefit Terms	-	-	-
• Changes of Assumptions	(782,124)	-	(782,124)
• Differences between Expected and Actual Experience	(732,035)	-	(732,035)
• Plan to Plan Resource Movement	-	(159)	159
• Contributions – Employer	-	2,237,131	(2,237,131)
• Contributions – Employees	-	926,703	(926,703)
• Net Investment Income	-	5,343,289	(5,343,289)
• Benefit Payments, including Refunds of Employee Contributions	(2,921,541)	(2,921,541)	-
• Administrative Expense	-	(98,717)	98,717
• Other Miscellaneous Income	-	(187,465)	187,465
Net changes during 2017-18	\$3,565,800	\$5,299,241	\$(1,733,441)
Balance at: 06/30/2018	\$88,649,132	\$68,649,273	\$19,999,859

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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(19) Defined Benefit Pension Plan, (continued)

B. Net Pension Liability, (continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$32,037,235	\$19,999,859	\$10,025,315

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining services lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The EARSL for the Plan for the measurement period ending June 30, 2018 is 4.0 years, which was obtained by dividing the total service years of 1,428 (the sum of remaining service lifetimes of the active employees) by 358 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

(19) Defined Benefit Pension Plan, (continued)

C. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For fiscal year ended June 30, 2019, the City recognized pension expense of \$3,044,936.

The following table presents the deferred outflows and deferred inflows of resources related to pensions as of June 30, 2019.

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,275,708	\$ (617,804)
Difference between expected and actual experience	2,377	(1,004,399)
Contributions made after the measurement date	2,401,838	-
Net difference between projected and actual earnings on pension plan investments	108,128	-
Total	\$ 4,788,051	\$ (1,622,203)

The City reported \$2,401,838 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Miscellaneous Plan	
Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2019	\$1,332,669
2020	602,450
2021	(1,003,402)
2022	(167,707)
2023	-
Thereafter	-

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(20) Notes Receivable

On April 22, 2016, the City of Mission Viejo entered into an agreement to loan Santa Margarita Water District (SMWD) \$3,000,000 for the design and construction of an Advanced Purified Water Treatment Facility for the benefit of The Lake Mission Viejo Association, which is comprised solely of residents of the City of Mission Viejo. The loan was made with the assets held in the Section 115 pension trust fund. The loan will be repaid by Santa Margarita Water District to the pension trust fund at an interest rate of 2.5% over a period of 20 years commencing October 1, 2016. All assets in the pension trust fund are restricted for the benefit of members and beneficiaries of the City's pension plan. The balance of the loan at June 30, 2019 was \$2,616,996.

(21) Other Post Employment Benefits (OPEB)

A. General Information about the OPEB Plan

Plan Description

The City Retiree Insurances Program (RIP) is a sole employer defined benefit post-employment benefits plan that provides eligible retired City employees and their spouses a monthly contribution towards medical, dental and vision insurance premium costs up to a fixed dollar cap that varies based on coverage election and full or part-time employment status. Benefit provisions are established and may be amended by the City Council. The RIP was originally adopted by the City Council in July 2000. The City of Mission Viejo is participating in the California Employer's Retiree Benefit Trust Program (CERBT) Prefunding Plan for the purposes of holding in trust irrevocable contributions restricted for the provision of these benefits. CERBT is administered by the California Public Employees Retirement System (CalPERS). Copies of CalPERS annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

Eligibility

Employees of the City are eligible for retiree health benefits if they (1) have been employed by the City for a minimum of twelve continuous years of service, (2) were eligible to participate in the City's Fixed Monthly City Contribution to Benefits program prior to January 1, 2007, (3) are at least fifty years of age as of the last day of work prior to retirement, (4) are a vested member of CalPERS, (5) simultaneously retire from both the City and CalPERS on the same day, (6) receive a monthly retirement allowance check from CalPERS, and (7) have been enrolled in the insurance plan(s) at the desired benefit plan enrollment level for at least one year prior to retirement. The current maximum monthly contribution amounts for full-time employees are \$825 for employee only coverage and \$912 for employee plus one coverage.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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(21) Other Post Employment Benefits (OPEB), (continued)

A. General Information about the OPEB Plan, (continued)

Employees Covered

As of the June 30, 2018 measurement date, the following current and former employees were covered by the benefit terms under the RIP plan:

Inactive employee or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	-
Active plan members	158
	210
	210

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. Employees are not required to contribute to the plan. The plan is currently overfunded, with assets in excess of the total OPEB liability by \$1.0 million. While the plan maintains excess assets, this City does not plan to make contributions to the plan. There were no cash contributions during fiscal year ended June 30, 2019.

B. Net OPEB Asset

Actuarial Methods and Assumptions Used to Determine Total OPEB Asset

The City’s net OPEB asset was measured as of June 30, 2018 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB asset, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 75
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	7.00%
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	4%

Note:

<sup>(1)</sup> Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(21) Other Post Employment Benefits (OPEB), (continued)

B. Net OPEB Asset, (continued)

### Actuarial Methods and Assumptions Used to Determine Total OPEB Asset, (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	STRATEGY 1	
	% of Portfolio	Assumed Gross Return
US Large Cap	43.0%	7.795%
US Small Cap	23.0%	7.795%
Long-Term Corporate Bonds	12.0%	5.295%
Long-Term Government Bonds	6.0%	4.500%
Treasury Inflation Protected Securities	5.0%	7.795%
US Real Estate	8.0%	7.795%
All Commodities	3.0%	7.795%
Total	<u>100.0%</u>	

### Discount Rate

The discount rate used to measure the total OPEB asset was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

(21) Other Post Employment Benefits (OPEB), (continued)

B. Net OPEB Asset, (continued)

Change in the OPEB Asset

The changes in the net OPEB asset are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date June 30, 2017)	\$8,912,378	\$9,774,125	\$ (861,747)
Changes recognized for the measurement period:			
Service cost	136,041	-	136,041
Interest on total OPEB liability	614,138	-	614,138
Contributions - employer	-	170,250	(170,250)
Expected investment income	-	675,022	(675,022)
Net investment income	-	102,004	(102,004)
Benefit payments	(427,689)	(427,689)	-
Actual minus expected benefit payments	13,681	13,681	-
Administrative expense	-	(18,135)	18,135
Net Changes	336,171	515,133	(178,962)
Balance at June 30, 2018 (Measurement Date June 30, 2018)	\$9,248,549	\$10,289,258	\$ (1,040,709)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$(42,497)	\$(1,040,709)	\$(1,888,404)



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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(21) Other Post Employment Benefits (OPEB), (continued)

B. Net OPEB Asset, (continued)

### Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB asset of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	\$(1,834,838)	\$(1,040,709)	\$(154,589)

### OPEB Plan Fiduciary Net Position

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94429-2703.

### Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB asset and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years straight-line amortization
Experience gains and losses	10 years straight-line amortization

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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(21) Other Post Employment Benefits (OPEB), (continued)

C. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$60,579. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$12,312	\$ -
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>(81,603)</u>
Total	<u><u>\$12,312</u></u>	<u><u>\$(81,603)</u></u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

OPEB Plan	
Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2019	\$(19,032)
2020	(19,032)
2021	(19,032)
2022	(19,031)
2023	1,369
Thereafter	5,467

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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### (22) Supplemental Health Account for Retired Employees

The Supplemental Health Account for Retired Employees (SHARE) plan is a defined contribution post-employment benefits plan established by the City Council. This plan is intended to assist employee's first eligible for City health benefits on or after January 1, 2007, in saving for postemployment health insurance costs. Employer and employee contributions to the plan begin one year after the employee's hire date. The City's monthly contribution is \$100 for full-time employees and is prorated based on full-time equivalency. Employees are required to contribute 1.5% of their salary to this plan. The contributions made by employees are not forfeitable. To receive the City's contributions, employees must separate or retire from the City, have 15 years of service, and attain age 55. As of June 30, 2019, 78 employees were eligible to participate in this plan. Required employer contributions were made during the year in the amount of \$88,148 and required employee contributions totaled \$73,314. At June 30, 2019, there were no retirees eligible to receive the City's contributions under this plan.

The City has placed these assets in a trust held for the exclusive benefit of plan participants and their beneficiaries, as prescribed by Internal Revenue Code Section 401(a). Consequently, these assets are not included in the City's financial statements.

### (23) Subsequent Event

On November 8, 2019, the City closed escrow on the purchase of the Casta Del Sol public golf property for the purpose of preserving the golf course and open space. Total purchase price was \$13.0 million and was paid with \$11.0 million of General Fund unrestricted fund balance resources, \$1.0 million of Park Development Fees and a loan from the pension Section 115 Trust (Trust). A loan agreement was executed on October 22, 2019 between the City and the Trust Board for \$1.0 million, at 2.5% annual interest for a 20-year loan period.



MISSION VIEJO

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**REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF MISSION VIEJO

## Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Years\*

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 2,057,205	\$ 2,034,934	\$ 1,906,461	\$ 1,891,776	\$ 2,063,288
Interest	5,944,295	5,695,055	5,419,496	5,062,617	4,692,063
Changes of Benefit Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	(732,035)	(914,327)	(96,499)	97,537	-
Changes of Assumptions	(782,124)	4,804,274	-	(1,279,571)	-
Contributions	(2,921,541)	(2,560,608)	(2,383,616)	(2,016,686)	(1,724,113)
<b>Net Change in Total Pension Liability</b>	<b>3,565,800</b>	<b>9,059,328</b>	<b>4,845,842</b>	<b>3,755,673</b>	<b>5,031,238</b>
<b>Total Pension Liability - Beginning</b>	<b>85,083,332</b>	<b>76,024,004</b>	<b>71,178,162</b>	<b>67,422,489</b>	<b>62,391,251</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 88,649,132</b>	<b>\$ 85,083,332</b>	<b>\$ 76,024,004</b>	<b>\$ 71,178,162</b>	<b>\$ 67,422,489</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 2,237,131	\$ 2,241,112	\$ 1,903,477	\$ 3,419,577	\$ 1,817,494
Contributions - Employee Paid Member Contributions	-	-	-	-	231,856
Contributions - Employee	926,703	875,578	849,550	844,477	603,514
Net Investment Income	5,343,289	6,319,062	321,400	1,182,775	7,701,208
Benefit Payments, Including Refunds of Employee Contributions	(2,921,541)	(2,560,608)	(2,383,616)	(2,016,686)	(1,724,113)
Net plan to plan resource movement	(159)	-	-	-	-
Administrative Expense	(98,717)	(83,505)	(34,069)	(62,955)	-
Other miscellaneous income/(expense)	(187,465)	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>5,299,241</b>	<b>6,791,639</b>	<b>656,742</b>	<b>3,367,188</b>	<b>8,629,959</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>63,350,032</b>	<b>56,558,393</b>	<b>55,901,651</b>	<b>52,534,463</b>	<b>43,904,504</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 68,649,273</b>	<b>\$ 63,350,032</b>	<b>\$ 56,558,393</b>	<b>\$ 55,901,651</b>	<b>\$ 52,534,463</b>
<b>Plan Net Position Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 19,999,859</b>	<b>\$ 21,733,300</b>	<b>\$ 19,465,611</b>	<b>\$ 15,276,511</b>	<b>\$ 14,888,026</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>77.44%</b>	<b>74.46%</b>	<b>74.40%</b>	<b>78.54%</b>	<b>77.92%</b>
<b>Covered Payroll</b>	<b>10,903,806</b>	<b>10,659,487</b>	<b>10,308,528</b>	<b>10,338,178</b>	<b>\$ 10,114,661</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>183.42%</b>	<b>203.89%</b>	<b>188.83%</b>	<b>147.77%</b>	<b>147.19%</b>

### Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefits changes: The figures do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptios December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

# CITY OF MISSION VIEJO

## Required Supplementary Information Schedule of Pension Plan Contributions Last 10 Years\*

	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially Determined Contribution	\$ 2,401,838	\$ 2,237,110	\$ 2,154,078	\$ 1,909,220	\$ 1,817,494
Contributions in Relation to the Actuarially Determined Contribution	(2,401,838)	(2,237,110)	(2,154,078)	(1,909,220)	(3,317,494)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (1,500,000)
Covered Payroll	\$ 11,453,278	\$ 10,903,806	\$ 10,659,487	\$ 10,308,528	\$ 10,338,178
Contributions as a Percentage of Covered Payroll	20.97%	20.52%	20.21%	18.52%	32.09%

\* Fiscal year 2018-19 is the 5th year of implementation, therefore, only five years are shown.

### Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2016 funding valuation report.

Actuarial Cost Method                      Entry Age Normal  
Amortization Method/Period              For details, see June 30, 2016 Funding Valuation Report.  
Asset Valuation Method                      Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report.

Inflation    2.75%  
Salary Increases                                  Varies by Entry Age and Service  
Payroll Growth                                      3.00%  
Investment Rate of Return                      7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.

Retirement Age                                  The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality    The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Other Information:  
For changes to previous year's information, refer to past GASB 68 reports.

# CITY OF MISSION VIEJO

## Required Supplementary Information Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios Last 10 Years\*

Measurement Period	2017-18	2016-17
<b>TOTAL OPEB LIABILITY/(ASSET)</b>		
Service Cost	\$ 136,041	\$ 132,400
Interest	614,138	594,854
Benefit Payments	(427,689)	(496,836)
Actual minus expected benefit payments	13,681	-
Net Change in Total OPEB Liability/(Asset)	336,171	230,418
Total OPEB Liability/(Asset) - Beginning	8,912,378	8,681,960
Total OPEB Liability/(Asset) - Ending (a)	<u>\$ 9,248,549</u>	<u>\$ 8,912,378</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - Employer	\$ 170,250	\$ 347,000
Net Investment Income	102,004	946,200
Expected investment income	675,022	-
Benefit Payments, Including Refunds of Employee Contributions	(427,689)	(496,836)
Actual minus expected benefit payments	13,681	-
Administrative Expense	(18,135)	(4,804)
Net Change in Fiduciary Net Position	515,133	791,560
Plan Fiduciary Net Position - Beginning	9,774,125	8,982,565
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,289,258</u>	<u>\$ 9,774,125</u>
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ (1,040,709)</u>	<u>\$ (861,747)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	111.25%	109.67%
Covered Employee Payroll	10,903,806	10,659,487
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	-9.54%	-8.08%

Notes to Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios:

None

\* Fiscal Year 2018 is the 2nd year of implementation, therefore, only two years are shown.



# CITY OF MISSION VIEJO

## Required Supplementary Information Schedule of OPEB Contributions Last 10 Years\*

	Fiscal Year 2018-19	Fiscal Year 2017-18
Actuarially Determined Contribution	\$ -	\$ 227,000
Contributions in Relation to the Actuarially Determined Contribution	-	(170,250)
Contribution Deficiency (Excess)	\$ -	\$ 56,750
Covered Employee Payroll	\$ 11,453,278	\$ 10,903,806
Contributions as a Percentage of Covered Employee Payroll	0.00%	1.56%

\* Fiscal year 2018-19 was the 2nd year of implementation, therefore, only two years are shown.

### Notes to Schedule:

The actuarial methods and assumptions used to set contributions for Fiscal Year 2018-19 were from the June 30, 2017 actuarial valuation.

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.75%
Payroll Growth	2.75% per annum, in aggregate
Investment Rate of Return	7.00%
Healthcare cost-trend rates	4.00%
Retirement Age	Tier 1 employees - 2.7%@55; Tier 2 employees - 2.0%@60. The probabilities of retirement are based on the 2009 CalPERS Experience Study that are appropriate for each pool.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF MISSION VIEJO**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 51,660,900	\$ 51,970,900	\$ 55,147,662	\$ 3,176,762
Licenses and permits	1,760,980	1,760,980	1,816,832	55,852
Intergovernmental	310,800	630,650	676,213	45,563
Charges for services	3,148,010	3,133,481	3,335,276	201,795
Investment earnings	321,000	400,000	950,430	550,430
Fines and forfeitures	449,000	657,000	547,470	(109,530)
Other	490,396	542,394	811,175	268,781
<b>Total revenues</b>	<b>58,141,086</b>	<b>59,095,405</b>	<b>63,285,058</b>	<b>4,189,653</b>
<b>EXPENDITURES</b>				
General Government-Legislative	1,134,175	1,398,354	1,386,243	12,111
General Government-Mgmt and Support	7,965,886	8,440,726	7,657,793	782,933
Public Safety	21,006,373	21,369,198	20,975,826	393,372
Community Development	2,745,521	3,195,898	2,762,297	433,601
Engineering & Transportation	2,212,861	2,207,908	2,157,021	50,887
Infrastructure Maintenance	16,179,226	17,306,811	17,221,009	85,802
Recreation/Community/Library Services	5,402,530	5,559,262	5,479,131	80,131
Debt Service				
Principal	-	84,000	84,000	-
Interest	-	5,684	5,684	-
Capital Outlay				
Safety Lighting LED Conversion	-	50,000	-	50,000
Cordova Park Lighting Renovation	-	130,541	130,541	-
Lakeside Park/Oso Creek Trail	-	75,248	75,248	-
Christopher Park Playground Renovation	632,000	532,000	43,790	488,210
Marty Russo Park ADA Ramp Imp	-	20,000	5,250	14,750
<b>Total expenditures</b>	<b>57,278,572</b>	<b>60,375,630</b>	<b>57,983,833</b>	<b>2,391,797</b>
Excess (deficiency) of revenues over (under) expenditures	862,514	(1,280,225)	5,301,225	6,581,450
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,053,294	1,053,294	1,054,111	817
Transfers out	(1,937,787)	(1,937,787)	(1,936,320)	1,467
Proceeds of capital lease	-	420,000	420,000	-
Sale of City property	-	-	23,725	23,725
<b>Total other financing sources (uses)</b>	<b>(884,493)</b>	<b>(464,493)</b>	<b>(438,484)</b>	<b>26,009</b>
Net change in fund balances	(21,979)	(1,744,718)	4,862,741	6,607,459
Fund balances - beginning	29,679,352	29,679,352	29,679,352	-
Fund balances - ending	<u>\$ 29,657,373</u>	<u>\$ 27,934,634</u>	<u>\$ 34,542,093</u>	<u>\$ 6,607,459</u>

See notes to required supplementary information.

**CITY OF MISSION VIEJO**

**Grants Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 532,416	\$ 1,099,516	\$ 519,621	\$ (579,895)
Investment earnings	-	-	2,845	2,845
<b>Total revenues</b>	<b>532,416</b>	<b>1,099,516</b>	<b>522,466</b>	<b>(577,050)</b>
<b>EXPENDITURES</b>				
General Government-Mgmt and Support	3,311	5,111	4,271	840
Public Safety	-	6,000	4,464	1,536
Community Development	391,909	390,109	260,973	129,136
Engineering & Transportation	-	250,000	-	250,000
Recreation/Community/Library Services	119,000	119,000	71,878	47,122
Capital Outlay				
Citywide Countdown Ped Signals	-	204,300	29,456	174,844
Trash & Runoff Abatement Project	-	50,000	50,000	-
Marty Russo Park ADA Ramp Imp	-	198,608	-	198,608
Residential Resurfacing	-	286	-	286
<b>Total expenditures</b>	<b>514,220</b>	<b>1,223,414</b>	<b>421,042</b>	<b>802,372</b>
Excess (deficiency) of revenues over (under) expenditures	18,196	(123,898)	101,424	225,322
Net change in fund balances	18,196	(123,898)	101,424	225,322
Fund balances - beginning	88,137	88,137	88,137	-
Fund balances (deficits) - ending	\$ 106,333	\$ (35,761)	\$ 189,561	\$ 225,322

See notes to required supplementary information.

**CITY OF MISSION VIEJO**

**Mission Viejo Housing Authority Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 7,675	\$ 7,675	\$ 9,286	\$ 1,611
<b>Total revenues</b>	<u>7,675</u>	<u>7,675</u>	<u>9,286</u>	<u>1,611</u>
<b>EXPENDITURES</b>				
Community Development	57,500	57,500	42,675	14,825
<b>Total expenditures</b>	<u>57,500</u>	<u>57,500</u>	<u>42,675</u>	<u>14,825</u>
Excess (deficiency) of revenues over (under) expenditures	(49,825)	(49,825)	(33,389)	16,436
Net change in fund balances	(49,825)	(49,825)	(33,389)	16,436
Fund balances - beginning	5,352,615	5,352,615	5,352,615	-
Fund balances - ending	<u>\$ 5,302,790</u>	<u>\$ 5,302,790</u>	<u>\$ 5,319,226</u>	<u>\$ 16,436</u>

See notes to required supplementary information.

# CITY OF MISSION VIEJO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2019

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### (1) Budgetary Policy and Control

#### General Budget Policies

The City Council adopts a biennial budget for all funds of the primary government prior to the beginning of each biennium, which begins on July 1 of each odd-numbered year. Annual budgets are adopted for the Community Development Financing Authority and the Mission Viejo Housing Authority. Public discussions are conducted prior to the budget's adoption by the Council. Annual appropriations are approved by the Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end. The City Council has the legal authority to amend the budget at any time during the fiscal year. For the operating budget, the City Manager has the authority to transfer appropriations between accounts (without dollar limitation) within the same fund as long as the transfers are within the same program area. For the capital improvement program, the City Manager has the authority to transfer up to \$30,000 in appropriations between capital projects within the same fund as long as the transfers are within the responsibility of the same department. All other appropriation changes require City Council approval. The total additional appropriations for all funds for fiscal year ended June 30, 2019 were \$19,356,417. This amount includes \$17,326,400 carried over from the previous fiscal year. Of the carryover, \$15.1 million was for capital improvement projects and \$2.2 million was for the operating budget. Total General Fund carryovers were \$1.8 million. During the course of the fiscal year, an additional \$2.0 million was appropriated across all funds, including an increase of \$1.3 million to the General Fund budget.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the primary government's operating budget is the program area within each fund and for the capital improvement budget each individual capital improvement project within each fund.

For the Community Development Financing Authority and the Mission Viejo Housing Authority budgets, the level of budgetary control is the fund.

#### Continuing Appropriations

Unexpended and unencumbered appropriations that are available and recommended for continuation to the following fiscal year are approved by the City Council for carryover. These commitments are reported as restricted in funds other than the General Fund and as unassigned fund balance in the General Fund.

## CITY OF MISSION VIEJO

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2019

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#### (2) Capital Assets – Modified Approach for Infrastructure

The City has elected to use the modified approach to report a certain subsystem of its street infrastructure network.

Under the modified approach, infrastructure assets that are part of a network or subsystem of a network are not required to be depreciated as long as two requirements are met. First, the government manages the eligible infrastructure assets using an asset management system that has the following characteristics:

- Has an up-to-date inventory of eligible infrastructure assets.
- Performs condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimates each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

Second, the government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government. If eligible infrastructure assets meet all requirements and are not depreciated, all expenditures made for those assets (except for additions and improvements) are expensed in the period incurred. Additions and improvements to eligible infrastructure assets are capitalized. Additions or improvements increase the capacity or efficiency of infrastructure assets rather than preserve the useful life of the assets.

#### Streets

In 2011, the Orange County Transportation Authority (OCTA) established a new countywide Pavement Condition Index (PCI) that all Orange County jurisdictions must utilize in assessing the pavement conditions of its streets. Streets are classified into two functional classifications: Arterial and Local/Residential. For each street, the pavement management program catalogs roadway information such as pavement condition, recommended treatments to each pavement section, a recommended year to perform the treatment, and estimated costs for the treatment. Pavement management work generally includes two types of treatments: preventive maintenance (such as street slurry) and rehabilitation (which includes overlays and reconstruction).

# CITY OF MISSION VIEJO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2019

(2) Capital Assets – Modified Approach for Infrastructure, (continued)

A Pavement Condition Index (PCI) is calculated for each segment, to reflect the roadway segment’s overall pavement condition. The PCI is a rating mechanism used to describe the condition of the City’s pavement. Ranging between “0” and “100,” a PCI of “0” would correspond to a badly deteriorated pavement with virtually no remaining life, while a PCI of “100” would correspond to the pavement representative of a new street.

The table below identifies the PCI ranges established for the City of Mission Viejo, and the corresponding descriptive condition summary for each range:

City of Mission Viejo PCI Index	
PCI Range	Condition
86-100	Very Good
75-85	Good
60-74	Fair
41-59	Poor
0-40	Very Poor

According to the PCI system, a “Very Good” or “Good” road condition is defined as having “no distress to low severity weathering, requiring no treatment or low severity weathering with linear cracking requiring a treatment such as slurry seal” whereas a “Fair” condition is exemplified by “low to moderate severity weathering with moderate cracking, requiring a thin overlay or patch and surface seal.”

It is the City Council’s policy to maintain City streets at a "Good" to "Very Good" level for each of the street categories as specified in the City's Pavement Management Program.

Condition Levels:	2014 Study	2016 Study	2018 Study
Arterials (MPAH)	Very Good	Good	Good
Local/Residential	Very Good	Very Good	Very Good

The August 2018 study indicated that the current citywide weighted average Pavement Condition Index (PCI) is 86, which shows a slight decrease of two PCI points since the last update in 2016. Overall, 86.3% (by area) of the City’s road network is in the “Very Good” and “Good” condition categories, approximately 12.6% of the streets are in the “Fair” category and 1.0% in the “Poor” category. The City has 0.1% of the streets in the “Very Poor” category.

# CITY OF MISSION VIEJO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2019

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(2) Capital Assets – Modified Approach for Infrastructure, (continued)

Streets, (continued)

To continue to maintain the pavement integrity of this subsystem, the Pavement Management System recommends preventive and repair treatments on applicable roadway segments for a seven-year period. Following are the annual maintenance costs, estimated by the Pavement Management System, required to maintain and preserve the City's streets at a PCI of 75 or above, along with the actual maintenance amounts expensed for the past five fiscal years.

Comparison of Needed to Actual Maintenance/Preservation

<u>Overall System:</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Needed	\$ 7,060,000	\$ 3,820,000	\$5,100,000	\$3,000,000	\$4,700,000
Actual	<u>6,210,904</u>	<u>4,795,423</u>	<u>2,843,718</u>	<u>4,825,157</u>	<u>3,896,582</u>
Difference	<u>\$ (849,096)</u>	<u>\$ (975,423)</u>	<u>\$(2,256,282)</u>	<u>\$1,825,157</u>	<u>\$ (803,418)</u>





## **SUPPLEMENTARY SCHEDULES**

**CITY OF MISSION VIEJO**

**General Fund  
Combining Balance Sheet  
June 30, 2019**

	General Fund	Section 115 Trust	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 33,444,164	\$ -	\$ 33,444,164
Accounts receivable	270,321	-	270,321
Taxes receivable	4,323,399	-	4,323,399
Loans receivable	11,480	-	11,480
Interfund note receivable	2,125,000	-	2,125,000
Notes receivable	-	2,616,996	2,616,996
Interest receivable	208,406	-	208,406
Prepaid items	21,451	-	21,451
Deposits	430	-	430
Intergovernmental receivable	114,348	-	114,348
Interfund receivables	2,045,041	-	2,045,041
Intergovernmental receivable-Successor Agency	4,141	-	4,141
Due from developers	4,212,272	-	4,212,272
Restricted assets:			
Cash and investment for pensions	-	767,468	767,468
<b>Total assets</b>	<b>\$ 46,780,453</b>	<b>\$ 3,384,464</b>	<b>\$ 50,164,917</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,314,060	\$ -	\$ 3,314,060
Accrued payroll	653,709	-	653,709
Unearned revenues	163,079	-	163,079
Deposits payable	1,724,327	-	1,724,327
Intergovernmental payable	3,761	-	3,761
Interfund payable	-	-	-
Other liabilities	42,154	-	42,154
Retainage payable	-	-	-
<b>Total liabilities</b>	<b>5,901,090</b>	<b>-</b>	<b>5,901,090</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	6,337,270	-	6,337,270
<b>Total deferred inflow of resources</b>	<b>6,337,270</b>	<b>-</b>	<b>6,337,270</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>12,238,360</b>	<b>-</b>	<b>12,238,360</b>
<b>FUND BALANCES</b>			
Nonspendable	33,361	-	33,361
Restricted	184,246	3,384,464	3,568,710
Assigned	6,100,000	-	6,100,000
Unassigned	28,224,486	-	28,224,486
<b>Total fund balances</b>	<b>34,542,093</b>	<b>3,384,464</b>	<b>37,926,557</b>
<b>Total liabilities, deferred inflows or resources and fund balances</b>	<b>\$ 46,780,453</b>	<b>\$ 3,384,464</b>	<b>\$ 50,164,917</b>

**CITY OF MISSION VIEJO**

**General Fund**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2019**

	General Fund	Section 115 Trust	Elimination Column	Total General Fund
<b>REVENUES</b>				
Taxes	\$ 55,147,662	\$ -	\$ -	\$ 55,147,662
Licenses and permits	1,816,832	-	-	1,816,832
Intergovernmental	676,213	-	-	676,213
Charges for services	3,335,276	-	-	3,335,276
Investment earnings	950,430	71,796	-	1,022,226
Fines and forfeitures	547,470	-	-	547,470
Other	811,175	221,000	(221,000)	811,175
<b>Total revenues</b>	<b>63,285,058</b>	<b>292,796</b>	<b>(221,000)</b>	<b>63,356,854</b>
<b>EXPENDITURES</b>				
General Government-Legislative	1,386,243	-	(10,241)	1,376,002
General Government-Mgmt and Support	7,657,793	35	(48,487)	7,609,341
Public Safety	20,975,826	-	(2,851)	20,972,975
Community Development	2,762,297	-	(16,288)	2,746,009
Engineering & Transportation	2,157,021	-	(22,254)	2,134,767
Infrastructure Maintenance	17,221,009	-	(29,813)	17,191,196
Recreation/Community/Library Services	5,479,131	-	(35,671)	5,443,460
Debt Service				
Principal	84,000	-	-	84,000
Interest	5,684	-	-	5,684
Capital Outlay	254,829	-	-	254,829
<b>Total expenditures</b>	<b>57,983,833</b>	<b>35</b>	<b>(165,605)</b>	<b>57,818,263</b>
Excess (deficiency) of revenues over (under) expenditures	5,301,225	292,761	(55,395)	5,538,591
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,054,111	-	55,395	1,109,506
Transfers out	(1,936,320)	-	-	(1,936,320)
Proceeds of capital lease	420,000	-	-	420,000
Sale of City property	23,725	-	-	23,725
<b>Total other financing sources (uses)</b>	<b>(438,484)</b>	<b>-</b>	<b>55,395</b>	<b>(383,089)</b>
Net change in fund balances	4,862,741	292,761	-	5,155,502
Fund balances - beginning	29,679,352	3,091,703	-	32,771,055
Fund balances - ending	<b>\$ 34,542,093</b>	<b>\$ 3,384,464</b>	<b>\$ -</b>	<b>\$ 37,926,557</b>

**CITY OF MISSION VIEJO**

**Nonmajor Governmental Funds  
Combining Governmental Balance Sheet  
Summary by Fund Type  
June 30, 2019**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 3,761,094	\$ 7,525	\$ 812,962	\$ 4,581,581
Taxes receivable	57,247	-	242,983	300,230
Interfund receivable	106,718	-	-	106,718
Intergovernmental receivable	1,105,917	-	1,014,921	2,120,838
Cash and investments with fiscal agents	-	3,066,461	-	3,066,461
<b>Total assets</b>	<b>\$ 5,030,976</b>	<b>\$ 3,073,986</b>	<b>\$ 2,070,866</b>	<b>\$ 10,175,828</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,435,680	\$ -	\$ -	\$ 1,435,680
Accrued payroll	122,815	-	2,183	124,998
Deposits payable	1,025	-	-	1,025
Intergovernmental payable	2,016	-	-	2,016
Interfund payable	640,325	-	1,086,253	1,726,578
Retainage payable	87,748	-	47,978	135,726
<b>Total liabilities</b>	<b>2,289,609</b>	<b>-</b>	<b>1,136,414</b>	<b>3,426,023</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	639,671	-	1,014,921	1,654,592
<b>Total deferred inflow of resources</b>	<b>639,671</b>	<b>-</b>	<b>1,014,921</b>	<b>1,654,592</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>2,929,280</b>	<b>-</b>	<b>2,151,335</b>	<b>5,080,615</b>
<b>FUND BALANCES (deficits)</b>				
Restricted for:				
Community development	2,487	-	-	2,487
Library services	853,994	-	-	853,994
Public safety	72,896	-	-	72,896
Public works	1,812,983	-	-	1,812,983
Debt service	-	3,073,986	-	3,073,986
Unassigned	(640,664)	-	(80,469)	(721,133)
<b>Total fund balances (deficits)</b>	<b>2,101,696</b>	<b>3,073,986</b>	<b>(80,469)</b>	<b>5,095,213</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,030,976</b>	<b>\$ 3,073,986</b>	<b>\$ 2,070,866</b>	<b>\$ 10,175,828</b>

# CITY OF MISSION VIEJO

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances Summary by Fund Type For the Year Ended June 30, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,703,385	\$ 1,417,029	\$ -	\$ 4,120,414
Intergovernmental	4,592,724	1,225,466	2,145,403	7,963,593
Charges for services	224,291	-	-	224,291
Investment earnings	65,949	67,181	18,841	151,971
Fines and forfeitures	38,937	-	-	38,937
Other	187,930	-	158,260	346,190
<b>Total revenues</b>	<b>7,813,216</b>	<b>2,709,676</b>	<b>2,322,504</b>	<b>12,845,396</b>
<b>EXPENDITURES</b>				
General Government-Mgmt and Support	227,045	-	-	227,045
Public Safety	150,000	-	-	150,000
Community Development	39,127	-	-	39,127
Engineering & Transportation	513,813	-	-	513,813
Infrastructure Maintenance	437,659	-	30,000	467,659
Recreation/Community/Library Services	2,963,032	-	-	2,963,032
Capital Outlay	3,801,374	-	2,240,134	6,041,508
Debt Service				
Principal retirement	-	4,055,000	-	4,055,000
Interest	-	737,335	-	737,335
Administrative charges	-	146,336	-	146,336
<b>Total expenditures</b>	<b>8,132,050</b>	<b>4,938,671</b>	<b>2,270,134</b>	<b>15,340,855</b>
Excess (deficiency) of revenues over (under) expenditures	(318,834)	(2,228,995)	52,370	(2,495,459)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	193,599	2,550,562	-	2,744,161
Transfers out	(29,206)	(2,471,140)	-	(2,500,346)
<b>Total other financing sources (uses)</b>	<b>164,393</b>	<b>79,422</b>	<b>-</b>	<b>243,815</b>
Net change in fund balances	(154,441)	(2,149,573)	52,370	(2,251,644)
Fund balances (deficits) - beginning	2,256,137	5,223,559	(132,839)	7,346,857
Fund balances (deficits) - ending	<b>\$ 2,101,696</b>	<b>\$ 3,073,986</b>	<b>\$ (80,469)</b>	<b>\$ 5,095,213</b>



MISSION VIEJO

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## CITY OF MISSION VIEJO

### OTHER SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2019

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Special revenue funds are used to account for specific revenues (other than major capital projects) and the related expenditures which are legally required to be accounted for in a separate fund.

The City of Mission Viejo has the following Other Special Revenue Funds:

**GAS TAX** - To account for receipts and expenditures of money apportioned under Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5 of the State of California and the Road Repair and Accountability Act of 2017 (SB1). These funds are earmarked for maintenance, rehabilitation or improvement of public streets.

**LIBRARY OPERATIONS** - This fund is used to account for the receipts and expenditures resulting from Library activities. Library operations are funded primarily by property taxes restricted for Library purposes, originally levied by the County of Orange and transferred to the City effective July 1, 1996.

**LAW ENFORCEMENT GRANTS** - To account for the receipts and expenditures of funds resulting from the Citizen's Option for Public Safety (COPS) program, a state funded program.

**AIR QUALITY** - This fund was established to account for the City's portion of motor vehicle registration fees collected pursuant to AB2766 passed during the 1990 State legislative session. This fee was levied to fund programs to reduce air pollution from mobile sources such as cars, trucks and buses. It also includes funds allocated through a competitive process as a result of this legislation.

**MEASURE M** – Includes funds received by the City from OCTA awarded through competitive allocation, and their related expenditure. Funds are restricted for transportation purposes.

**CERTIFIED ACCESS SPECIALIST PROGRAM (CASp)** – This fund is used to account for fees collected on building permits, which are used to facilitate compliance with construction-related accessibility requirements and for the training and retention of certified access specialists within the local jurisdiction.

**CITY OF MISSION VIEJO**

**Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2019**

	Gas Tax Fund	Library Operations Fund	Law Enforcement Fund
<b>ASSETS</b>			
Cash and investments	\$ 2,355,426	\$ 1,002,742	\$ 85,396
Taxes receivable	-	24,971	-
Interfund receivable	106,718	-	-
Intergovernmental receivable	464,752	1,494	-
<b>Total assets</b>	<u>\$ 2,926,896</u>	<u>\$ 1,029,207</u>	<u>\$ 85,396</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,275,132	\$ 52,577	\$ 12,500
Accrued payroll	1,204	121,611	-
Deposits payable	-	1,025	-
Intergovernmental payable	-	-	-
Interfund payable	-	-	-
Retainage payable	87,748	-	-
<b>Total liabilities</b>	<u>1,364,084</u>	<u>175,213</u>	<u>12,500</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	-
<b>Total deferred inflow of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>1,364,084</u>	<u>175,213</u>	<u>12,500</u>
<b>FUND BALANCES (deficits)</b>			
Restricted for:			
Community development	-	-	-
Library services	-	853,994	-
Public safety	-	-	72,896
Public works	1,562,812	-	-
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<u>1,562,812</u>	<u>853,994</u>	<u>72,896</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,926,896</u>	<u>\$ 1,029,207</u>	<u>\$ 85,396</u>



Air Quality Fund	Measure M Fund	CASp Fund	Total Nonmajor Special Revenue Funds
\$ 313,027	\$ -	\$ 4,503	\$ 3,761,094
32,276	-	-	57,247
-	-	-	106,718
-	639,671	-	1,105,917
<u>\$ 345,303</u>	<u>\$ 639,671</u>	<u>\$ 4,503</u>	<u>\$ 5,030,976</u>
\$ 93,896	\$ 1,575	\$ -	\$ 1,435,680
-	-	-	122,815
-	-	-	1,025
-	-	2,016	2,016
1,236	639,089	-	640,325
-	-	-	87,748
<u>95,132</u>	<u>640,664</u>	<u>2,016</u>	<u>2,289,609</u>
-	639,671	-	639,671
-	639,671	-	639,671
<u>95,132</u>	<u>1,280,335</u>	<u>2,016</u>	<u>2,929,280</u>
-	-	2,487	2,487
-	-	-	853,994
-	-	-	72,896
250,171	-	-	1,812,983
-	(640,664)	-	(640,664)
<u>250,171</u>	<u>(640,664)</u>	<u>2,487</u>	<u>2,101,696</u>
<u>\$ 345,303</u>	<u>\$ 639,671</u>	<u>\$ 4,503</u>	<u>\$ 5,030,976</u>

**CITY OF MISSION VIEJO**

**Nonmajor Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2019**

	Gas Tax Fund	Library Operations Fund	Law Enforcement Grants Fund
<b>REVENUES</b>			
Taxes	\$ -	\$ 2,703,385	\$ -
Intergovernmental	3,731,644	213,634	218,019
Charges for services	-	219,737	-
Investment earnings	42,947	18,027	962
Fines and forfeitures	-	38,937	-
Other	-	144,068	-
<b>Total revenues</b>	<b>3,774,591</b>	<b>3,337,788</b>	<b>218,981</b>
<b>EXPENDITURES</b>			
General Government-Mgmt and Support	1,711	223,994	-
Public Safety	-	-	150,000
Community Development	-	-	-
Engineering & Transportation	439,872	-	-
Infrastructure Maintenance	40,000	397,659	-
Recreation/Community/Library Services	-	2,963,032	-
Capital Outlay	3,039,567	-	-
<b>Total expenditures</b>	<b>3,521,150</b>	<b>3,584,685</b>	<b>150,000</b>
Excess (deficiency) of revenues over (under) expenditures	253,441	(246,897)	68,981
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	193,599	-
Transfers out	-	(29,206)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>164,393</b>	<b>-</b>
Net change in fund balances	253,441	(82,504)	68,981
Fund balances (deficits) - beginning	1,309,371	936,498	3,915
Fund balances (deficits) - ending	<b>\$ 1,562,812</b>	<b>\$ 853,994</b>	<b>\$ 72,896</b>

Air Quality Fund	Measure M Fund	CASp Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 2,703,385
124,501	304,926	-	4,592,724
-	-	4,554	224,291
4,013	-	-	65,949
-	-	-	38,937
-	43,862	-	187,930
<u>128,514</u>	<u>348,788</u>	<u>4,554</u>	<u>7,813,216</u>
1,340	-	-	227,045
-	-	-	150,000
30,440	-	8,687	39,127
73,941	-	-	513,813
-	-	-	437,659
-	-	-	2,963,032
53,315	708,492	-	3,801,374
<u>159,036</u>	<u>708,492</u>	<u>8,687</u>	<u>8,132,050</u>
<u>(30,522)</u>	<u>(359,704)</u>	<u>(4,133)</u>	<u>(318,834)</u>
-	-	-	193,599
-	-	-	(29,206)
-	-	-	164,393
(30,522)	(359,704)	(4,133)	(154,441)
280,693	(280,960)	6,620	2,256,137
<u>\$ 250,171</u>	<u>\$ (640,664)</u>	<u>\$ 2,487</u>	<u>\$ 2,101,696</u>

**CITY OF MISSION VIEJO**

**Gas Tax Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,738,246	\$ 3,574,937	\$ 3,731,644	\$ 156,707
Investment earnings	4,200	4,200	42,947	38,747
<b>Total revenues</b>	<b>3,742,446</b>	<b>3,579,137</b>	<b>3,774,591</b>	<b>195,454</b>
<b>EXPENDITURES</b>				
General government-Mgmt and Support	2,783	2,584	1,711	873
Engineering & Transportation	470,000	552,205	439,872	112,333
Infrastructure Maintenance	40,000	40,000	40,000	-
Capital Outlay				
La Paz RR Bridge Widening	500,000	500,402	-	500,402
Marguerite Signal Sync	-	2,086	-	2,086
Los Alisos Corridor Signal Sync	-	17,370	13,797	3,573
Santa Margarita Pkwy Signal Sync	-	5,440	-	5,440
Oso Pkwy Corridor Signal Sync	-	7,479	1,081	6,398
Jeronimo Signal Sync	-	3,405	-	3,405
Marguerite Corridor Signal Sync	-	101,714	100,294	1,420
El Toro Corridor Signal Sync	-	2,466	1,888	578
Alicia/Marguerite Intersection Imp	-	278,947	249,075	29,872
SM Pkwy/Marguerite Intersection Imp	-	245,275	198,477	46,798
Felipe/Olympiad Signal Sync	-	120,862	106,610	14,252
Los Alisos/SM Pkwy Intersection Imp	189,146	217,230	25,523	191,707
Trash & Runoff Abatement Project	-	120,935	113,724	7,211
Los Alisos Signal Synch	197,186	197,186	37	197,149
Sidewalk Repair Program	20,000	22,055	200	21,855
Arterial Hgwy Resurfacing/Slurry	1,510,000	1,443,385	1,248,521	194,864
Residential Resurfacing/Slurry	1,064,467	989,628	980,340	9,288
<b>Total expenditures</b>	<b>3,993,582</b>	<b>4,870,654</b>	<b>3,521,150</b>	<b>1,349,504</b>
Excess (deficiency) of revenues over (under) expenditures	(251,136)	(1,291,517)	253,441	1,544,958
Net change in fund balances	(251,136)	(1,291,517)	253,441	1,544,958
Fund balances - beginning	1,309,371	1,309,371	1,309,371	-
Fund balances - ending	<b>\$ 1,058,235</b>	<b>\$ 17,854</b>	<b>\$ 1,562,812</b>	<b>\$ 1,544,958</b>

**CITY OF MISSION VIEJO**

**Library Operations Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,664,500	\$ 2,701,700	\$ 2,703,385	\$ 1,685
Intergovernmental	213,000	223,000	213,634	(9,366)
Charges for services	227,000	227,000	219,737	(7,263)
Investment earnings	1,000	1,000	18,027	17,027
Fines and forfeitures	35,000	35,000	38,937	3,937
Other	6,000	21,855	144,068	122,213
<b>Total revenues</b>	<b>3,146,500</b>	<b>3,209,555</b>	<b>3,337,788</b>	<b>128,233</b>
<b>EXPENDITURES</b>				
General Government-Mgmt and Support	160,900	323,933	223,994	99,939
Infrastructure Maintenance	392,810	398,149	397,659	490
Recreation/Community/Library Services	3,085,496	3,097,290	2,963,032	134,258
<b>Total expenditures</b>	<b>3,639,206</b>	<b>3,819,372</b>	<b>3,584,685</b>	<b>234,687</b>
Excess (deficiency) of revenues over (under) expenditures	(492,706)	(609,817)	(246,897)	362,920
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	193,599	193,599	193,599	-
Transfers out	-	(29,206)	(29,206)	-
<b>Total other financing sources (uses)</b>	<b>193,599</b>	<b>164,393</b>	<b>164,393</b>	<b>-</b>
Net change in fund balances	(299,107)	(445,424)	(82,504)	362,920
Fund balances - beginning	936,498	936,498	936,498	-
Fund balances - ending	\$ 637,391	\$ 491,074	\$ 853,994	\$ 362,920

**CITY OF MISSION VIEJO**

**Law Enforcement Grants Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 218,019	\$ 68,019
Investment earnings	-	-	962	962
<b>Total revenues</b>	<b>150,000</b>	<b>150,000</b>	<b>218,981</b>	<b>68,981</b>
<b>EXPENDITURES</b>				
Public Safety	150,000	150,000	150,000	-
<b>Total expenditures</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	68,981	68,981
Net change in fund balances	-	-	68,981	68,981
Fund balances - beginning	3,915	3,915	3,915	-
Fund balances - ending	<b>\$ 3,915</b>	<b>\$ 3,915</b>	<b>\$ 72,896</b>	<b>\$ 68,981</b>

**CITY OF MISSION VIEJO**

**Air Quality Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 124,501	\$ 4,501
Investment earnings	1,000	1,000	4,013	3,013
<b>Total revenues</b>	<b>121,000</b>	<b>121,000</b>	<b>128,514</b>	<b>7,514</b>
<b>EXPENDITURES</b>				
General Government-Mgmt and Support	1,390	1,390	1,340	50
Community Development	45,000	46,455	30,440	16,015
Engineering & Transportation	57,384	73,941	73,941	-
Capital Outlay				
Muirlands Signal Sync	-	30,741	20,010	10,731
Trabuco Road Signal Sync	-	75	-	75
Alicia Parkway Signal Sync	-	154,742	8,862	145,880
Marguerite Corridor Signal Sync	-	24,443	24,443	-
El Toro Corridor Signal Sync	-	43,310	-	43,310
<b>Total expenditures</b>	<b>103,774</b>	<b>375,097</b>	<b>159,036</b>	<b>216,061</b>
Excess (deficiency) of revenues over (under) expenditures	17,226	(254,097)	(30,522)	223,575
Net change in fund balances	17,226	(254,097)	(30,522)	223,575
Fund balances - beginning	280,693	280,693	280,693	-
Fund balances - ending	<b>\$ 297,919</b>	<b>\$ 26,596</b>	<b>\$ 250,171</b>	<b>\$ 223,575</b>

**CITY OF MISSION VIEJO**

**Measure M Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 496,455	\$ 1,755,213	\$ 304,926	\$ (1,450,287)
Other	-	-	43,862	43,862
<b>Total revenues</b>	<b>496,455</b>	<b>1,755,213</b>	<b>348,788</b>	<b>(1,406,425)</b>
<b>EXPENDITURES</b>				
Engineering & Transportation Capital Outlay	496,455	496,455	-	496,455
Marguerite Corridor Traffic Signal Sync	-	493,677	406,450	87,227
Felipe/Olympiad Traffic Signal Sync	-	411,130	302,042	109,088
Project V Transit Shuttle	-	117,846	-	117,846
Project V Transit/Circulators Plan Study	-	1,138	-	1,138
<b>Total expenditures</b>	<b>496,455</b>	<b>1,520,246</b>	<b>708,492</b>	<b>811,754</b>
Excess (deficiency) of revenues over (under) expenditures	-	234,967	(359,704)	(594,671)
Net change in fund balances	-	234,967	(359,704)	(594,671)
Fund balances (deficits) - beginning	(280,960)	(280,960)	(280,960)	-
Fund balances (deficits) - ending	\$ (280,960)	\$ (45,993)	\$ (640,664)	\$ (594,671)



**CITY OF MISSION VIEJO**

**CASp Certification and Training Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 4,554	\$ 4,554
<b>Total revenues</b>	-	-	4,554	4,554
<b>EXPENDITURES</b>				
Community Developmnet	-	8,687	8,687	-
<b>Total expenditures</b>	-	8,687	8,687	-
Excess (deficiency) of revenues over (under) expenditures	-	(8,687)	(4,133)	4,554
Net change in fund balances	-	(8,687)	(4,133)	4,554
Fund balances - beginning	6,620	6,620	6,620	-
Fund balances (deficits) - ending	\$ 6,620	\$ (2,067)	\$ 2,487	\$ 4,554



MISSION VIEJO

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## CITY OF MISSION VIEJO

### OTHER DEBT SERVICE FUNDS YEAR ENDED JUNE 30, 2019

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Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term principal and interest.

The City of Mission Viejo has the following other Debt Service Funds:

**MALL PARKING LEASE** - To accumulate funds in accordance with a lease agreement between the City and the Community Development Financing Authority (CDFA), pursuant to which the City makes annual lease payments to the CDFA limited generally to 50% of annual sales tax revenues generated at the Shops at Mission Viejo for the use of public parking facilities owned by the CDFA at the mall.

**CDFA 1999 MALL BONDS** - To accumulate funds for payment of the CDFA 1999 Series A and B Revenue Bonds. Debt service is financed by property tax increment from the CDA generated by the Shops at Mission Viejo and City lease revenue for the use of public parking facilities at the Shops at Mission Viejo.

**CDFA 2016 LEASE REVENUE REFUNDING BONDS** - To accumulate funds for payment of the CDFA 2016 Lease Revenue Bonds.

**CITY OF MISSION VIEJO**

**Nonmajor Debt Service Funds  
Combining Balance Sheet  
June 30, 2019**

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	Total Nonmajor Debt Service Funds
<b>ASSETS</b>				
Cash and investments	\$ 7,525	\$ -	\$ -	\$ 7,525
Restricted assets:				
Cash and investments with fiscal agents	-	3,066,461	-	3,066,461
<b>Total assets</b>	<u>\$ 7,525</u>	<u>\$ 3,066,461</u>	<u>\$ -</u>	<u>\$ 3,073,986</u>
<b>LIABILITIES</b>				
<b>Total liabilities</b>	-	-	-	-
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	7,525	3,066,461	-	3,073,986
<b>Total fund balances</b>	<u>7,525</u>	<u>3,066,461</u>	<u>-</u>	<u>3,073,986</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,525</u>	<u>\$ 3,066,461</u>	<u>\$ -</u>	<u>\$ 3,073,986</u>

**CITY OF MISSION VIEJO**

**Nonmajor Debt Service Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2019**

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	Total Nonmajor Debt Service Funds
<b>REVENUES</b>				
Taxes	\$ 1,417,029	\$ -	\$ -	\$ 1,417,029
Intergovernmental	-	1,225,466	-	1,225,466
Investment earnings	85	65,977	1,119	67,181
<b>Total revenues</b>	<b>1,417,114</b>	<b>1,291,443</b>	<b>1,119</b>	<b>2,709,676</b>
<b>EXPENDITURES</b>				
Debt Service				
Principal retirement	-	3,275,000	780,000	4,055,000
Interest	-	382,873	354,462	737,335
Administrative charges	-	146,336	-	146,336
<b>Total expenditures</b>	<b>-</b>	<b>3,804,209</b>	<b>1,134,462</b>	<b>4,938,671</b>
Excess (deficiency) of revenues over (under) expenditures	1,417,114	(2,512,766)	(1,133,343)	(2,228,995)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,417,029	1,133,533	2,550,562
Transfers out	(1,417,029)	(1,053,294)	(817)	(2,471,140)
<b>Total other financing sources (uses)</b>	<b>(1,417,029)</b>	<b>363,735</b>	<b>1,132,716</b>	<b>79,422</b>
Net change in fund balances	85	(2,149,031)	(627)	(2,149,573)
Fund balances - beginning	7,440	5,215,492	627	5,223,559
Fund balances - ending	\$ 7,525	\$ 3,066,461	\$ -	\$ 3,073,986

**CITY OF MISSION VIEJO**

**Mall Parking Lease Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,250,000	\$ 1,417,029	\$ 1,417,029	\$ -
Investment earnings	-	-	85	85
<b>Total revenues</b>	<u>1,250,000</u>	<u>1,417,029</u>	<u>1,417,114</u>	<u>85</u>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>1,250,000</u>	<u>1,417,029</u>	<u>1,417,114</u>	<u>85</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,250,000)	(1,417,029)	(1,417,029)	-
<b>Total other financing sources (uses)</b>	<u>(1,250,000)</u>	<u>(1,417,029)</u>	<u>(1,417,029)</u>	<u>-</u>
Net change in fund balances	-	-	85	85
Fund balances - beginning	7,440	7,440	7,440	-
Fund balances - ending	<u>\$ 7,440</u>	<u>\$ 7,440</u>	<u>\$ 7,525</u>	<u>\$ 85</u>

**CITY OF MISSION VIEJO**

**CDFA 1999 Mall Bonds Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,500,000	\$ 1,500,000	\$ 1,225,466	\$ (274,534)
Investment earnings	10,000	10,000	65,977	55,977
<b>Total revenues</b>	<b>1,510,000</b>	<b>1,510,000</b>	<b>1,291,443</b>	<b>(218,557)</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	3,215,000	3,215,000	3,275,000	(60,000)
Interest	469,516	469,516	382,873	86,643
Administrative charges	153,399	153,399	146,336	7,063
<b>Total expenditures</b>	<b>3,837,915</b>	<b>3,837,915</b>	<b>3,804,209</b>	<b>33,706</b>
Excess (deficiency) of revenues over (under) expenditures	(2,327,915)	(2,327,915)	(2,512,766)	(184,851)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,250,000	1,250,000	1,417,029	167,029
Transfers out	(1,053,294)	(1,053,294)	(1,053,294)	-
<b>Total other financing sources (uses)</b>	<b>196,706</b>	<b>196,706</b>	<b>363,735</b>	<b>167,029</b>
Net change in fund balances	(2,131,209)	(2,131,209)	(2,149,031)	(17,822)
Fund balances - beginning	5,215,492	5,215,492	5,215,492	-
Fund balances - ending	<b>\$ 3,084,283</b>	<b>\$ 3,084,283</b>	<b>\$ 3,066,461</b>	<b>\$ (17,822)</b>

**CITY OF MISSION VIEJO**

**CDFA 2016 Lease Revenue Refunding Bonds Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,119	\$ 119
<b>Total revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>1,119</b>	<b>119</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	780,000	780,000	780,000	-
Interest	354,463	354,463	354,462	1
Administrative charges	1,000	1,000	-	1,000
<b>Total expenditures</b>	<b>1,135,463</b>	<b>1,135,463</b>	<b>1,134,462</b>	<b>1,001</b>
Excess (deficiency) of revenues over (under) expenditures	(1,134,463)	(1,134,463)	(1,133,343)	1,120
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,134,463	1,134,463	1,133,533	(930)
Transfers out	-	-	(817)	(817)
<b>Total other financing sources (uses)</b>	<b>1,134,463</b>	<b>1,134,463</b>	<b>1,132,716</b>	<b>(1,747)</b>
Net change in fund balances	-	-	(627)	(627)
Fund balances - beginning	627	627	627	-
Fund balances - ending	\$ 627	\$ 627	\$ -	\$ (627)



## CITY OF MISSION VIEJO

### CAPITAL PROJECTS FUNDS YEAR ENDED JUNE 30, 2019

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Capital projects funds are used to account for the resources accumulated to fund various capital construction projects in the City.

The City has the following major capital projects funds:

**DEVELOPER FEES** - This capital project fund was established to account for receipts and expenditures of developer fees to fund various capital construction projects in the City.

The City has the following non-major capital projects fund:

**CAPITAL PROJECTS** - This capital projects fund is used to account for funds received by the City as a result of the voter-approved ballot measure in 1990 and extended by voter approval in 2006 to increase sales tax by ½ percent in Orange County to fund transportation projects, and includes both Measure M apportionment and funds awarded through competitive allocation. This fund also includes funds received and expended for miscellaneous grants restricted for specific capital improvement projects including future transportation funds for road and bridge projects.

**CITY OF MISSION VIEJO**

**Developer Fees Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 100	\$ 100	\$ 856	\$ 756
Developer fees	-	4,271,919	-	(4,271,919)
<b>Total revenues</b>	<b>100</b>	<b>4,272,019</b>	<b>856</b>	<b>(4,271,163)</b>
<b>EXPENDITURES</b>				
Infrastructure Maintenance	-	24,236	-	24,236
Capital Outlay				
Oso Parkway Widening	-	21,919	21,919	-
Felipe/Oso Intersection Imp	-	3,360,664	28,206	3,332,458
Oso/I-5 NB On Ramp Imp	-	603,402	41,074	562,328
<b>Total expenditures</b>	<b>-</b>	<b>4,010,221</b>	<b>91,199</b>	<b>3,919,022</b>
Excess (deficiency) of revenues over (under) expenditures	100	261,798	(90,343)	(352,141)
Net change in fund balances	100	261,798	(90,343)	(352,141)
Fund balances (deficits) - beginning	(244,577)	(244,577)	(244,577)	-
Fund balances (deficits) - ending	<u>\$ (244,477)</u>	<u>\$ 17,221</u>	<u>\$ (334,920)</u>	<u>\$ (352,141)</u>

**CITY OF MISSION VIEJO**

**Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,665,340	\$ 12,038,530	\$ 2,145,403	\$ (9,893,127)
Investment earnings	-	-	18,841	18,841
Other	-	71,180	158,260	87,080
<b>Total revenues</b>	<b>2,665,340</b>	<b>12,109,710</b>	<b>2,322,504</b>	<b>(9,787,206)</b>
<b>EXPENDITURES</b>				
Infrastructure Maintenance	-	30,000	30,000	-
Capital Outlay				
La Paz RR Bridge Widening	855,661	8,722,328	2,351	8,719,977
Trabuco Rd Signal Synch	-	420	-	420
Alicia/Marguerite Intersection Imp	-	327,343	327,343	-
SM Pkwy/Marguerite Intersection Imp	-	168,002	166,678	1,324
Los Alisos/SM Pkwy Intersection Imp	189,146	189,146	3,807	185,339
Trash & Runoff Abatement Project	-	494,850	466,431	28,419
Los Alisos Signal Synch	100,000	100,000	37	99,963
Sidewalk Repair Program	5,000	5,000	-	5,000
Arterial Hgwy Resurfacing/Slurry	80,000	50,449	4,091	46,358
Residential Resurfacing/Slurry	1,435,533	1,507,931	1,269,396	238,535
<b>Total expenditures</b>	<b>2,665,340</b>	<b>11,595,469</b>	<b>2,270,134</b>	<b>9,325,335</b>
Excess (deficiency) of revenues over (under) expenditures	-	514,241	52,370	(461,871)
Net change in fund balances	-	514,241	52,370	(461,871)
Fund balances (deficits) - beginning	(132,839)	(132,839)	(132,839)	-
Fund balances (deficits) - ending	\$ (132,839)	\$ 381,402	\$ (80,469)	\$ (461,871)



MISSION VIEJO

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**CITY OF MISSION VIEJO**

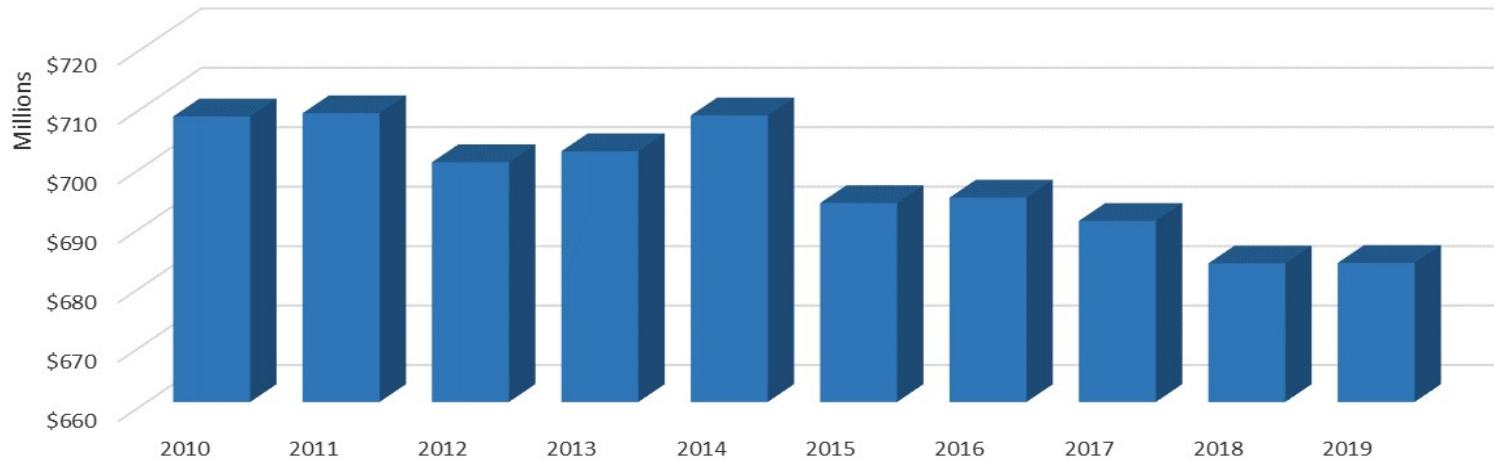
**STATISTICAL TABLES AND OTHER SCHEDULES  
YEAR ENDED JUNE 30, 2019**

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This part of the City of Mission Viejo’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required information says about the City’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends .....	140
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity.....	149
These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax revenues.	
Debt Capacity .....	153
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information .....	157
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information .....	159
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

**CITY OF MISSION VIEJO**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**



	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$ 651,851,636	\$ 644,039,024	\$ 649,203,896	\$ 646,771,844	\$ 643,465,280	\$ 638,065,270	\$ 639,179,582	\$ 639,548,835	\$ 639,309,161	\$ 634,921,382
Restricted	22,790,399	23,261,890	18,405,963	20,610,691	25,646,475	31,261,374	26,061,848	25,041,749	20,909,550	21,937,662
Unrestricted	29,168,881	36,865,274	28,219,048	29,947,637	33,909,082	19,843,910	24,062,008	20,367,268	17,421,479	20,610,321
Total governmental net position	<u>703,810,916</u>	<u>704,166,188</u>	<u>695,828,907</u> <sup>1</sup>	<u>697,330,172</u>	<u>703,020,837</u>	<u>689,170,554</u> <sup>2</sup>	<u>689,303,438</u>	<u>684,957,852</u>	<u>677,640,190</u> <sup>3</sup>	<u>677,469,365</u>
<b>Business-type activities</b>										
Net investment in capital assets	2,358,370	2,231,986	2,185,815	2,161,796	1,854,037	1,997,334	1,961,624	2,749,214	2,779,607	2,589,938
Unrestricted	<u>1,873,521</u>	<u>2,178,529</u>	<u>2,324,417</u>	<u>2,686,422</u>	<u>3,330,497</u>	<u>2,296,870</u>	<u>3,117,861</u>	<u>2,752,807</u>	<u>2,888,252</u>	<u>3,333,070</u>
Total business-type net position	<u>4,231,891</u>	<u>4,410,515</u>	<u>4,510,232</u>	<u>4,848,218</u>	<u>5,184,534</u>	<u>4,294,204</u>	<u>5,079,485</u>	<u>5,502,021</u>	<u>5,667,859</u>	<u>5,923,008</u>
<b>Primary governmental</b>										
Net investment in capital assets	654,210,006	646,271,010	651,389,711	648,933,640	645,319,317	640,062,604	641,141,206	642,298,049	642,088,768	637,511,320
Restricted	22,790,399	23,261,890	18,405,963	20,610,691	25,646,475	31,261,374	26,061,848	25,041,749	20,909,550	21,937,662
Unrestricted	<u>31,042,402</u>	<u>39,043,803</u>	<u>30,543,465</u>	<u>32,634,059</u>	<u>37,239,579</u>	<u>22,140,780</u>	<u>27,179,869</u>	<u>23,120,075</u>	<u>20,309,731</u>	<u>23,943,391</u>
Total primary government net position	<u>708,042,807</u>	<u>708,576,703</u>	<u>700,339,139</u> <sup>1</sup>	<u>702,178,390</u>	<u>708,205,371</u>	<u>693,464,758</u> <sup>2</sup>	<u>694,382,923</u>	<u>690,459,873</u>	<u>683,308,049</u> <sup>3</sup>	<u>683,392,373</u>

<sup>1</sup> Decrease due to the transfer out of redevelopment assets in the amount of \$1.8 M; the disbursement of \$4.8 M for the development of an affordable housing project; and the use of cash resources to pay off one of the City's revenue bonds in the amount of \$2.4 M.

<sup>2</sup> Decrease due to the restatement of net position related to the implementation of GASB 68.

<sup>3</sup> Decrease due to use of accumulated resources in excess of \$5.8 million for the Marguerite Aquatics rehabilitation project.

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

Source: Statement of Net Position

**CITY OF MISSION VIEJO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General Government-Legislative	\$ 2,346,309	\$ 1,295,007	\$ 1,222,641	\$ 1,243,358	\$ 1,175,830	\$ 1,391,939	\$ 1,254,587	\$ 1,953,252	\$ 1,891,424	\$ 1,402,416
General Govt-Mgmt and Support	16,209,817 <sup>1</sup>	14,807,567	10,795,031	10,317,445	8,184,578 <sup>11</sup>	8,023,803	7,984,424	9,617,474	9,214,038	9,477,436
Public Safety	16,503,571	16,781,149	16,664,706	16,939,740	16,963,811	18,091,816	18,853,188	20,111,045	20,410,021	21,171,371
Community Development	2,392,911	2,571,601	10,102,297 <sup>3</sup>	3,079,388	3,270,422	3,266,884	3,171,164	4,743,210	3,368,119	3,139,741
Engineering & Transportation	3,166,898	2,998,197	1,808,209	2,806,889	2,409,419	2,837,220	5,478,851	6,924,142	8,133,213	8,651,747
Infrastructure Maintenance	24,723,127	25,209,859	24,041,299	20,777,340	21,835,813	32,520,271 <sup>12</sup>	20,725,795	20,358,759	24,466,949	20,952,619
Rec/Community/Library Services	9,517,636	9,153,074	9,419,034	9,805,902	9,788,128	9,495,628	10,352,676	11,137,331	10,240,895	10,481,960
Interest and fiscal charges	2,191,612 <sup>2</sup>	1,681,786 <sup>2</sup>	1,031,685	1,212,454	1,139,294	1,171,629	968,120	1,085,677	1,079,976	1,025,169
<b>Total governmental activities expenses</b>	<b>77,051,881</b>	<b>74,498,240</b>	<b>75,084,902</b>	<b>66,182,516</b>	<b>64,767,295</b>	<b>76,799,190</b>	<b>68,788,805</b>	<b>75,930,890</b>	<b>78,804,635</b>	<b>76,302,459</b>
Business-type activities:										
Animal Services	1,701,974	1,684,758	1,757,543	1,745,176	2,120,143	1,928,620	2,165,119	3,128,506 <sup>13</sup>	2,779,573	3,158,185
Mission Viejo Television	123,973	131,138	224,840	230,128	356,374	317,566	298,856	445,614	598,697	328,099
<b>Total business-type activities expenses</b>	<b>1,825,947</b>	<b>1,815,896</b>	<b>1,982,383</b>	<b>1,975,304</b>	<b>2,476,517</b>	<b>2,246,186</b>	<b>2,463,975</b>	<b>3,574,120</b>	<b>3,378,270</b>	<b>3,486,284</b>
<b>Total primary government expenses</b>	<b>78,877,828</b>	<b>76,314,136</b>	<b>77,067,285</b>	<b>68,157,820</b>	<b>67,243,812</b>	<b>79,045,376</b>	<b>71,252,780</b>	<b>79,505,010</b>	<b>82,182,905</b>	<b>79,788,743</b>
<b>Program revenues</b>										
Governmental activities:										
Charges for services										
General Government-Legislative	-	-	-	-	-	1,320	1,935	779	4,305	5,538
General Govt-Mgmt and Support	-	-	-	-	-	88,836	35,946	32,450	136,434	150,718
Public Safety	1,444,667	712,997	657,456	611,820	622,490	590,904	558,417	412,881	420,317	423,894
Community Development	1,323,456	1,279,153	1,388,402	1,936,689	2,157,105	2,501,057	2,529,804	2,942,021	3,131,388	2,564,613
Engineering & Transportation	161,943	467,949	384,856	468,278	951,474	526,963	524,837	622,602	679,171	927,931
Infrastructure Maintenance	-	-	-	-	15,000	41,992	51,941	51,353	167,412	300,800
Rec/Community/Library Services	2,331,648	3,951,337 <sup>6</sup>	1,788,114	1,807,694	1,878,387	2,242,589	2,255,657	2,212,519	2,108,549	2,219,695
Other Activities	172,401	553,623	107,810	53,983	203,635	-	-	-	-	-
Operating grants and contributions	7,275,388	7,573,309	8,912,482	7,867,922	7,602,759	8,318,977	4,130,294	5,721,395	6,700,659	7,394,760
Capital grants and contributions	5,508,196	6,697,833	3,395,881	4,533,348	5,549,795	4,277,263	3,227,117	1,838,621	1,188,079	756,472
<b>Total governmental activities program revenues</b>	<b>18,217,699</b>	<b>21,236,201</b>	<b>16,635,001</b>	<b>17,279,734</b>	<b>18,980,645</b>	<b>18,589,901</b>	<b>13,315,948</b>	<b>13,834,621</b>	<b>14,536,314</b>	<b>14,744,421</b>
Business-type activities:										
Charges for services										
Animal Services	685,173	1,241,507 <sup>5</sup>	1,305,162	1,366,721	1,424,226	1,364,502	1,452,532	2,810,457 <sup>13</sup>	2,275,983	2,328,939
Mission Viejo Television	60	100	700	580	420	440	500	529,645 <sup>14</sup>	532,816	532,447
Operating grants and contributions	590,780	200,985	324,654	-	1,052,005 <sup>10</sup>	686,790	823,279	143,106 <sup>14</sup>	98,892	160,341
Capital grants and contributions	-	-	-	-	-	-	9,200	-	-	-
<b>Total business-type activities revenues</b>	<b>1,276,013</b>	<b>1,442,592</b>	<b>1,630,516</b>	<b>1,367,301</b>	<b>2,476,651</b>	<b>2,051,732</b>	<b>2,285,511</b>	<b>3,483,208</b>	<b>2,907,691</b>	<b>3,021,727</b>
<b>Total primary government revenues</b>	<b>19,493,712</b>	<b>22,678,793</b>	<b>18,265,517</b>	<b>18,647,035</b>	<b>21,457,296</b>	<b>20,641,633</b>	<b>15,601,459</b>	<b>17,317,829</b>	<b>17,444,005</b>	<b>17,766,148</b>
<b>Net (Expense) Revenue</b>										
Government activities	(58,834,182)	(53,262,039)	(58,449,901)	(48,902,782)	(45,786,650)	(58,209,289)	(55,472,857)	(62,096,269)	(64,268,321)	(61,558,038)
Business-type activities	(549,934)	(373,304)	(351,867)	(608,003)	134	(194,454)	(178,464)	(90,912)	(470,579)	(464,557)
<b>Total primary government net expense</b>	<b>(59,384,116)</b>	<b>(53,635,343)</b>	<b>(58,801,768)</b>	<b>(49,510,785)</b>	<b>(45,786,516)</b>	<b>(58,403,743)</b>	<b>(55,651,321)</b>	<b>(62,187,181)</b>	<b>(64,738,900)</b>	<b>(62,022,595)</b>

**CITY OF MISSION VIEJO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	34,352,871	32,983,492	29,934,859 <sup>7</sup>	28,148,758	28,497,853	30,436,445	32,317,084	33,102,624	34,828,754	36,537,581
Sales and use taxes	10,547,009	11,059,525	11,622,640	11,998,071	12,574,446	12,721,842	15,218,225	17,186,469 <sup>15</sup>	16,732,687 <sup>16</sup>	19,735,853 <sup>16</sup>
Property taxes in lieu of sales/use taxes	2,718,259 <sup>4</sup>	3,731,802	3,834,165	3,937,682	4,316,288	4,211,353	3,324,689	- <sup>15</sup>	-	-
Other taxes	3,392,049	3,705,433	3,758,594	3,936,102	4,179,837	4,560,678	4,417,528	4,175,375	4,563,624	4,500,794
Unrestricted motor vehicle in lieu fees	341,391	497,722	49,831	51,634	42,733	41,278	38,997	43,321	50,911	46,074
Investment earnings	1,001,415	1,305,766	1,140,564	1,022,147	1,193,913	242,695	390,182	98,250	247,029	1,022,224
Other	603,503	655,288	2,031,801 <sup>8</sup>	1,784,653	1,202,634	1,540,212	521,251	664,063	329,825	127,686
Gain/(loss) on disposal of capital asset	-	3,151	-	-	-	-	271,129	1,021	-	-
Extraordinary item	-	-	(1,849,384) <sup>9</sup>	-	-	-	-	-	-	-
Gain on sale of land reclassified for resale	-	-	-	-	-	6,672,066	-	-	-	-
Transfers	(132,831)	(476,611)	(410,450)	(475,000)	(530,389)	(549,409)	(893,344)	(520,440)	(540,447)	(582,999)
Total governmental activities	<u>52,823,666</u>	<u>53,465,568</u>	<u>50,112,620</u>	<u>50,404,047</u>	<u>51,477,315</u>	<u>59,877,160</u>	<u>55,605,741</u>	<u>54,750,683</u>	<u>56,212,383</u>	<u>61,387,213</u>
Business-type activities:										
Other taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	18,034	69,376	34,860	1,708	17,246	17,194	38,129	8,175	34,441	127,677
Other	-	5,941	6,274	-	-	-	-	9,219	9,200	9,030
Transfers	132,831	476,611	410,450	475,000	530,389	549,409	893,344	520,440	540,447	582,999
Gain/loss on sale/disposal of cap assets	-	-	-	-	(211,453)	-	-	(24,386)	-	-
Total business-type activities	<u>150,865</u>	<u>551,928</u>	<u>451,584</u>	<u>476,708</u>	<u>336,182</u>	<u>566,603</u>	<u>931,473</u>	<u>513,448</u>	<u>584,088</u>	<u>719,706</u>
Total primary government	<u>52,974,531</u>	<u>54,017,496</u>	<u>50,564,204</u>	<u>50,880,755</u>	<u>51,813,497</u>	<u>60,443,763</u>	<u>56,537,214</u>	<u>55,264,131</u>	<u>56,796,471</u>	<u>62,106,919</u>
<b>Change in Net Position</b>										
Government activities	(6,010,516)	203,529	(8,337,281)	1,501,265	5,690,665	1,667,871	132,884	(7,345,586)	(8,055,938)	(170,825)
Business-type activities	(399,069)	178,624	99,717	(131,295)	336,316	372,149	753,009	422,536	113,509	255,149
Total primary government	<u>(6,409,585)</u>	<u>382,153</u>	<u>(8,237,564)</u>	<u>1,369,970</u>	<u>6,026,981</u>	<u>2,040,020</u>	<u>885,893</u>	<u>(6,923,050)</u>	<u>(7,942,429)</u>	<u>84,324</u>



**CITY OF MISSION VIEJO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

- <sup>1</sup> General government-management and support increase in 2010 is due to a payment to the Supplemental Educational Revenue Augmentation Fund as required to transfer local revenues back to the State to assist in balancing the State's budget. This payment was approximately \$1.4 million less in 2011.
- <sup>2</sup> Interest on long-term debt increased in 2010 due to costs associated with the issuing of 2009 Lease Revenue Refunding bonds and the redemption premium paid to refund the 2001 Lease Revenue Bond. Because of the refunding, interest on long-term debt decreased in 2011.
- <sup>3</sup> Increase is due to the expending of \$4.8M for an affordable housing subsidy and the reclassification of a prior year \$2M housing subsidy.
- <sup>4</sup> Property taxes in lieu of sales and use taxes decreased due to a correction of a prior year overpayment and a reduction of estimated advances received for current year.
- <sup>5</sup> Operating costs increased due to providing the City of Aliso Viejo with animal services.
- <sup>6</sup> One time park development fees received in 2011 of \$2M.
- <sup>7</sup> Decrease is due to the dissolution of redevelopment agencies causing the City to receive \$3M less in property tax increment revenue.
- <sup>8</sup> Increase is due to the receipt of miscellaneous developer fee reimbursements related to completed capital projects.
- <sup>9</sup> Amount represents the net asset transferred from the redevelopment agency upon dissolution.
- <sup>10</sup> Large donation received FY 13/14 for the Animal Shelter.
- <sup>11</sup> Elimination of OCTA Gas Tax Exchange funded under general government management and support.
- <sup>12</sup> Increase in street infrastructure expenditures which are not capitalized and adjustments to construction in progress resulting in expense recognition.
- <sup>13</sup> Operating costs and revenue increased due to providing the Cities of Laguna Hills and Rancho Santa Margarita with animal services beginning January 2017.
- <sup>14</sup> MVTV franchise taxes reported as Operating Grants and Contributions in previous years.
- <sup>15</sup> Property taxes in lieu of sales and use taxes reverted back to Sales and use taxes due to Proposition 57 "triple-flip" ending.
- <sup>16</sup> Approximately \$1.0 million of revenue recognized in 2019 was 2018 revenue not received within 60 day availability period due to CDTFA reporting issues.
- The notes to financial statements are an integral part of this statement.

Source: Statement of Activities

**CITY OF MISSION VIEJO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved	\$ 4,313,636	-	-	-	-	-	-	-	-	-
Unreserved	28,919,290	-	-	-	-	-	-	-	-	-
Nonspendable	-	\$ 654,403 <sup>2</sup>	\$ 92,437	\$ 554,384 <sup>5</sup>	\$ 534,944	\$ 569,023	\$ 597,668	\$ 606,885	\$ 36,014 <sup>5</sup>	\$ 33,361
Restricted	-	140,427 <sup>2</sup>	180,068	160,250	242,339	440,319	366,193	3,056,060 <sup>6</sup>	3,249,861	3,568,710
Assigned	-	-	18,262,314 <sup>3</sup>	17,253,034	17,175,604	16,942,850	18,275,290	4,500,000	4,500,000	6,100,000
Unassigned	-	32,486,599 <sup>2</sup>	10,191,747 <sup>3</sup>	11,140,289	13,285,786	15,097,438	13,477,307	26,519,396	24,985,180	28,224,486
Total general fund	<u>33,232,926</u>	<u>33,281,429</u>	<u>28,726,566</u>	<u>29,107,957</u>	<u>31,238,673</u>	<u>33,049,630</u>	<u>32,716,458</u>	<u>34,682,341</u>	<u>32,771,055</u>	<u>37,926,557</u>
<b>All other governmental funds</b>										
Reserved	28,120,395	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	(4,638,772)	-	-	-	-	-	-	-	-	-
Debt service funds	(2,921,375)	-	-	-	-	-	-	-	-	-
Capital projects funds	566,786	-	-	-	-	-	-	-	-	-
Nonspendable	-	4,456,564 <sup>2</sup>	4,458,310	6,042,642	5,421,335	75	-	-	-	-
Restricted	-	18,664,969 <sup>2</sup>	9,505,259 <sup>4</sup>	11,186,470	17,671,546	16,058,970	16,745,326	18,771,464	13,201,408 <sup>1</sup>	11,325,133
Unassigned	-	-	(2,545,097)	(3,383,951)	(2,276,368)	(3,597,725)	(873,939)	(63,579)	(658,376)	(1,056,053)
Total other governmental funds	<u>21,127,034</u>	<u>23,121,533</u>	<u>11,418,472</u>	<u>13,845,161</u>	<u>20,816,513</u>	<u>12,461,320</u>	<u>15,871,387</u>	<u>18,707,885</u>	<u>12,543,032</u>	<u>10,269,080</u>

<sup>1</sup> Decrease due to use of accumulated resources in excess of \$5.8 million for the Marguerite Aquatics rehabilitation project.

<sup>2</sup> Fund balance classifications reflect GASB 54 requirements for Fiscal Year 2011.

<sup>3</sup> Unassigned balances reported in 2011 were re-classified as assigned in accordance with GASB 54.

<sup>4</sup> The decrease is due to the disbursement of \$4.8M for a housing subsidy from the Housing Authority; the pay off of one bond issue for \$2.4M; and transfer of \$1.8 as a result of the dissolution of the redevelopment agency.

<sup>5</sup> Increase in 2013 relates to re-establishing City/RDA loan due to Department of Finance disallowance of loan payment. Decrease in 2018 reflects re-payment of loan.

<sup>6</sup> Section 115 Trust account to offset pension costs.

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

Source: Governmental Funds Balance Sheet

**CITY OF MISSION VIEJO**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
Taxes	\$ 50,849,597	\$ 51,480,252	\$ 49,150,258	\$ 46,976,084	\$ 48,533,127	\$ 50,440,362	\$ 53,480,709	\$ 53,079,452	\$ 54,637,638	\$ 59,268,076
Licenses and permits	1,244,695	1,241,009	1,192,491	1,779,083	2,123,226	1,775,273	1,899,432	2,132,053	2,386,051	1,816,832
Intergovernmental	12,668,991	12,069,112	9,027,221	8,352,626	8,471,890	7,824,560	9,703,408	9,950,436	7,337,040	9,159,427
Charges for services	2,167,175	2,301,119	2,137,521	3,077,209	3,557,646	3,453,513	3,278,467	3,563,912	3,462,740	3,559,567
Investment earnings	1,851,646	1,500,919	1,518,378	156,612	358,774	367,070	470,299	161,556	427,381	1,187,184
Fines and forfeitures	865,963	969,262	915,398	838,406	943,592	1,041,542	813,287	507,538	664,077	586,407
Developer fees	1,164,858	2,394,099	2,990,867	3,246,060	4,800,000	-	1,000,000	4,069,104	64,958	-
Other	763,812	963,943	1,769,879	2,381,790	2,175,981	1,445,204	1,794,735	1,415,390	773,483	1,157,365
Total revenues	<u>71,576,737</u>	<u>72,919,715</u>	<u>68,702,013</u>	<u>66,807,870</u>	<u>70,964,236</u>	<u>66,347,524</u>	<u>72,440,337</u>	<u>74,879,441</u>	<u>69,753,368</u>	<u>76,734,858</u>
<b>EXPENDITURES</b>										
Current:										
General Government-Legislative	2,057,561	1,294,261	1,221,895	1,242,612	1,175,359	1,399,352	1,370,524	1,725,169	1,848,205	1,376,002
General Govt-Mgmt and Support	14,811,597 <sup>2</sup>	12,705,588 <sup>2</sup>	8,933,721	8,355,137	6,724,600	10,044,693 <sup>8</sup>	7,819,648	7,672,599	7,446,415	7,840,657
Public Safety	16,551,580	16,723,031	16,703,530	16,900,401	16,940,727	18,092,654	19,184,846	19,949,598	20,322,682	21,127,439
Community Development	4,390,143 <sup>3</sup>	2,570,480	8,102,297 <sup>3</sup>	3,079,388	3,270,422	3,280,456	3,409,459	4,348,923	3,280,501	3,088,784
Engineering & Transportation	2,621,355	2,495,045	2,519,010	2,298,426	2,423,926	2,378,539	2,913,831	2,688,907	2,559,113	2,648,580
Infrastructure Maintenance	14,335,933	13,912,489	13,937,952	14,686,204	14,570,652	14,823,913	16,110,507	16,463,740	17,685,584	17,658,855
Rec/Community/Library Services	7,609,303	7,279,008	7,517,881	7,792,327	8,002,589	7,875,459	8,811,348	7,671,084	8,046,601	8,478,370
Capital Outlay	7,642,900	14,984,143 <sup>5</sup>	14,232,771	6,526,594	5,460,896	14,426,925 <sup>9</sup>	6,427,322	7,973,171	13,424,143	6,466,992
Debt service:										
Principal retirement	1,415,000	1,620,000	1,750,000	1,530,000	1,715,000	1,740,000	1,770,000	2,060,000 <sup>10</sup>	1,970,000	4,139,000
Interest	1,940,016	1,368,857	1,177,243	1,117,803	1,056,096	724,173	689,158	378,893 <sup>10</sup>	533,671	743,019
Administrative charges	1,382,435 <sup>4</sup>	-	-	-	-	370,447	141,250	503,316 <sup>10</sup>	179,820	146,336
Payment to bond escrow agent	-	-	-	-	-	-	-	1,363,981 <sup>10</sup>	-	-
Total expenditures	<u>74,757,823</u>	<u>74,952,902</u>	<u>76,096,300</u>	<u>63,528,892</u>	<u>61,340,267</u>	<u>75,156,611</u>	<u>68,647,893</u>	<u>72,799,381</u>	<u>77,296,735</u>	<u>73,714,034</u>
Excess (deficiency) of revenues over expenditures	<u>(3,181,086)</u>	<u>(2,033,187)</u>	<u>(7,394,287)</u>	<u>3,278,978</u>	<u>9,623,969</u>	<u>(8,809,087)</u>	<u>3,792,444</u>	<u>2,080,060</u>	<u>(7,543,367)</u>	<u>3,020,824</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	25,437,485 <sup>4</sup>	11,873,668	3,754,173	3,541,011	4,208,247	4,198,196	5,371,184	5,829,812	4,273,297	3,853,667
Transfers out	(25,570,316) <sup>4</sup>	(12,350,279)	(4,164,623)	(4,016,011)	(4,738,636)	(4,747,605)	(6,264,528)	(6,350,253)	(4,813,744)	(4,436,666)
Proceeds of bonds	17,305,000 <sup>4</sup>	-	-	-	-	-	-	13,150,000 <sup>10</sup>	-	-
Premium on bonds	853,583 <sup>4</sup>	-	-	-	-	-	-	1,107,810 <sup>10</sup>	-	-
Payment to bond escrow agent	(16,244,503) <sup>4</sup>	-	(2,211,516)	-	-	-	-	(14,016,069) <sup>10</sup>	-	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-	420,000 <sup>1</sup>
Sale of City property	3,742	3,151	5,619	4,102	8,488	27,782	1,365	1,021	7,675	23,725
Sale of land	-	-	-	-	-	2,600,000	-	-	-	-
Proceeds from housing loan payoff	-	-	-	-	-	186,481	-	-	-	-
Total other financing sources (uses)	<u>1,784,991</u>	<u>(473,460)</u>	<u>(2,616,347)</u>	<u>(470,898)</u>	<u>(521,901)</u>	<u>2,264,854</u>	<u>(891,979)</u>	<u>(277,679)</u>	<u>(532,772)</u>	<u>(139,274)</u>
Extraordinary Item	-	-	(1,849,384) <sup>6</sup>	-	-	-	-	-	-	-
Net change in fund balances	(1,396,095)	(2,506,647)	(11,860,018)	2,808,080	9,102,068	(6,544,233)	2,900,465	1,802,381	(8,076,139)	2,881,550
Fund balances - beginning	55,756,055	54,511,703	52,005,056	40,145,038	42,953,118	52,055,189	45,687,380	51,587,845	53,390,226	45,314,087
Fund balances - ending	<u>\$ 54,359,960</u>	<u>\$ 52,005,056</u>	<u>\$ 40,145,038</u>	<u>\$ 42,953,118</u>	<u>\$ 52,055,186</u>	<u>\$ 45,510,956</u>	<u>\$ 48,587,845</u>	<u>\$ 53,390,226</u>	<u>\$ 45,314,087</u>	<u>\$ 48,195,637</u>
Debt service as a percentage of noncapital expenditures <sup>11</sup>	-0.48%	4.52%	3.96%	4.36%	4.93%	3.28%	3.58%	3.35%	3.24%	6.62%

**CITY OF MISSION VIEJO**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

<sup>1</sup> Amount in 2019 is for new five-year computer equipment lease.

<sup>2</sup> Increase in 2010 is due to a payment to the Supplemental Educational Revenue Augmentation Fund as required by the State. This payment was \$1.4 million less in 2011.

<sup>3</sup> Increase due to funding for a new low and moderate income housing project in the City.

<sup>4</sup> Related to the issuance of 2009 Lease Revenue Refunding Bonds.

<sup>5</sup> Increase is due in part to the commencement of work on the Oso Creek Restoration project and the Oso/Marguerite parkway Intersection Improvement project, and the completion of the Crown Valley Parkway Widening project.

<sup>6</sup> Amount represents the net asset transfer from the Redevelopment Agency upon dissolution.

<sup>7</sup> Rents on property previously reported as earnings on investments, now reported as charges for services.

<sup>8</sup> Increase due to funding of \$2.1M in other post employment retirement benefit health costs, and \$1.5M in pension costs.

<sup>9</sup> Increase due to the commencement of work on Oso Parkway widening, and increased spending on city-wide pavement projects.

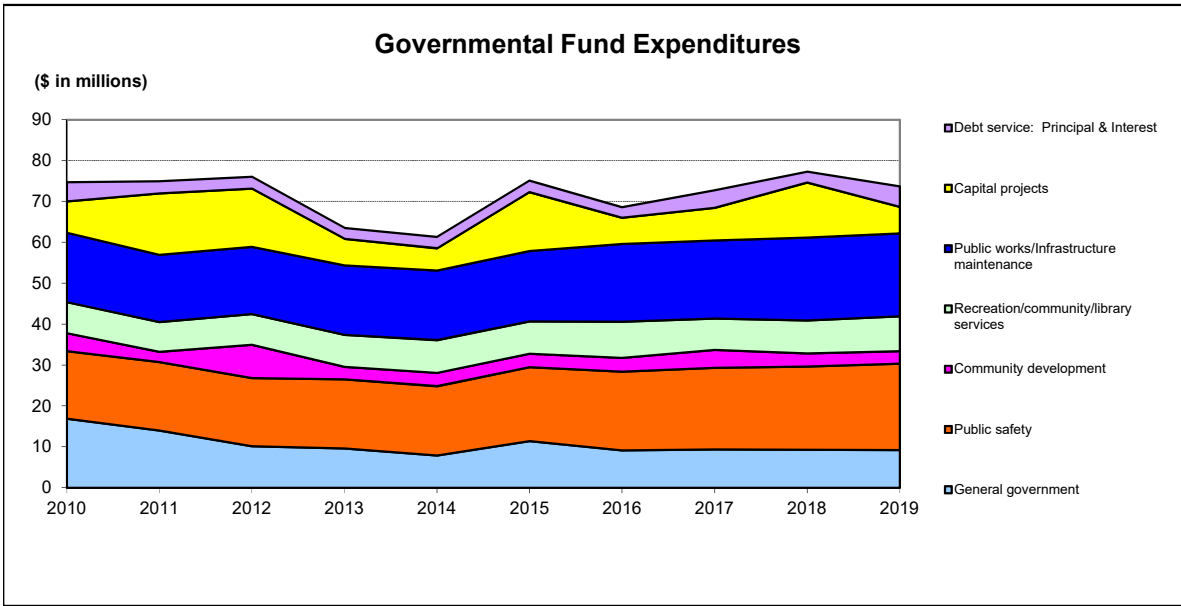
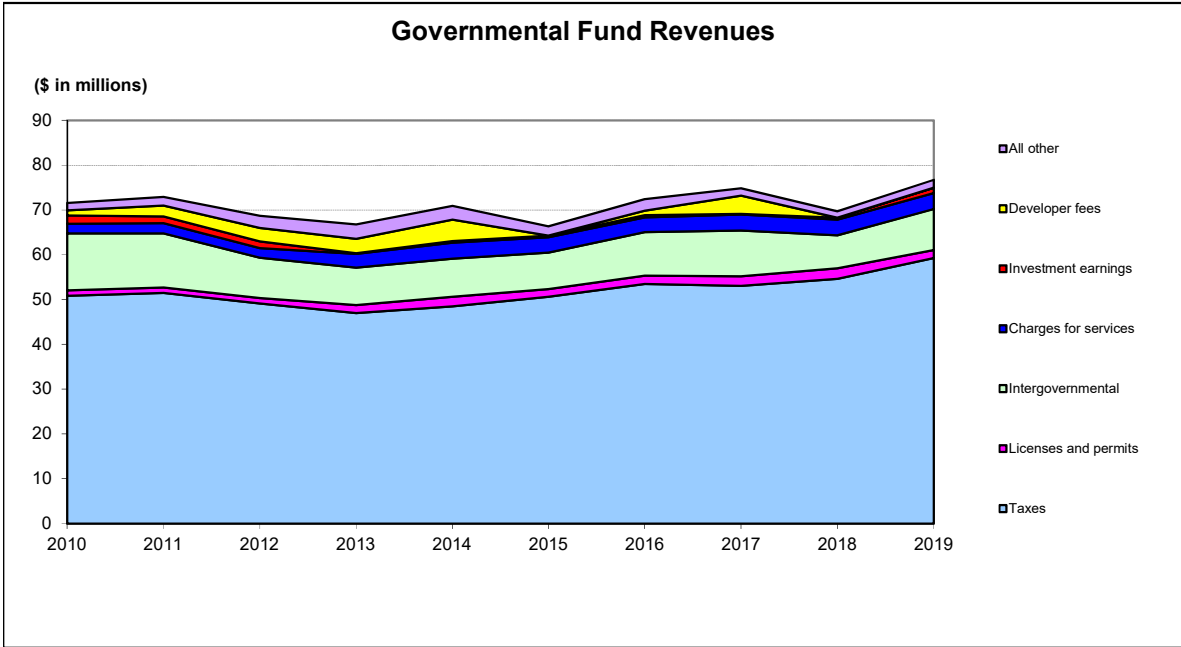
<sup>10</sup> Changes due to Refunding 2016 Lease Revenue Bonds.

<sup>11</sup> Capital asset expenditures for this calculation are from the Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities.

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

Source: Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

**CITY OF MISSION VIEJO**  
**GOVERNMENTAL FUND REVENUE AND EXPENDITURES**  
**Last Ten Fiscal Years**



**CITY OF MISSION VIEJO**

**Tax Revenues by Source**

**Last Ten Fiscal Years**

**(modified accrual basis of accounting)**

	Property Tax			Sales & Use Tax	Franchise Tax	Real Property Transfer Tax	Transient Occupancy Tax	Total
	City	Redevelopment Agency <sup>1</sup>	Successor Agency <sup>2</sup>					
2010	25,952,524	7,811,875	-	13,265,268	2,996,167	448,100	520,095	50,994,029
2011	25,908,673	7,074,818	-	14,791,327	2,899,187	357,313	594,299	51,625,617
2012	25,830,084	4,104,775	826,533	15,456,805	3,087,094	357,241	608,311	50,270,843
2013	27,104,227	-	2,973,465	15,935,753	3,213,322	511,596	630,117	50,368,479
2014	27,462,558	-	1,613,733	16,890,734	3,333,588	522,333	749,316	50,572,261
2015	29,019,567	-	2,251,008	16,933,195	3,514,922	615,641	826,242	53,160,575
2016	30,584,018	-	2,130,770	18,542,914	3,439,858	593,415	882,409	56,173,384
2017	31,730,836	-	2,403,051	17,186,469	3,137,554	671,752	882,265	56,011,927
2018	33,402,237	-	1,788,215	16,732,687	3,236,957	736,109	1,062,423 <sup>3</sup>	56,958,628
2019	35,031,429	-	1,241,942	19,735,853 <sup>4</sup>	3,241,863	570,352	1,220,925	61,042,364

<sup>1</sup> The State of California dissolved redevelopment agencies effective 1-31-12.

<sup>2</sup> Successor Agency of the Community Development Agency established 2-1-12.

<sup>3</sup> Increase due to the addition of a Hampton Inn, opened 9/15/17.

<sup>4</sup> Increase due to late payments from 2018 that were not received until 2019 due to CDTFA software issues in the amount of \$1.0 million; and better than expected sales in the auto and transportation industry of \$1.3 million.

Sources: General Ledger

**CITY OF MISSION VIEJO**

**Assessed Value and Estimated Actual Value of Taxable Property**

**Last Ten Fiscal Years**

(in thousands of dollars)

Fiscal Year Ended June 30	City				Community Development Agency <sup>2</sup>				Total Direct Tax Rate
	Secured	Public		Taxable Assessed Value <sup>1</sup>	Secured	Public		Incremental Valuation	
		Utility	Unsecured			Utility	Unsecured		
2010	12,736,555	2,418	365,726	13,104,699	644,506	2,418	102,443	749,367	0.1647%
2011	12,820,786	2,418	334,775	13,157,979	637,830	2,418	81,684	721,932	0.1647%
2012	12,894,834	2,418	328,863	13,226,115	650,631	2,417	76,373	729,421	0.1647%
2013	13,014,823	2,418	303,333	13,320,574	636,435	2,418	82,469	721,322	0.1647%
2014	13,349,374	2,418	287,688	13,639,480	667,245	2,418	83,716	753,379	0.1647%
2015	14,207,345	2,418	323,782	14,533,545	675,710	2,418	80,299	758,427	0.1647%
2016	14,938,921	2,418	321,095	15,262,434	770,481	2,418	97,124	870,023	0.1647%
2017	15,546,057	2,418	286,902	15,835,377	796,666	2,418	68,717	867,801	0.1647%
2018	16,249,236	2,418	286,941	16,538,595	870,591	2,418	73,308	946,317	0.1647%
2019	17,071,372	2,418	288,829	17,362,619	920,736	2,418	68,724	991,878	0.1647%

Note:  
 In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

<sup>1</sup> City amounts include Community Development Agency incremental valuation.

<sup>2</sup> The State of California dissolved redevelopment agencies effective 1-31-12.

Source: Orange County Auditor-Controller

**CITY OF MISSION VIEJO**

**Direct and Overlapping Property Tax Rates <sup>1</sup>**

**Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Direct Rate:										
Mission Viejo City Reorg #98	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200
Mission Viejo City Lighting Fund	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270
Mission Viejo General Fund	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290
Mission Viejo Library Fund	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711
	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>
Overlapping Rates:										
Capistrano Unified School District General Fund	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940
Educational Revenue Augmentation Fund	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360
Orange County Cemetery Fund	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051
Orange County Department of Education	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674
Orange County Fire Department	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535
Orange County Flood Control District General	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030
Orange County General Fund	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303
Orange County Harbors Beaches & Parks CSA	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569
Orange County Transportation Authority	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288
Orange County Vector Control	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115
Santa Margarita Water District	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558
Santa Margarita Water Improvement District 1W	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021
South Orange County Community College District	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085
	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>
Total Proposition 13 Direct & Overlapping Tax Rates <sup>2</sup>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Metropolitan Water District	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Capistrano Unified School District 1999 Bond 2000 A	0.00308	0.00317	0.00314	0.00335	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Capistrano Unified School District 1999 Bond 2001 B	0.00494	0.00507	0.00506	0.00538	0.00507	0.00470	0.00445	0.00439	0.00417	0.00409
Capistrano Unified School District 1999 Bond 2002 C	0.00275	0.00281	0.00281	0.00298	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Capistrano Unified School District 1999 EL, 2012 Ref	0.00000	0.00000	0.00000	0.00000	0.00465	0.00430	0.00400	0.00404	0.00383	0.00377
Total School & Water District Overlapping Tax Rates	<u>0.01507</u>	<u>0.01475</u>	<u>0.01471</u>	<u>0.01521</u>	<u>0.01322</u>	<u>0.01250</u>	<u>0.01195</u>	<u>0.01193</u>	<u>0.01150</u>	<u>0.01136</u>
Total Direct and Overlapping Rates	<u>1.01507</u>	<u>1.01475</u>	<u>1.01471</u>	<u>1.01521</u>	<u>1.01322</u>	<u>1.01250</u>	<u>1.01195</u>	<u>1.01193</u>	<u>1.01150</u>	<u>1.01136</u>

<sup>1</sup> This schedule shows information for tax rate area 27-006, the largest general fund tax rate area by assessed value.

<sup>2</sup> In 1978, California voters passed Proposition 13, which set the property tax rate at a 1.00% fixed rate of market value (assessed value). This 1.00% is shared by all taxing agencies on which the subject property resides within. In addition, to the 1.00% fixed rate, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved school and water district bonds.



**CITY OF MISSION VIEJO**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Taxpayer	2019			2010		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Shops at Mission Viejo LLC	\$ 207,990,232	1	1.20%	-	-	-
HTA-Mission Mob LLC	142,798,976	2	0.82%	-	-	-
Mission Hospital Regional Medical Center	119,499,026	3	0.69%	-	-	-
OC Los Alisos 2015 LLC	82,971,642	4	0.48%	-	-	-
EQR-Del Lago Vistas Inc	67,870,269	5	0.39%	60,105,578	4	0.46%
UDR Pacific Los Alisos LP	60,923,157	6	0.35%	-	-	-
Vista Real Apartments MV LLC	60,454,394	7	0.35%	-	-	-
Trust Mission Ridge LLC	58,994,888	8	0.34%	-	-	-
Oasis-California Inc	57,479,215	9	0.33%	50,697,306	7	0.39%
Mission Viejo Oso Parkway Dev LP	52,504,925	10	0.30%	-	-	-
Mission Viejo Associates	-	-	-	137,206,779	1	1.05%
Mission Viejo Medical LLC	-	-	-	92,210,224	2	0.70%
Target Corporation	-	-	-	64,047,830	3	0.49%
Laguna Cabot Road Business Park LP	-	-	-	55,540,761	5	0.42%
OC SD Holdings LLC	-	-	-	53,040,000	6	0.40%
MG Promenade Apt LLC	-	-	-	49,290,470	8	0.38%
MV Unisys LLC	-	-	-	46,387,615	9	0.35%
Reef Plaza Del Lago Inc	-	-	-	44,407,727	10	0.34%
	<u>\$ 911,486,724</u>		<u>5.25%</u>	<u>\$ 652,934,290</u>		<u>4.98%</u>

Presented in order of highest to lowest estimated property tax revenue.

Source: HdL Coren & Cone.

**CITY OF MISSION VIEJO**  
**Property Tax Levies & Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30	Tax Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of Levy		Collections for Prior Years <sup>3</sup>	Total Collections to Date	
		Amount <sup>2</sup>	Percent of Levy		Amount	Percent of Levy
2010	26,506,153	24,977,492	94.23%	558,668	25,536,160	96.34%
2011	26,156,545	24,728,390	94.54%	400,919	25,129,309	96.07%
2012	25,969,090	22,047,310	84.90%	364,000	22,411,310	86.30%
2013	19,246,353	19,249,605	100.02%	271,567	19,521,172	101.43% <sup>4</sup>
2014	20,015,012	19,499,656	97.43%	233,759	19,733,415	98.59%
2015	21,222,023	20,936,644	98.66%	229,431	21,166,075	99.74%
2016	22,459,253	22,325,258	99.40%	217,280	22,325,258	99.40%
2017	23,328,704	23,172,592	99.33%	196,616	23,172,592	99.33%
2018	24,297,123	24,503,875	100.85%	192,949	24,696,824	101.65% <sup>4</sup>
2019	25,380,703	25,692,684	101.23%	-	25,692,684	101.23% <sup>4</sup>

<sup>1</sup> Levy and collection data does not include Community Development Agency after 1/31/12 dissolution.

<sup>2</sup> Includes secured, unsecured, and supplemental City property tax revenues as well as penalties. Excludes sales and use tax compensation, interest, VLF in lieu, CFD 92-1, and HOX.

<sup>3</sup> No amount is shown for the current fiscal year because the property taxes levied will be collected in the following year.

<sup>4</sup> Total tax collections to date exceed 100% due to the receipt of delinquent taxes related to prior years.

Source: Orange County Auditor-Controller

**CITY OF MISSION VIEJO**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt			Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>	Percentage of Actual Value of Taxable Property <sup>3</sup>
	Lease Revenue Bonds	Certificates of Participation				
2010	17,993,583	-		0.37%	192.86	0.14%
2011	17,504,031	-		0.37%	187.24	0.13%
2012	17,014,329	-		0.35%	180.63	0.13%
2013	16,444,628	-		0.33%	173.42	0.12%
2014	15,789,926	-		0.30%	165.63	0.12%
2015	15,110,224	-		0.27%	156.34	0.10%
2016	14,400,522	-		0.25%	148.92	0.09%
2017	13,323,956	-		0.21%	138.81	0.08%
2018	12,480,102	-		0.19%	130.02	0.08%
2019	11,626,248	-		0.17%	120.56	0.07%

Fiscal Year	Other Governmental Activities Debt			Total Primary Government <sup>2</sup>	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	Revenue Bonds	Note Payable	Capitalized Leases <sup>4</sup>			
2010	35,907,326	-	-	53,900,909	1.11%	577.73
2011	34,717,326	-	-	52,221,357	1.11%	558.62
2012	31,247,326	-	-	48,261,655	0.98%	512.35
2013	30,247,326	-	-	46,691,954	0.93%	492.41
2014	29,147,326	-	-	44,937,252	0.86%	471.37
2015	28,047,326	-	-	43,157,550	0.78%	446.53
2016	26,947,326	-	-	41,347,848	0.72%	427.58
2017	25,747,326	-	-	39,071,282	0.63%	407.06
2018	24,547,326	-	-	37,027,428	0.57%	385.75
2019	21,272,326	-	336,000	33,234,574	0.49%	344.64

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

<sup>1</sup> See the Demographic and Economic Statistics schedule for personal income and population information.

<sup>2</sup> Includes general bonded debt and other governmental activities debt.

<sup>3</sup> See the Assessed Value and Estimated Actual Value of Taxable Property schedule for assessed values of taxable property.

<sup>4</sup> Five year computer equipment lease.

**CITY OF MISSION VIEJO**  
**Direct and Overlapping Debt**  
**as of June 30, 2019**

	Debt Outstanding	Estimate Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Overlapping tax and assessment debt:			
Metropolitan Water District	\$ 48,050,000	0.595%	\$ 285,898
Capistrano Unified School District School Facilities Improvement District No. 1	21,748,753	10.811%	2,351,258
Saddleback Valley Unified School District	107,700,000	17.912%	19,291,224
Santa Margarita Water District Improvement District No. 4	33,705,000	0.015%	5,056
Santa Margarita Water District Improvement District No. 4B	7,845,000	0.002%	157
Subtotal overlapping tax and assessment debt	<u>219,048,753</u>		<u>21,933,593</u>
Overlapping general fund obligation debt:			
Orange County General Fund Obligations	\$ 388,720,000	2.933%	\$ 11,401,158
Orange County Pension Obligations	407,629,239	2.933%	11,955,766
Orange County Board of Education Certificates of Participation	13,490,000	2.933%	395,662
Capistrano Unified School District Certificates of Participation	28,790,000	10.978%	3,160,566
Moulton-Niguel Water District Certificates of Participation	59,065,000	16.029%	9,467,529
Subtotal overlapping general fund obligation debt	<u>897,694,239</u>		<u>36,380,680</u>
Subtotal overlapping debt	<u>\$ 1,116,742,992</u>		<u>58,314,273</u>
Direct Debt			
City of Mission Viejo Community Development Financing Authority	21,272,326	100.000%	21,272,326 <sup>2</sup>
City of Mission Viejo			<u>11,626,248</u>
			<u>32,898,574</u>
Grand total direct and overlapping debt			<u>\$ 91,212,847</u>
Notes:			
<p>Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.</p> <p>Overlapping debt excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.</p> <p><sup>1</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.</p> <p><sup>2</sup> 1999 Series A and Subordinate Series B Revenue Bonds are secured by first call on net property tax increments and secondly by sales tax revenues of mall properties.</p>			

Source for overlapping debt: California Municipal Statistics, Inc.  
Source for City direct debt: City of Mission Viejo Administrative Services Department

**CITY OF MISSION VIEJO**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed valuation	\$ 13,104,698,129	\$ 13,157,979,198	\$ 13,226,115,127	\$ 13,320,574,029	\$ 13,639,459,848	\$ 14,533,544,020	\$ 15,262,434,352	\$ 15,835,376,499	\$ 16,538,594,766	\$ 17,362,619,028
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,276,174,532	3,289,494,800	3,306,528,782	3,330,143,507	3,409,864,962	3,633,386,005	3,815,608,588	3,958,844,125	4,134,648,692	4,340,654,757
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	491,426,180	493,424,220	495,979,317	499,521,526	511,479,744	545,007,901	572,341,288	593,826,619	620,197,304	651,098,214
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 491,426,180</u>	<u>\$ 493,424,220</u>	<u>\$ 495,979,317</u>	<u>\$ 499,521,526</u>	<u>\$ 511,479,744</u>	<u>\$ 545,007,901</u>	<u>\$ 572,341,288</u>	<u>\$ 593,826,619</u>	<u>\$ 620,197,304</u>	<u>\$ 651,098,214</u>
Total net debt applicable to limit as percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source:  
City of Mission Viejo Administrative Services Department  
Orange County Auditor-Controller

**CITY OF MISSION VIEJO**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	1999 Series A Revenue Bond					
	Property Tax	Sales Tax	Total Available	Debt Service		Coverage
	Increment			Revenue	Principal	
2010	767,199	1,097,181	1,864,380	900,000	48,950	1.96
2011	666,005	1,126,628	1,792,633	900,000	60,372	1.87
2012	938,029	1,134,141	2,072,170	1,000,000	30,238	2.01
2013	1,044,529	1,179,693	2,224,222	1,000,000	34,582	2.15
2014	1,035,297	1,410,755	2,446,052	1,100,000	15,846	2.19
2015	1,273,540	1,397,595	2,671,135	1,100,000	8,061	2.41
2016	1,516,090	1,546,898	3,062,988	1,100,000	5,046	2.77
2017	1,235,364	1,442,102	2,677,466	1,200,000	98,273	2.06
2018	1,295,309	1,255,232	2,550,541	1,200,000	163,808	1.87
2019	1,417,029	1,128,852	2,545,881	3,275,000 <sup>1</sup>	382,873	0.70

Revenues are derived from all property tax increment revenue (subject to 2011 dissolution law). After dissolution, property tax increment recognition was changed to fiscal year in order to correlate with the receipt of funds through the Recognized Obligation Payments Schedule (ROPS). Sales tax revenue represents sales tax generated by The Shops of Mission Viejo that is remaining after minimum thresholds are met.

<sup>1</sup> Bonds were converted to a fixed rate on 7/31/18. At date of conversion, an amount of \$1,960,000 from the reserve fund was used to pay down the principal balance. Additional details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF MISSION VIEJO**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population <sup>1</sup>	Median Age <sup>2</sup>	Median Housing Value <sup>3</sup>	Personal Income (thousands of dollars) <sup>4</sup>	Per Capita Personal Income <sup>4</sup>	Unemployment Rate <sup>5</sup>
2010	93,297	40.8	460,000	153,300,000	52,124	6.9%
2011	93,483	41.5	430,000	154,100,000	50,440	6.7%
2012	94,196	41.6	425,000	161,700,000	52,342	5.7%
2013	94,824	42.0	535,250	165,300,000	53,032	4.7%
2014	95,334	43.0	580,050	173,300,000	55,096	3.9%
2015	96,652	43.6	595,000	181,300,000	57,133	4.2%
2016	96,701	43.7	625,000	189,800,000	59,303	4.1%
2017	95,985	44.2	665,500	208,700,000	65,011	3.4%
2018	95,987	44.8	699,000	220,200,000	68,014	3.1%
2019	96,434	44.8	705,000	230,800,000	70,688	3.0%

- Sources: <sup>1</sup> California Department of Finance (2010-2018). HdL Coren & Cone (2019)  
<sup>2</sup> HdL Coren & Cone (2010-2018)  
Information for 2019 is unavailable, used number from prior year.  
<sup>3</sup> HdL Coren & Cone (2010-2019)  
<sup>4</sup> Data shown is for the County of Orange; data for City of Mission Viejo is not available.  
UCLA: Economic Forecast (2010)  
Cal State Fullerton Economic Forecast (2011-2019)  
<sup>5</sup> California Employment Development Department (2010-2018). HdL Coren & Cone (2019)

**CITY OF MISSION VIEJO**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2019			2010		
	Employees	Rank	Percentage <sup>1</sup> of Total City Employment	Employees	Rank	Percentage <sup>2</sup> of Total City Employment
Mission Hospital Regional Medical Center	2,600	1	5.21%	1,349	2	2.65%
Saddleback College	1,210	2	2.42%	2,196	1	4.31%
Saddleback Valley Unified School District	914	3	1.83%	400	6	0.78%
Coldwell Banker	740	4	1.48%	410	5	0.80%
Capistrano Unified School District	690	5	1.38%	-		
James Hardie Building Products	400	6	0.80%	-		
Target	320	7	0.64%	-		
South Coast Children's Society	315	8	0.63%	-		
Nordstrom	300	9	0.60%	300	7	0.59%
Franchise Services	300	10	0.60%	-		
Unisys Corporation	-			1,000	3	1.96%
Quest Diagnostics	-			500	4	0.98%
Macy's	-		0.00%	275	8	0.54%
City of Mission Viejo	-			261	9	0.51%
Bristol Farms	-			250	10	0.49%
<b>Total</b>	<u>7,789</u>		<u>15.60%</u>	<u>6,941</u>		<u>13.60%</u>

<sup>1</sup> Percentage of "Total City Employment" based on total number of City residents employed in August 2019 of 49,900  
<sup>2</sup> Percentage of "Total City Employment" based on total number of City residents employed in June 2010 of 51,000

Source: 2010 FY 09/10 City of Mission Viejo CAFR  
2019 Total City Employment - Number of employees and rank for 2017 used from FY 16/17 CAFR  
2019 Saddleback College - Saddleback College At A Glance 2019-2020



**CITY OF MISSION VIEJO**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Function	2010	2011	2012	2013	2014	2015	2016	2017 <sup>1</sup>	2018	2019
General government - legislative	10.880	10.830	9.830	9.530	9.530	9.530	9.530	10.530	10.530	10.530
General government - management & support	28.220	25.970	23.670	23.600	25.600	23.600	23.600	26.600	26.700	26.700
Public safety	15.650	15.500	15.500	16.200	16.450	16.200	16.200	21.950	21.950	21.950
Community development	8.650	7.700	8.700	8.720	8.720	8.720	8.720	8.220	8.220	8.220
Engineering and transportation	13.175	12.175	11.175	11.175	11.175	11.175	11.175	10.800	10.800	10.800
Infrastructure maintenance	17.350	18.250	17.250	16.650	16.650	16.650	16.650	16.250	17.250	17.250
Recreation/community/library services	56.425	53.675	52.925	51.400	51.400	51.400	51.400	47.725	47.725	47.725
<b>Total</b>	<u>150.350</u>	<u>144.100</u>	<u>139.050</u>	<u>137.275</u>	<u>139.525</u>	<u>137.275</u>	<u>137.275</u>	<u>142.075</u>	<u>143.175</u>	<u>143.175</u>

<sup>1</sup> Increased staffing to accommodate the addition of the Cities of Laguna Hills and Rancho Santa Margarita to the Animal Services program

Source: City budget document (2010-2014), 2019-2021 Budget Summary of Authorized Positions (2015-2019)

**CITY OF MISSION VIEJO**  
**Operating Indicators by Function**  
**Last Ten Years**

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government - legislative										
Public Records Act requests	431	529	431	385	472	552	584	586	695	658
General government - management and support										
Service requests/complaint cases	3,036	3,292	3,467	3,681	3,840	3,512	3,221	4,142 <sup>9</sup>	3,357	3,937
Number of computer network nodes supported	806	819	1,039 <sup>1</sup>	1,063	1,126	1,119	1,182	1,217	1,240	1,598 <sup>13</sup>
Number of vendor checks issued	6,646	6,506	6,781	6,445	6,241	6,665 <sup>6</sup>	6,582	6,335	6,337	6,150
Public safety										
Calls for police services	36,445	36,246	33,982	36,234	34,917	25,206 <sup>7</sup>	29,714	29,246	32,281	37,698
Average response time-Priority 1 call in minutes	5:32	5:21	6:05	5:35	6:16	6:00	5:47	5:45	4:39	4:49
Community development										
Building inspections	8,394	6,685	9,947	12,807 <sup>3</sup>	16,243 <sup>4</sup>	13,476	13,131	13,177	13,706	11,805
Zoning plan checks	1,576	1,863	1,753	1,890	2,471	2,595	1,930	2,545	2,424	1,951
Public works - engineering and transportation										
Street resurfacing (lane miles)	28.00	36.30	32.70	18.80 <sup>5</sup>	15.93 <sup>5</sup>	34.73	46.91 <sup>8</sup>	33.24	61.08 <sup>11</sup>	75.70 <sup>14</sup>
Intersections on the city's interconnect system	111	111	111	112	112	112	112	113	113	113
Daily traffic count- La Paz Rd, Marguerite Pkwy to Spadra	26,808	27,419	32,747	33,500	24,100	25,200	26,200	26,200	25,100	25,400
Infrastructure maintenance										
Acres of medians and parkways renovated	4	3	6	9	10	5	3	4	3	6
Recreation/community/library services										
Attendance at recreation and tennis centers	279,480	270,443	259,635 <sup>2</sup>	254,161	271,244	263,994	261,511	270,616	264,611	240,017
Library circulation	968,468	939,734	917,736	931,376	887,234	800,236	788,292	1,109,462 <sup>10</sup>	1,211,864 <sup>12</sup>	1,187,609
Youth participating in organized sports on City fields	7,700	7,700	7,800	7,800	7,500	7,300	7,900	7,900	8,063	9,090 <sup>15</sup>

<sup>1</sup> Increase is due to the conversion of the transportation network from analog to an IP based network and an increase in mobile devices supported citywide

<sup>2</sup> Decrease is due to the construction of the Marguerite Tennis Center and the opening of two LA Fitness clubs in Mission Viejo

<sup>3</sup> Increase is due to the "Improve Don't Move" program which waved fees for a limited time and encouraged business and residential remodeling

<sup>4</sup> Increase is due to the "Improve Don't Move" program being extended for commercial projects

<sup>5</sup> Decrease is due to an overall reduction in funding of street resurfacing projects

<sup>6</sup> Increase is due to electronic fund transfers now being included in the report from new financial software, Tyler Munis

<sup>7</sup> Data conversion switched from a Calendar Year to a Fiscal Year basis, 2015 number represents January through June of that year

<sup>8</sup> Increase due to some residential streets being deferred from FY 14/15 to FY 15/16

<sup>9</sup> Increase due to adding street light calls to count beginning FY 16/17

<sup>10</sup> Increase due to implementation of auto-renewal system where each renewal counts as a circulation in addition to the original checkout, and policy change allowing increased number of renewals

<sup>11</sup> Increase due to additional residential street resurfacing

<sup>12</sup> Increase is due to the expansion of the auto renewal system with up to 10 renewals, the installation of two new self-check kiosks, and the elimination of new DVD fees

<sup>13</sup> Increase due to expansion of mobile devices, addition of Marguerite Aquatics network, and increase in Internet of Things (IoT) devices such as traffic & transportation systems and utility systems

<sup>14</sup> Number calculated by sorting the FY18-19 work in the 2018 PMP and multiplying the total length by 2 to get lane miles

<sup>15</sup> Increase due to additional programming, partnerships with sports organizations, and better attendance tracking with the new field ambassador program

Sources: Various city departments

**CITY OF MISSION VIEJO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police (provided by Orange County Sheriffs Department)										
Patrol units	24	24	24	24	24	24	23	23	22	22
Animal shelter buildings:										
Main shelter	1	1	1	1	1	1	1	1	1	1
Cattery	1	1	1	1	1	1	1	1	1	1
Rabbit shelter	1	1	1	1	1	1	1	1	1	1
Cat isolation	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (center miles)	228	228	228	228	228.2	228.2	228.2	228.2	225.9 <sup>1</sup>	225.9
Traffic signals	114	114	114	114	114	114	114	115	115	115
Infrastructure maintenance										
Number of park sites	41	41	41	41	42	42	42	42	42	42
Acreage: parks, open space, medians and slopes	1122	1122	1122	1122	1128	1128	1128	1128	1128	1128
Recreation/community/library services										
Facilities (buildings)	9	9	9	9	9	9	9	9	9	9
Athletic fields:										
Baseball/softball diamonds	19	19	19	19	19	19	19	19	19	19
Soccer/football fields	35	35	35	35	35	35	35	35	35	35
Note: No capital asset indicators are available for general government or community development functions.										
<sup>1</sup> Change from previous years due to consultant re-measured the roads to verify lengths, previous years were estimated										

Source: Various City departments



MISSION VIEJO

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