



**City of Mission Viejo
Annual Comprehensive Financial Report
Year Ended June 30, 2021
Mission Viejo, California**



About the covers – Residents from Mission Viejo and beyond enjoy pristine rounds of golf, fabulous fare, and ambiance at Oso Creek Golf Course. To preserve more than 100 acres of open space and connect the heart of Mission Viejo, the City purchased the formerly named Casta Del Sol Golf Course, built in 1970, and neighboring open space in November 2019. Since then, the City has used revenue solely generated at the golf course – including the Birdie Bar and new Terrace on the Green restaurant – to provide much-needed facility improvements and enhancements. For more information, visit osocreekgolf.com.

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Cover design – Sherry Merrifield

**CITY OF MISSION VIEJO
CALIFORNIA**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2021**

CITY COUNCIL

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

CITY MANAGER

Dennis R. Wilberg

**PREPARED BY
ADMINISTRATIVE SERVICES DEPARTMENT**

Cheryl Dyas
Director of Administrative Services



MISSION VIEJO

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CITY OF MISSION VIEJO
Annual Comprehensive Financial Report
Year ended June 30, 2021

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MISSION VIEJO

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City of Mission Viejo

Administrative Services Department

Trish Kelley
Mayor

Wendy Bucknum
Mayor Pro Tem

Brian Goodell
Council Member

Greg Rath
Council Member

Edward Sachs
Council Member

December 6, 2021

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

The Annual Comprehensive Financial Report (ACFR) of the City of Mission Viejo for the fiscal year ended June 30, 2021 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 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 94,119 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, animal control, and beginning November 9, 2019, golfing. Mission Viejo is a "contract city," and contracts with other governmental entities, private firms and individuals to deliver many of these services, including police services provided by the Orange County Sheriff's Department. 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 (Housing Authority) and the Mission Viejo Community Development Financing Authority (Financing Authority). 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 Financing Authority and the Housing Authority 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.

Pandemic

As fiscal year 2020-21 began, the COVID-19 global pandemic was entering its seventh month. Throughout the year, various local, state and federal actions ranging from travel bans and social distancing practices to complete shut-downs of certain services and facilities in response to the pandemic have had a significant impact on the City's operation and finances. These actions have resulted in cancellation of most City events, recreation and library programs and room rentals, the complete closure of some City facilities and modified operations for any open City facilities. Certain city revenues were severely impacted such as transient occupancy tax (hotel tax) and recreation and library charges for services. In December 2020, two vaccines were approved for emergency use in the United States and vaccinations began in California. A third vaccine was approved for emergency use in February 2021. Following wide distribution and availability of the vaccines, State-mandated limitations on business activity has been relaxed and eventually eliminated. In

response to the pandemic, the City amended its fiscal year 2020-21 budget in July 2020 to reduce appropriations proportionate to the anticipated reductions in revenues to maintain a balanced budget. Through strict monitoring of the appropriation budget and better than expected sales tax receipts, the City performed well from a financial perspective. Revenue losses were not as extreme as projected at the start of the pandemic and conservative spending in combination with Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) federal funding, the City reported an excess of revenues over expenditures in the General Fund for fiscal year ended June 30, 2021.

Unfortunately, due to large portions of the population that remain unvaccinated, the COVID-19 virus continues to spread and the pandemic has not waned after almost two years. As of November 30, 2021, over 263.0 million cases have been reported worldwide, with over 5.2 million deaths, including 778,000 deaths of U.S. citizens. Over 6,300 Mission Viejo residents have been infected with the virus and we have lost 121 lives. I would like to extend my sympathies to all who have lost loved ones during this difficult time. Please continue to stay safe.

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 and Saddleback College. Both have been major employers in the community since incorporation. Mission Hospital is the largest hospital in South Orange County and one of only three trauma centers in all of Orange County with over 2,700 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 November 2019, the hospital opened the Leonard Cancer Institute that is located on a portion of the Shops at Mission Viejo site adjacent to Medical Center Road and the hospital campus. Saddleback College, the City's second largest employer with over 1,400 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, certificates and occupational awards in 85 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, Apple, Tesla and the Disney Store. In addition to Tesla, six other high-end auto dealers are located in Mission Viejo: Acura, Audi, Infiniti, Jaguar/Land Rover, Lexus, and Volvo. Home Depot also has a major presence in town as does Floor & Décor and Target, with three locations in Mission Viejo. 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. In September 2020, an Amazon Fulfillment Center opened at the former Unisys site on Jeronimo Road between Alicia Parkway and Los Alisos Boulevard. The station powers Amazon's last-mile delivery capabilities to speed up deliveries for customers in the south Orange County area and has created almost 300 new jobs.

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. Since 2010, assessed valuation of property in the City has grown at an average annual rate of 3.3%. City

property tax revenue accounts for about 45% of total governmental revenues. Sales tax revenue represents about 21% of governmental revenues. The remainder of the tax base (franchise taxes, real property transfer taxes and transient occupancy taxes) contributes another 6% of governmental revenues.

Mission Viejo experienced a slow but solid recovery after the 2009 great recession. Steady job growth occurred in Orange County and elsewhere and Mission Viejo's unemployment rate declined by 4.1% from the 2010 peak of 6.9% to 3.0% by the end of fiscal year 2019. The pandemic disrupted this steady decline and caused the unemployment rate to spike in 2020 to 8.6%. The unemployment rate has dropped to 5.5% at the end of 2021. Median housing values have not been affected by the pandemic. Median housing values have grown from \$700,000 in 2019 to \$837,500 in 2021. The pre-great recession high was \$613,000 in 2007. Sales tax revenue has started to rebound after declining in the prior year due to state-wide closures. After losing an estimated \$600,000 in sales tax revenue in the prior year, sales tax increased by approximately \$900,000 in 2021. However, some business industries are still struggling. Sales for fuel and service stations were down 17% this year after declining 26% in the prior year. General consumer goods were down 8% this year after a decline of 20% in the prior year. The Business and Industry sector was also down another 2% after a 26% decline in the prior year. Overall, the sales tax base grew approximately 5%, however, the base is still below the pre-pandemic base of approximately \$18.7 million. Hotels in the City continue to experience significant negative impacts from the pandemic as room occupancy for the entire year was at 50% capacity from pre-pandemic levels.

The City remained committed during the year to working with local businesses to keep Mission Viejo Strong. In efforts to assist local businesses impacted by the pandemic, the City Council approved a small business grant program in December 2020, funded with Community Block Grant funds and general government funds. Through June 30, 2021, a total of 68 grants were awarded for a total of \$842,500.

Long-term financial planning

The City prepared a Master Financial Plan (MFP) as part of the 2021-2023 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 2023-28 revenue forecast indicated that general fund revenue would grow throughout the forecast period on an average of 2.37% 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 3.35% for property taxes and 0.5% for sales taxes through 2028. Actual revenue growth for property taxes was 3.67% in FY 2020-21, exceeding the MFP projection. Sales tax revenue in FY 2020-21 exceeded original revenue projections by \$2.7 million. The current MFP was prepared with a conservative approach to future expenditure planning. The 2021-22 adopted budget is balanced without the use of General Fund reserves. For each year beyond 2023, the MFP reflects that expenditures could exceed revenues in FY 2023-24 through FY 2027-28 by as much as \$3.7 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 2028.

Financial policy requires the City to 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 2021-23 budget was adopted in May 2021. The City Council set the target General Fund reserve at \$29.5 million, with a minimum General Fund reserve of \$26.4 million. The reserve balance at June 30, 2021 is \$30.8 million, or 46.5% of fiscal year 2020-21 General Fund revenue as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances on page 38 of this report.

The City received the GFOA Distinguished Budget Presentation Award and CSMFO Excellence in Operational Budgeting Award for its 2019-2021 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 2021-23 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

Civic Core Area Vision Plan Project – In March 2017, the City Council approved the Core Area Vision Plan. This vision plan articulates the future development potential of the City's Core Area which includes the properties around the intersection of La Paz Road and Marguerite Parkway, and along Marguerite Parkway, to the south, including the intersection of Marguerite and Oso Parkways. In early 2021, a property owner in the Village Center at the southeast quadrant of the La Paz Road and Marguerite Parkway, approached the City about purchasing the Stein Mart property within the center. The City spent several months negotiating price and terms with the property owner and the City Council approved the negotiated purchase and sale agreement at the September 14, 2021 City Council meeting and closed escrow on the property on November 24, 2021. Also, during the September 14 meeting, the City Council directed staff to take actions necessary to finance the Core Area Vision Plan project with lease revenue bonds, including the purchase of the Stein Mart property. At the November 9 City Council meeting, the City Council authorized the issuance of Mission Viejo Community Development Financing Authority Lease Revenue Bonds (Core Area Vision Plan Project), to finance the first phase cost of the project which includes; acquisition of the Stein Mart property and easements to implement the project; professional services for conceptual design, design development, and working drawings and construction management; and other costs necessary to implement the overall vision plan. The first phase of the project is estimated at \$19.0 million. The phase one bonds are expected to be priced on December 8 with final sale expected on December 22, 2021. The City expects to issue a subsequent bond series in 2023 or 2024 that will fund phase two of the project which includes the rehabilitation and/or demolition and construction of the Stein Mart building, public courtyards, paseos, walkways, trails, bridges, open space and other improvements relating to the project. The total project is currently expected to cost approximately \$46.0 million and be completed in 2026. The 2017 Core Area Vision Plan is located at <https://cityofmissionviejo.org/sites/default/files/mission-viejo-core-area-vision-plan.pdf>. The concept video for the current project is located at [Envision a Mission Viejo Village Center walkable paseo - YouTube](#).

Oso Creek Public Golf Course – In July 2020, the City issued a contract to MR-ProFun to develop a golf course and open space vision plan. The scope of the plan was to include potential future use and operation of the golf course, including potential complementary uses such as hospitality or other recreational uses that

would serve to enhance and sustain the existing golf course facility. The effort also included potential future uses of approximately 5 acres of undeveloped land adjacent to the golf course and the Marguerite Recreation Center. The Vision Plan was presented to the City Council and public at the November 9, 2021 City Council meeting. The City Council approved moving forward with the near term project recommendations which include creating a temporary outdoor event area at the golf course, create additional parking at the golf course for staff and valet service, create a new pedestrian crossing on Casta Del Sol Drive, create additional parking at the Marguerite Recreation Center, create a new trail head and parking lot along the Oso Creek Trail off Casta Del Sol Drive, including amenities such as restrooms and trail café and improvements to the Oso Creek Trail between Casta Del Sol Drive and Jeronimo Road. Project recommendations are expected to be implemented over the next two to four years.

Development of Lower Curtis Park – The area below and east of the existing Curtis Park, between La Paz Road and Escatron has been identified as open space for additional recreational purposes. Beginning in 2019 the City began conceptual development of this site, including issuing contracts for geotechnical soils work and rough grading plans for the construction of a “super-pad”. In September 2019, the City received a grant from the Orange County Transportation Authority for the construction of bioretention water quality basins at the north end of the proposed park expansion site. The plan includes importing approximately 760,000 cubic yards of dirt from the freeway improvements that are currently underway to the Interstate 5 freeway that would be graded into a pad that could be used in the future for recreational uses. Dirt import began in August 2021 and is expected to continue over a period of three years. Once the pad is complete, the City will consider options for park expansion and other recreational improvements.

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 pool’s surface. Estimated cost of project is \$1.2 million with construction expected to begin sometime in 2022.

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 \$9.3 million with construction estimated to commence in Spring 2022.

Implementation of Land Management Software – The City issued a contract for the purchase of a new system in July 2021, with implementation expected to occur throughout fiscal year 2021-22. The selected system includes building permit tracking and approval process, inspection tracking, plan-checking capabilities, code enforcement tracking, cashiering, and parcel address management.

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, 2020. 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 annual comprehensive financial report, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

Honorable Mayor, Members of the City Council, City Manager and Citizens of the City of Mission Viejo
December 6, 2021

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 2020-21 ACFR 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 ACFR 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 Andrea Pham, Administrative Services Manager Andrea Bartlett, Accounting Information Specialist 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, 2020

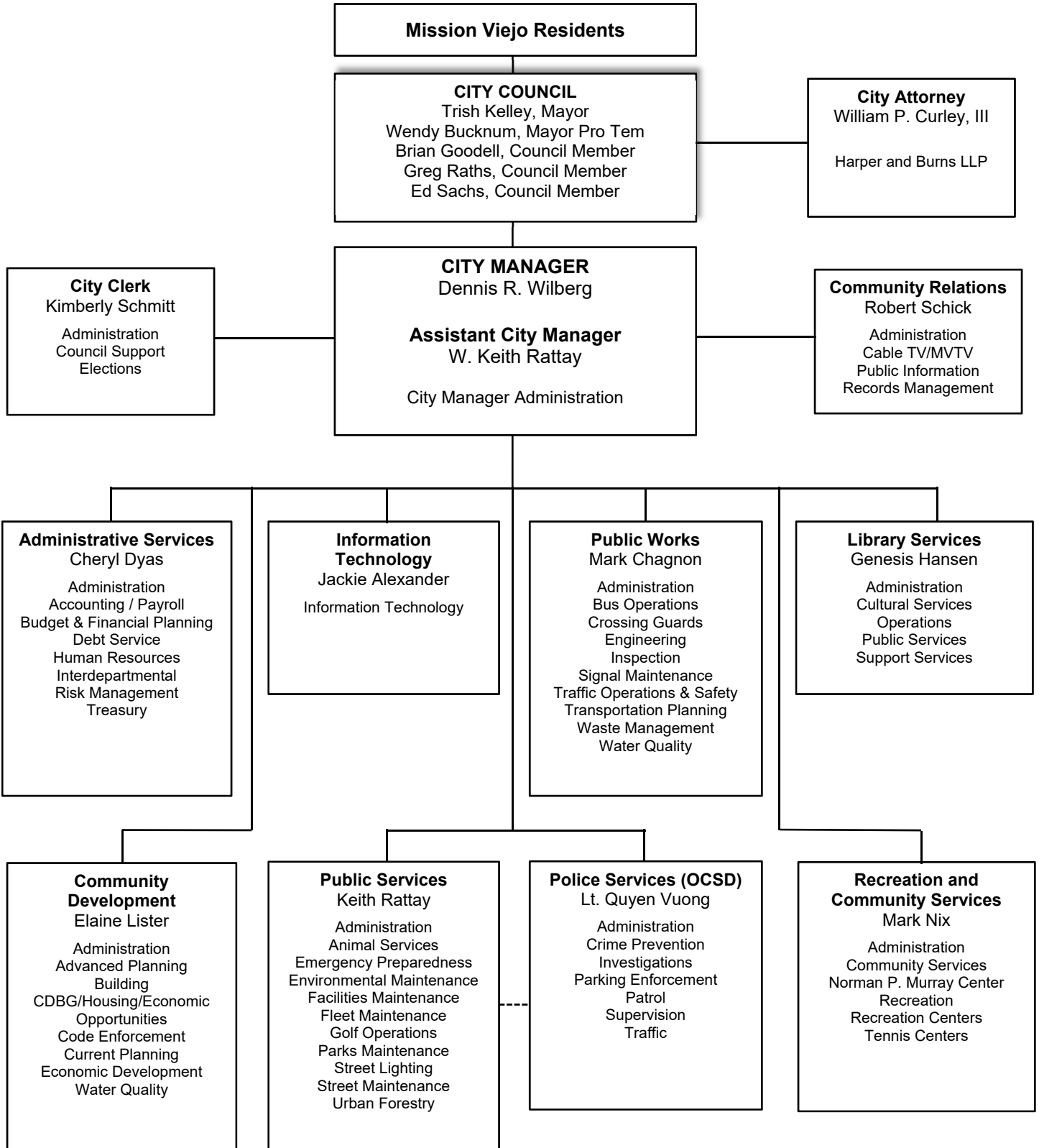
Christopher P. Morill

Executive Director/CEO

CITY OF MISSION VIEJO

Organizational Structure

June 30, 2021



CITY OF MISSION VIEJO
List of Principal Officials
as of June 30, 2021

City Manager	Dennis R. Wilberg
Assistant City Manager/Director of Public Services	W. Keith Rattay
Director of Administrative Services	Cheryl Dyas
Director of Community Development.....	Elaine Lister
Director of Community Relations	Robert Schick
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
City Clerk.....	Kimberly Schmitt
City Attorney	William P. Curley III
Chief of Police Services (O.C. Sheriff Department)	Lt. Quyen Vuong

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, 2021, 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, 2021, 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.

Emphasis of Matter

During the year ended June 30, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87: *Leases*. Our opinion is not modified with respect to this matter.

The financial statements for the year ended June 30, 2021 reflect certain prior period adjustments as described further in note 22 to the financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the City of Mission Viejo's 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 December 6, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
December 6, 2021



MISSION VIEJO

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Management's Discussion and Analysis (Required Supplementary Information)

CITY OF MISSION VIEJO
Management's Discussion and Analysis
Year ended June 30, 2021

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, 2021. 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, 2021 by \$690.7 million. This amount is referred to as the net position of the City. Of this amount, \$20.8 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased \$5.3 million from the prior year.
- As of June 30, 2021, the City's governmental funds (the General Fund plus Special Revenue, Debt Service and Capital Projects funds) reported combined ending fund balances of \$54.5 million. Governmental expenditures and other financing uses exceeded revenues and other financing sources by \$11.2 million in FY 2020-21. Of the \$54.5 million combined ending fund balances at June 30, 2021, \$22.9 million is categorized as unassigned, \$9.6 million is categorized as assigned and \$21.9 million is categorized as restricted.
- Of the \$9.6 million General Fund assigned fund balance, \$1.0 million is assigned to natural disasters, \$3.2 million is assigned to pension and OPEB liabilities, \$1.2 million is assigned to capital asset replacement, with \$4.2 million assigned to capital projects.
- The unassigned General Fund fund balance of \$23.8 million includes a \$13.8 million reserve for economic and budgetary uncertainty. Another \$2.6 million is for carryover appropriations to FY 2021-22, including encumbrances. The balance of \$7.4 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, remained unchanged at \$54.3 million. Liabilities for bond debt decreased \$2.2 million due to scheduled debt service payments, while pension liabilities increased \$0.7 million. The City also added lease liabilities of \$0.7 million.

Overview of the Financial Statements

This discussion and analysis are 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 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?"

CITY OF MISSION VIEJO
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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 golf course operations, 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 (Housing Authority); and the Mission Viejo Community Development Financing Authority (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. 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 29-31 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 at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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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 17 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, Housing Authority Fund and American Rescue Plan Act Fund, which are considered to be the City's five major funds for the current fiscal year. Data from the other twelve 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 34-40 of this report.

Proprietary funds. The City maintains three 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 golf course operation, animal services operation and government-access cable television station.

The basic proprietary fund financial statements can be found on pages 41-44 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 45-46 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 47-101 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 104-117 of this report.

The supplemental schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 120-147 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.

Net Position at Year-End (in millions)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2021	2020	2021	2020	2021	2020	2020-2021
Current assets	\$ 59.0	\$ 45.6	\$ 6.6	\$ 5.6	\$ 65.6	\$ 51.2	28.1%
Noncurrent assets	16.3	15.9	0.4	0.1	16.7	16.0	4.4%
Capital assets	657.0	663.0	14.3	13.9	671.3	676.9	-0.8%
Total assets	732.3	724.5	21.3	19.6	753.6	744.1	1.3%
Deferred outflows of resources	4.4	4.4	0.5	0.5	4.9	4.9	0.0%
Current liabilities	11.4	7.5	0.7	0.5	12.1	8.0	51.3%
Noncurrent liabilities	50.8	51.6	3.5	2.7	54.3	54.3	0.0%
Total liabilities	62.2	59.1	4.2	3.2	66.4	62.3	6.6%
Deferred inflows of resources	0.9	1.2	0.5	0.2	1.4	1.4	0.0%
Net position:							
Net investment in capital assets	628.9	633.0	12.8	14.0	641.7	647.0	-0.8%
Restricted	28.2	24.9	-	-	28.2	24.9	13.3%
Unrestricted	16.5	10.7	4.3	2.8	20.8	13.5	54.1%
Total net position	\$ 673.6	\$ 668.6	\$ 17.1	\$ 16.8	\$ 690.7	\$ 685.4	0.8%

CITY OF MISSION VIEJO
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Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$690.7 million as of June 30, 2021, the close of the most recent fiscal year. In comparison to 2020 and 2019, net position was \$685.4 million and \$683.4 million, respectively. The City's total net position increased by \$5.3 million from the prior year.

By far the largest portion of the City's net position at June 30, 2021 (\$641.7 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 \$28.2 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 \$3.3 million, or 13.3% from June 30, 2020. This total increase includes an increase in assets accumulated in the pension trust fund of \$0.3 million; an increase in assets accumulated in debt services funds in the amount of \$0.5 million; an increase in Library resources of \$0.5 million as a result of an operating surplus in that fund for this fiscal year; an accumulation of park development fees and park grant revenue resources in the amount of \$0.7 million; and accumulation of other restricted resources of approximately \$1.3 million dedicated to various street and road projects, including the residential and arterial highway street resurfacing projects, affordable housing efforts and other miscellaneous government purposes.

The third category of net position, unrestricted, increased by \$7.3 million to \$20.8 million from the prior year. The primary reason for this increase is a result of actual revenues for the year exceeding actual expenditures by \$5.3 million for the primary government as a whole. 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 \$5.3 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		Business-type		Total		Total Percentage Change 2020-2021
	Activities		Activities				
	2021	2020	2021	2020	2021	2020	
Revenues							
Program revenues:							
Charges of services	\$ 7.0	\$ 7.1	\$ 6.0	\$ 4.0	\$ 13.0	\$ 11.1	17.1%
Operating grants and contributions	9.0	7.5	0.1	0.1	9.1	7.6	19.7%
Capital grants and contributions	5.3	0.6	-	-	5.3	0.6	783.3%
General revenues:							
Property taxes	39.5	37.6	-	-	39.5	37.6	5.1%
Sales and use taxes	17.9	17.0	-	-	17.9	17.0	5.3%
Other taxes	4.5	4.2	-	-	4.5	4.2	7.1%
Investment earnings	0.1	0.8	0.1	0.1	0.2	0.9	-77.8%
Other	0.3	0.1	-	-	0.3	0.1	200.0%
Total revenues	83.6	74.9	6.2	4.2	89.8	79.1	13.5%
Expenses							
General government- legislative	0.8	0.7	-	-	0.8	0.7	14.3%
General government- management/support	10.5	10.3	-	-	10.5	10.3	1.9%
Public safety	21.6	21.8	-	-	21.6	21.8	-0.9%
Community development	5.8	3.7	-	-	5.8	3.7	56.8%
Engineering & transportation	7.2	5.4	-	-	7.2	5.4	33.3%
Infrastructure maintenance	22.4	20.8	-	-	22.4	20.8	7.7%
Recreation, community and library services	8.8	10.1	-	-	8.8	10.1	-12.9%
Golf operations	-	-	3.0	1.2	3.0	1.2	150.0%
Animal services and other	-	-	3.1	3.1	3.1	3.1	0.0%
Mission Viejo television	-	-	0.3	0.3	0.3	0.3	0.0%
Interest on long-term debt	1.0	1.1	-	-	1.0	1.1	-9.1%
Total expenses	78.1	73.9	6.4	4.6	84.5	78.5	7.6%
Excess/(deficiency) in net position							
before transfers and extraordinary item	5.5	1.0	(0.2)	(0.4)	5.3	0.6	783.3%
Transfers	(0.5)	(11.2)	0.5	11.2	-	-	0.0%
Increase (decrease) in net position	5.0	(10.2)	0.3	10.8	5.3	0.6	783.3%
Net position, beginning of year, as restated	668.6	677.4	16.8	6.0	685.4	683.4	0.3%
Net position, end of year	\$ 673.6	\$ 667.2	\$ 17.1	\$ 16.8	\$ 690.7	\$ 684.0	1.0%

Governmental activities. During the current year, net position for governmental activities increased \$5.0 million from the prior fiscal year ending balance of \$668.6 million, as restated. Total revenues of \$83.6 million were more than expenses and net transfers of \$78.6 million.

Revenue Analysis

Total revenues increased by \$8.7 million over the prior year. General revenues increased by \$2.6 million. Property tax revenue was up \$1.9 million. The property tax growth rate for secured and unsecured property for FY 2020-21 was 3.67%, accounting for the majority of this increase. Sales tax revenue increased from the prior year in the amount of \$0.9 million. It was estimated that the City lost

CITY OF MISSION VIEJO
Management's Discussion and Analysis
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approximately \$0.6 million in sales tax revenue in the prior year due to effects of the pandemic. The increase in sales tax revenue in the current year is a reflection that the economy is rebounding after the prior year decline.

Program revenues increased \$6.1 million, with a \$1.5 million increase reflected in operating grants and contributions and a \$4.7 million increase reflected in capital grants and contributions. In the current year, the City received approximately \$1.5 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds accounting for the increase in operating grants and contributions. This was approximately \$0.7 million more than received in the prior fiscal year. The City also received an increase in Community Development Block Grant (CDBG) funds of almost \$600,000 that was expended on the purchase of two transitional housing units through an agreement with Families Forward. Under the category of capital grants and contributions, the City received \$2.0 million in developer fees from Saddleback Valley Community Church related to a development project at the corner of Marguerite Parkway and El Toro Road and \$2.455 million in Park Development fees from two separate developers related to the Neo and Haven Residential Community on Los Alisos Boulevard and an Assisted Living Facility on Marguerite Parkway. There were no Park Development fees received in the prior year.

Charges for services revenue overall was down only \$0.1 million. While various building and planning fees and other governmental revenue were up approximately \$1.0 million, it should be noted that recreation and library fees were down significantly by almost \$1.0 million due to the pandemic. At the start of the fiscal year, many recreation facilities were still closed to the public or operating at reduced levels. Membership fees, which were frozen in March 2020 were gradually reinstated as facilities were opened and programs were restarted. When the year started, the Marguerite Tennis Center was open for singles and doubles play. The pools at both the Montanoso and Sierra Recreation Centers were open for lap swimming, but the indoor gym facilities were closed. The outdoor pickleball courts at Sierra were also open. The recreation center gyms and the library opened to the public in October 2020. The gym facilities were closed to the public again in mid-November, 2020. Lap swimming by appointment at the Recreation Centers and Library curbside services and public access to the Library by appointment remained available during this time. In response to the November 2020 State closure orders, the City constructed a tent on the tennis courts at the Montanoso Recreation Center and moved the gym equipment to the outdoor location at that facility in January 2021 to provide gym access for members of the recreation centers. Due to increasing COVID-19 cases toward the end of 2020, the Library returned to curbside-only service on or about December 26, 2020. The Library reopened to the public on or about April 30, 2021 and the Montanoso and Sierra Recreation Centers reopened on or about June 21, 2021. The Norman P Murray Senior and Community Center was closed for most of the year and the City suspended room rentals at that facility for the entire fiscal year.

Expenses Analysis

Expenses associated with governmental activities increased by \$4.2 million, or 5.7%. The largest increase is in the area of Community Development in the amount of \$2.1 million. In addition to expending almost \$600,000 for transitional housing as previously mentioned, the City Council approved a small business grant program funded with both CDBG funds and General Fund resources. A total of 68 grants were awarded during fiscal year 2020-21 for a total of \$842,500. The City also

CITY OF MISSION VIEJO

Management's Discussion and Analysis

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expended approximately \$450,000 more in the current year over the prior year on economic development. \$90,000 was expended on an exclusive negotiating rights agreement for interest in real property with the owner of the Stein Mart property in the Village Center for purposes of implementing the Core Area Vision Plan and additional \$200,000 was spent on other consulting and legal costs associated with the negotiation to acquire this property. The City also contracted with a consultant to prepare a golf course and open space vision plan. The total contract for this project is approximately \$352,000. Total expended in the current fiscal year was approximately \$275,000.

Expenses in Engineering and Transportation were up \$1.8 million. The City utilizes the modified approach for its street infrastructure network. All costs incurred that help to preserve the useful life of the street network are expensed each year. In FY 2019-20, the City expensed approximately \$1.2 million for residential and arterial resurfacing projects. This amount increased to \$3.3 million in FY 2020-21.

Expenses in Infrastructure Maintenance were up \$1.6 million. Over \$0.9 million was spent just on increased cleaning at all City facilities, park restrooms and playgrounds to combat the spread of the COVID-19 virus. Another \$0.1 million was spent on personal protective equipment and supplies for protective barriers to support social distancing efforts. The City also expended \$236,000 for new flooring throughout much of the Norman P Murray Senior and Community Center. Finally, water costs for all landscaping, including parks, medians and slopes was up almost \$0.5 million over the prior year.

The largest decrease was in Recreation, Community Services and Library by \$1.3 million. As described above in the revenue analysis, the operations of all recreation and library facilities were impacted due to the pandemic. Closed facilities and scaled back operations throughout the year translated to a reduction in operating costs for personnel, contract instructors and facility maintenance costs.

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The cost of all governmental activities in FY 2020-21 was \$56.8 million. That cost was financed by: those who directly benefited from the programs and services (9.0%); other governments and organizations that subsidized certain programs and projects with grants and contributions (18.3%); and general tax revenues and other general revenues of the City (72.7%). This is a decrease of 6.7% from the prior year.

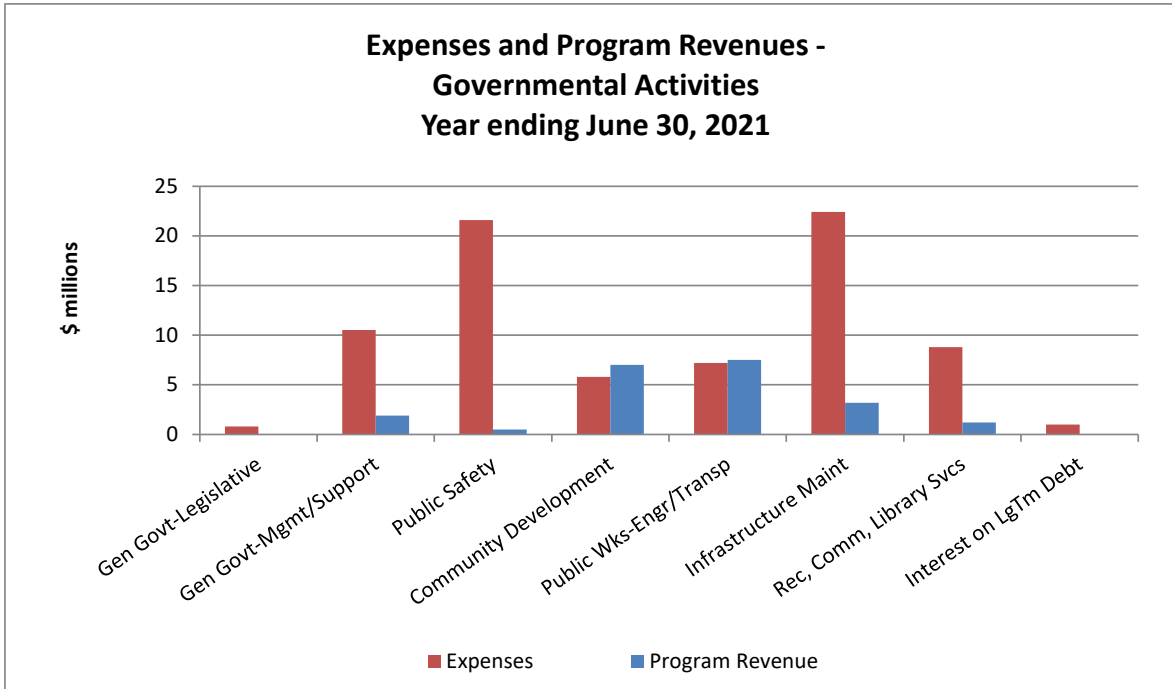
Net Cost of Governmental Activities (in millions)

	2021			2020		
	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	\$ 0.8	\$ 0.8	100.0%	\$ 0.7	\$ 0.7	100.0%
General government-management/support	10.5	8.6	81.9%	10.3	9.4	91.3%
Public safety	21.6	21.1	97.7%	21.8	21.1	96.8%
Community development	5.8	(1.2)	-20.7%	3.7	0.3	8.1%
Engineering & transportation	7.2	(0.3)	-4.2%	5.4	(2.3)	-42.6%
Infrastructure maintenance	22.4	19.2	85.7%	20.8	20.2	97.1%
Recreation, community and library services	8.8	7.6	86.4%	10.1	8.2	81.2%
Interest on long-term debt	1.0	1.0	100.0%	1.1	1.1	100.0%
	\$ 78.1	\$ 56.8	72.7%	\$ 73.9	\$ 58.7	79.4%

The overall decrease is caused by the increase in federal funding received in response to the COVID-19 pandemic and developer and park development fees received during the year as previously discussed.

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.

CITY OF MISSION VIEJO
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Business-type activities. There are three business-type activities of the City: Golf Course operations, comprising 46.6% of total expenses; Animal Services, comprising 49.0% of the total expenses; and Mission Viejo Television, comprising 4.4% of expenses. Business-type activities continue to be a relatively small component of overall City operations, representing about 7.5% of total City expenses for the current fiscal year.

Golf Course

Net position for the Golf Course Fund increased \$307,000 in FY 2020-21. Program revenue increased \$2.0 million over the prior year. Total expenses increased \$1.8 million. The City purchased the golf course in November 2019. Accounting for an approximate six-week closure due to the pandemic during FY 2019-20, the golf course operated for about six months in the prior year compared to twelve months in the current fiscal year. The golf course operation ended the year with a \$329,000 operating surplus. The City contracts with American Golf Corporation to manage the day-to-day operations of the golf course.

Animal Services

Net position for the Animal Services Fund decreased \$155,000 in FY 2020-21. Program revenue and expenses remained static from the prior year at \$2.4 million and \$3.1 million respectively. Investment earnings were \$106,000 less in the current year due to lower investment yields on the fund's share of the City's investment portfolio. The City provides animal services to four neighboring cities in addition to the residents of Mission Viejo. Net costs of the operation are allocated to each city based on

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population. Charges for services collected from other cities was \$1.2 million for FY 2020-21, while the City's share of the operating subsidy was \$561,000, a decrease of \$23,000 from the prior year.

Mission Viejo Television

Net position for Mission Viejo Television (MVTV) increased by \$195,000 in FY 2020-21. Program revenue was down \$33,000. The primary revenue for funding this operation were franchise fees from local cable operators. This revenue stream was slightly affected by the pandemic, causing this revenue source to decline. Operating expenditures decreased \$35,000 from the prior year, with personnel services declining \$30,000. The prior Director of Community Relations retired during the fiscal year resulting in a reduction in staff allocated to the MVTV operation.

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.

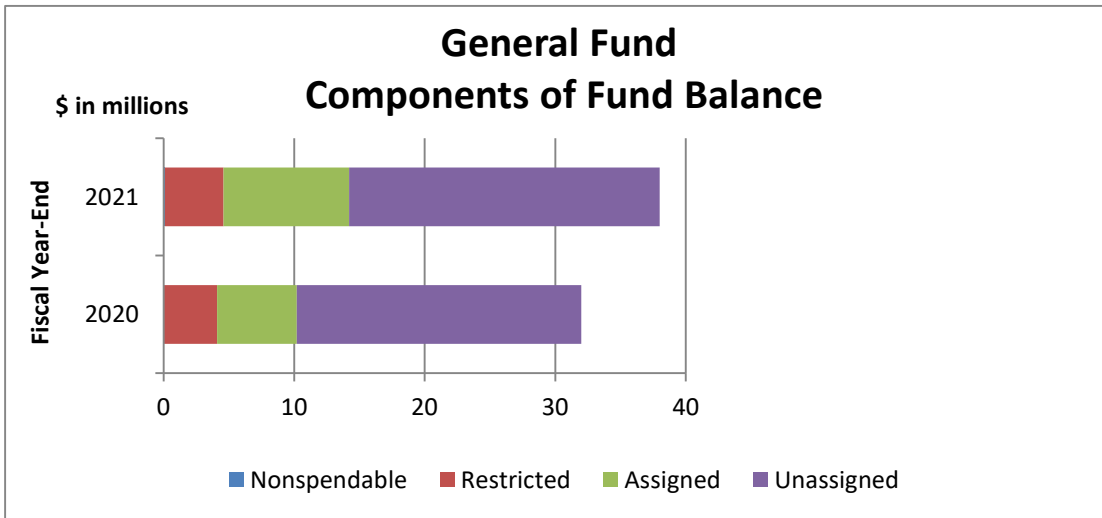
At June 30, 2021, the City's governmental funds (as presented in the balance sheet on pages 34-35) reported combined fund balances of \$54.5 million, an increase of \$11.2 million in comparison with the prior year balance of \$43.3 million, as restated. Approximately \$22.9 million of this total amount (42%) 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 (\$64,000), 2) legally required to be spent on specific uses or be maintained intact (\$21.9 million), or 3) assigned for a particular purpose (\$9.6 million).

General Fund. The General Fund is the chief operating fund of the City. As of June 30, 2021, the total fund balance of the General Fund was \$38.0 million, an increase of \$6.0 million from the \$32.0 million prior year balance. General Fund revenues were up overall approximately \$4.0 million due the receipt of federal funding in response to the COVID-19 pandemic and the receipt of developer fees as discussed on page 12. Expenditures were up approximately \$1.6 million overall. Public Safety costs increased by almost \$900,000 in the General Fund as approximately \$800,000 of public safety contract costs were shifted to the CARES Act Fund in the prior year in response to the pandemic. Costs shifted in the prior year were shifted back to the General Fund in the current year. Community Development expenditures increased \$1.5 million. As previously discussed the City Council approved a small business grant program during the current fiscal year. A total of 53 grants were awarded during fiscal year 2020-21 for a total of \$730,000 using General Fund resources. The City also expended approximately \$450,000 more in the current year over the prior year on economic development with approximately \$290,000 expended toward implementing the Core Area Vision Plan project and another

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 Year ended June 30, 2021

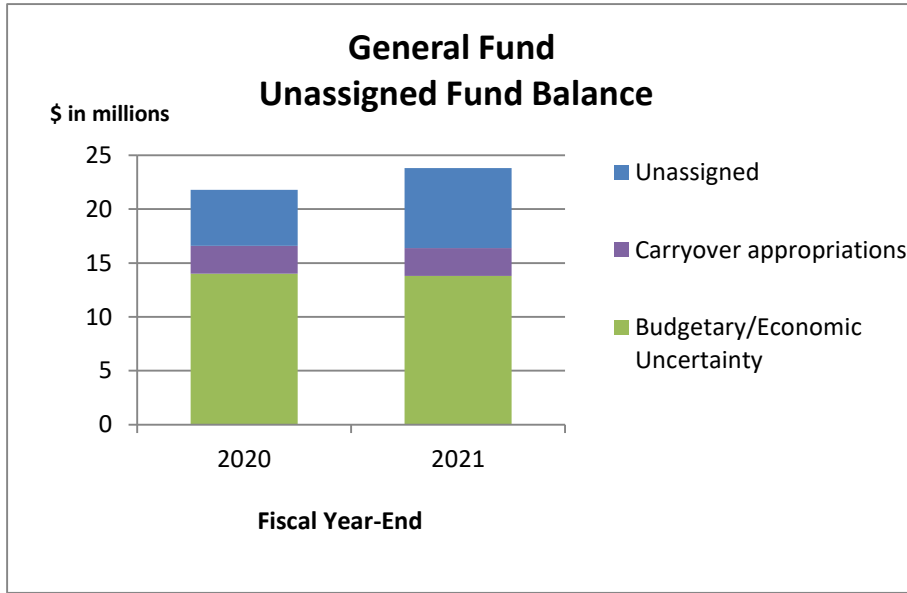
\$275,000 for the preparation of a golf course and open space vision plan. Infrastructure Maintenance expenditures increased almost \$1.0 million due to increased cleaning costs of park playgrounds, park restrooms and City facilities to prevent the spread of COVID-19. The Recreation and Community Services Department reflected a decline in expenditures of \$1.2 million due to facility closures and other budget cuts in response to the pandemic. Expenditures in capital outlay decreased approximately \$355,000. General Fund expended resources in the prior year for the renovation of the Christopher Park Playground in the amount of \$0.6 million. There were no material capital projects completed with General Fund resources in the current year.

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



Restricted fund balance of \$4.5 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 \$9.6 million is comprised of \$3.2 million for pension and OPEB liabilities, \$1.0 million for natural disasters, \$1.2 million for capital asset replacement and \$4.2 million for capital projects. These amounts were designated by the City Council on May 11, 2021 with Resolution 21-13 as a result of the 2021 General Fund Reserve Risk Analysis. The largest component of fund balance is unassigned fund balance at \$23.8 million.

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Unassigned fund balance includes \$13.8 million for economic and budgetary uncertainty and \$2.6 million for carry over appropriations, including amounts for encumbrances. The remaining balance in unassigned fund balance of \$7.4 million, is available for any purpose at the Council's discretion. Unassigned fund balance has increased \$2.2 million from the prior year.

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 \$9.6 million, the economic and budgetary uncertainty reserve in the amount of \$13.8 million and the unassigned reserve of \$7.4 million, to comprise the balance of the City Council's discretionary reserve balance of \$30.8 million at June 30, 2021. This amount represents 46.5% of FY 2020-21 General Fund revenue of \$66.3 million.

The City has four other major funds: Developer Fees Fund, Grants Fund, Housing Authority Fund and the American Rescue Plan Act Fund.

Developer Fees Fund. The Developer Fees Fund ended the year with a positive fund balance of \$0.4 million, an increase of \$1.9 million from the prior year ending fund balance of negative \$1.5 million. The increase in fund balance is due to the receipt of park development fees in the amount of \$2.455 million during the current year. A portion on the fees collected in the current year were appropriated and spent in the previous fiscal year which caused the beginning negative fund balance. Projects funded in the prior year using park development fees were the Craycraft Park Restroom and Snack Bar project in the amount of \$429,000 and \$1.0 million was used to purchase the open space adjacent to the golf course that was part of the golf course purchase in November 2019. Park fees are collected by developers as part of the building permit process. There is an intergovernmental receivable in this fund of \$0.6 million for amounts due the City at June 30, 2021. This receivable increased \$70,000

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over the prior year balance and are amounts due from the County of Orange for South County Roadway Improvement Program (SCRIP) development fee projects. Expenditures incurred on projects relying on SCRIP resources include the Felipe Road/Oso Parkway Intersection Improvement project and the Oso Parkway/I-5 On Ramp Improvement project.

Grants Fund. The Grants Fund ended the year with a positive fund balance of \$74,000, an increase of \$40,000 from the prior year, restated fund balance. The grants fund includes activity for the CDBG grant, Senior Mobility grant funded through the Orange County Transportation Authority (OCTA), funding for a Systemic Safety Analysis Report (SSARP) through the State, a project funded with Prop 68 Statewide Park Grant funds, and a project funded with Bicycle Corridor Improvement Grant funds through OCTA. Grant revenues in the current year were \$1.2 million compared to \$0.6 million in expenditures. CDBG program expenditures were \$0.5 million, while Senior Mobility grant expenditures were \$21,000 and SSARP expenditures were \$61,000. Capital improvement expenditures for the Mission Viejo Railroad Corridor Trail and the Jeronimo Road/Chrisanta Road Trail were \$19,000. There is a CDBG housing rehabilitation loan receivable balance in this fund of \$1.9 million at June 30, 2021. 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 \$138,000 from the prior year. There were loan repayments of \$213,000 against new loans issued of \$75,000. Individual loans are capped at \$25,000. There is an intergovernmental receivable in this fund of \$0.6 million for amounts due the City at June 30, 2021. This receivable increased \$0.3 million over the prior year balance and are amounts due from the Department of Housing and Urban Development under the CDBG program, the State of California for the Prop 68 grant project and the State for the SSARP project.

Housing Authority Fund. The Housing Authority Fund had a fund balance of \$5.6 million at June 30, 2021, an increase of \$158,000 from the prior year. Expenditures during the fiscal year were \$0.6 million. Funds in the amount of \$591,000 were disbursed to Families Forward for the purchase of two transitional housing units to support the fund's affordable housing objectives. Revenue consisted of \$7,100 of investment earnings and the repayment of an affordable housing subsidy loan in the amount of \$167,000. There is a housing rehabilitation loan receivable balance in this fund of \$181,000 at June 30, 2021. These loans are repaid when a home is either refinanced, sold by the owner, or when the loan recipient no longer occupies the home. There are no new loans made for the housing rehabilitation program using funds from the Housing Authority. Three loans were paid off for a total of \$60,000. All payoff proceeds are used for other affordable housing purposes. There is an amount due from developers in the amount of \$2.7 million at June 30, 2021. These amounts were loaned under affordable housing agreements executed by the City. Additional information on these agreements can be found in note 5 in the Notes to Basic Financial Statements. The fund has a note payable balance due the City in the amount of \$1.925 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 note 7 in the Notes to Basic Financial Statements.

American Rescue Plan Act Fund. The American Rescue Plan Act (ARPA) fund was created in fiscal year 2020-21 to account for resources received from the United States Treasury in response to the COVID-19 pandemic. The ARPA fund had no fund balance at June 30, 2021. While the City received

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an allocation of \$4.9 million in May 2021, the City expended only \$435,000 during fiscal year 2020-21. The balance of the allocation will be expended in future fiscal years for COVID-19 response related expenditures and other government purposes in accordance with ARPA spending requirements. Unspent funds at June 30, 2021 are classified as unearned revenue in accordance with accounting standards.

Proprietary funds. The City's proprietary funds statements provide the same type of information found in the government-wide financial statements for the City's business-type activities, but in more detail for each fund. Please refer to the business-type activities section starting on page 15 for details on each proprietary fund.

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 2020-21 were approved by the City Council in October 2020 and increased the original budget accordingly. Total carryover appropriations for FY 2020-21 were \$2.8 million, with \$2.6 million appropriated in the operating budget and \$0.2 million for the capital improvement program (CIP) budget. The most significant operating carryover appropriations were \$0.4 million to supplement the slope rehabilitation budget to complete rehabilitations on slopes along Alicia Parkway, Trabuco Road and Muirlands Road, \$0.5 million for costs associated with developing alternative corp yard storage space and staff relocation from the corp yard facility and almost \$0.4 million to provide for increased cleaning at park playgrounds and restroom and all City facilities to prevent the spread of COVID-19. Another \$0.3 million was carried over for economic development purposes. The largest capital improvement project carryover appropriation was for the residential street resurfacing program in the amount of \$141,000.

During the year, there were a net total of \$0.6 million additional appropriations approved by the City Council, all of which were in response to the pandemic. The most significant increase was \$850,000 for a small business grant program to assist small businesses negatively impacted by the COVID-19 pandemic; the net of all other amendments decreased the budget by \$0.2 million. The final General Fund appropriation budget, including transfers out was \$3.4 million higher than the original adopted budget.

Final budget compared to actual results. Actual revenues for the year were \$6.1 million more than revised budget projections. Actual sales tax revenue exceeded projections by \$3.1 million, with property tax revenue exceeding projections by \$0.3 million. Sales tax revenue rebounded much quicker from the pandemic than anticipated and the growth in property taxes was approximately 0.67% higher than projected in the original budget. Another notable variance was an unbudgeted developer fee received in the amount of \$2.0 million from Saddleback Valley Community Church related to a development project at the corner of Marguerite Parkway and El Toro Road.

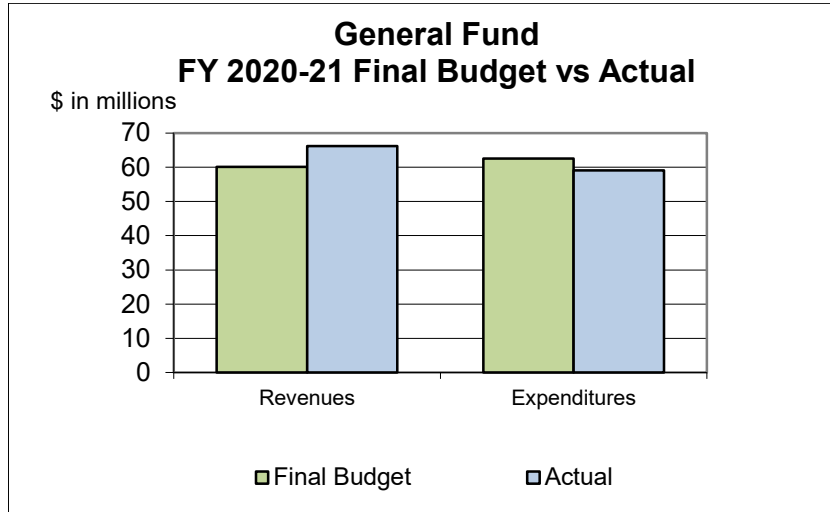
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Due to conservative budgeting and cautious spending in response to the pandemic, actual expenditures were \$3.4 million less than the final appropriations budget. Of this amount, operating expenditures were \$3.1 million less than budget and capital projects came in \$0.3 million under budget.

There were significant differences between estimated and actual expenditures in the operating budget in the following program areas: General Government - Management and Support of \$1.0 million; Public Safety of \$0.6 million; Infrastructure Maintenance



of \$0.6 million; and Recreation, Community Services and Library Services in the amount of \$0.6 million. Although these appropriations were not spent during FY 2020-21, \$2.6 million has been carried over for continued use in FY 2021-22 for on-going active projects, including: \$0.4 million for various IT projects, \$0.7 million for various park maintenance projects, \$0.2 million to supplement the Montanoso Recreation Center CIP budget, \$0.6 million for various facilities maintenance projects; and \$0.1 million for economic development purposes. In the CIP budget, the largest carryovers were for the Storage Barn project in the amount of \$143,000 and the Barcelona Retaining Walls project in the amount of \$92,000.

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, 2021, amounts to \$671.3 million, net of accumulated depreciation. This investment in assets includes land, buildings, machinery, equipment, vehicles and infrastructure. The total decrease in capital assets for the current fiscal year was \$5.6 million, or 0.8%.

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Capital Assets, Net of Depreciation (in millions)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2021	2020	2021	2020	2021	2020	Change
							2021-2020
Land	\$ 50.1	\$ 50.1	\$ 11.1	\$ 11.1	\$ 61.2	\$ 61.2	0.0%
Rights of way	243.8	243.8	-	-	243.8	243.8	0.0%
Buildings and Improvements	58.2	61.5	2.0	2.1	60.2	63.6	-5.3%
Park improvements	5.1	5.4	0.5	0.5	5.6	5.9	-5.1%
Machinery, equipment and furniture	1.8	2.3	0.7	0.2	2.5	2.5	0.0%
Vehicles	0.2	0.1	-	-	0.2	0.1	100.0%
Infrastructure	293.8	295.9	-	-	293.8	295.9	-0.7%
Water rights	0.8	0.8	-	-	0.8	0.8	0.0%
Construction in progress	3.2	3.1	-	-	3.2	3.1	3.2%
Total	\$ 657.0	\$ 663.0	\$ 14.3	\$ 13.9	\$ 671.3	\$ 676.9	-0.8%

Governmental activities. Total capital asset additions of \$1.2 million included \$0.6 million under buildings and improvements, \$0.2 million in park improvements, \$0.1 million in leased vehicles and \$0.2 million in storm drain infrastructure. The most significant of these purchases was the purchase of a new restroom and snack bar building at Craycraft Park for just under \$0.6 million, new storm drain catch basin debris screens for \$0.2 million and new leases on four 2021 Ford Explorer vehicles to be utilized for public safety operations for \$120,000. Total capital assets deletions of \$0.4 million included the deletion of various computer backup storage and firewall equipment in the amount of \$0.2 million, one pool car vehicle and police motorcycle for a total of \$39,000 and a variety of other equipment and park improvements for \$57,000. Construction in progress increased a net of \$70,000. Major projects started this year but not completed include the Coronado Park playground rehabilitation, Storage Barn and I-5 Sound Wall projects. Major projects completed during this fiscal year were the Craycraft Park Restroom/Snack Bar project and the storm drain catch basin installation project. Generally, as the notice of completion (NOC) is filed on each project, the costs associated with each 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.

Total asset additions were offset by current year depreciation of \$7.2 million, resulting in a net decrease in governmental activities capital assets of \$6.0 million.

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 2020-21 is the fifth year of amortization.

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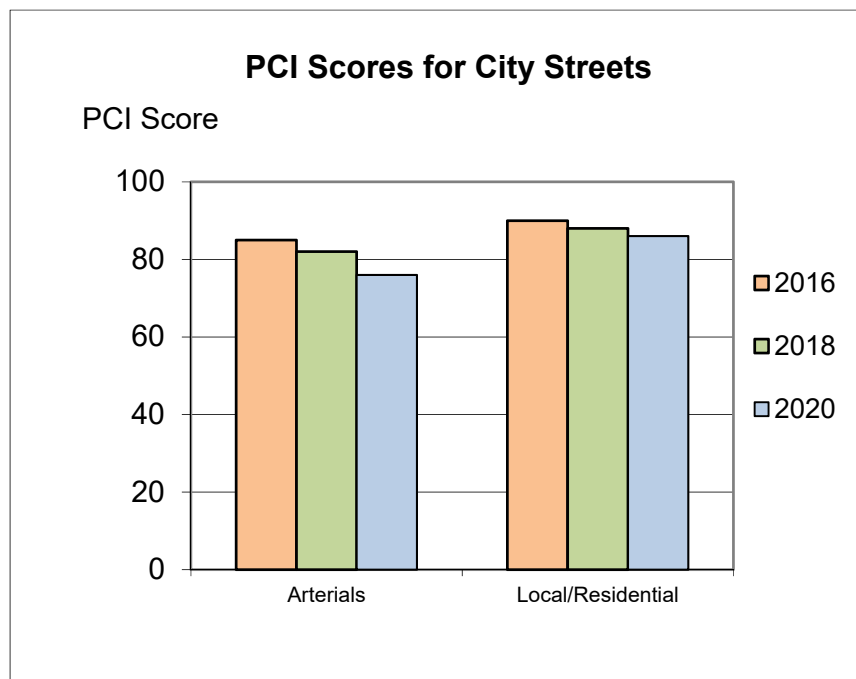
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Business-type activities. Capital assets increased \$334,000. Total additions of \$684,000 were from the purchase of golf carts for use at the Oso Creek public golf course in the amount of \$474,000 and three pieces of golf course maintenance equipment for \$146,000. New dispatch equipment in the amount of \$41,500 was purchased for the animal services operation. Additions were offset by deletions of \$16,000 and total current year depreciation of \$334,000.

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 226.2 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 2019-20, indicated that arterial roadways were in "good" condition with a PCI score of 76 and local/residential streets were in "very good" condition with a PCI score of 86. The current citywide weighted average Pavement Condition Index is 83, which is a slight decrease of three PCI points since the 2018 assessment. The City has 3.3% of its streets reported in the 'Poor' category and 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 \$3.4 million. For FY 2020-21, actual expenditures exceeded projected needs by \$21,000. At June 30, 2021 the City had \$3.5 of unspent appropriations for arterial highway and residential street resurfacing projects that were carried over to FY 2021-22. 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 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

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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 70-73 of this report and Note 2 of the Notes to Required Supplementary Information on pages 115-117.

Long-Term Debt. At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$54.3 million.

Long-Term Liabilities (in millions)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2021	2020	2021	2020	2021	2020	Change
							2020-2021
Revenue bonds	\$ 27.8	\$ 29.9	\$ -	\$ -	\$ 27.8	\$ 29.9	-7.0%
Bond Premium	0.7	0.8	-	-	0.7	0.8	-12.5%
Subtotal-bonds payable	28.5	30.7	-	-	28.5	30.7	-7.2%
Net pension liability	19.1	18.6	2.7	2.5	21.8	21.1	3.3%
Financed assets	0.2	0.3	0.5	-	0.7	0.3	133.3%
Capital leases	0.1	-	-	-	0.1	-	100.0%
Compensated absences	2.9	2.0	0.3	0.2	3.2	2.2	45.5%
Total	\$ 50.8	\$ 51.6	\$ 3.5	\$ 2.7	\$ 54.3	\$ 54.3	0.0%

The City's total debt remained the same as the prior year at \$54.3 million. Total principal on all debt issued decreased by \$2.1 million due to regular principal payments. The net pension liability increased \$0.7 million from the prior year. The City has eight capital leases at June 30, 2021. Four vehicles leases are for 2021 Ford Explorers used for public safety operations and one lease is for a City pool car. Principal payments in the amount of \$7,000 were made during the year, resulting in a year-end balance of \$127,000 on vehicle leases. The City has one lease for personal computer equipment with an end of year balance of \$168,000, a lease for golf course maintenance equipment with an end of year balance of \$121,000 and a lease for golf carts with an end of year balance of \$405,000.

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 \$703.1 million at June 30, 2021. 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 74-79 of this report. Additional information on the City's pension liability can be found in Note 18 on pages 87-94 of this report.

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Next Year's Budget, Tax Rates and Fee Levels

The fiscal year 2021-22 City budget was adopted in July 2021 as part of the biennial 2021-23 budget. This budget was prepared conservatively with property tax and sales tax estimates projected with conservative growth from the previous fiscal year. There were no tax rate or fee increases as part of the preparation and adoption of the 2021-22 budget and the General Fund budget was adopted without the use of reserves. 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>.

On November 9, 2021, the City and the Community Development Financing Authority authorized the issuance and sale of lease revenue bonds to finance the cost of acquisition of certain real property and the acquisition, construction and installation of certain capital improvements constituting Phase I of the City's Core Area Vision Plan Project in an amount not to exceed \$19,320,000. The proposed debt service payments in fiscal year 2021-22 is \$460,367. The annual average debt services payments until maturity are expected to be \$1.28 million. It is anticipated that these bonds will be priced on December 8, 2021 with final sale on December 22, 2021. Additional information on this subsequent event can be found in Note 21 on page 101 of this report.

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 admins@cityofmissionviejo.org.



MISSION VIEJO

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Basic Financial Statements

CITY OF MISSION VIEJO

BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2021

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, 2021 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 Custodial) 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, 2021 (With Comparative Totals As of June 30, 2020)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2021	2020
ASSETS				
Cash and investments (note 2)	\$ 47,612,799	\$ 7,376,127	\$ 54,988,926	\$ 39,163,894
Accounts receivable	226,182	34,019	260,201	198,877
Taxes receivable	5,379,905	114,872	5,494,777	3,888,675
Loans receivable	2,067,625	-	2,067,625	2,229,594
Interest receivable	107,546	-	107,546	161,376
Prepaid items	60,346	5,570	65,916	50,640
Inventories	-	22,302	22,302	23,588
Deposits	430	-	430	430
Intergovernmental receivable	2,680,386	24,467	2,704,853	2,965,355
Notes receivable (note 4)	2,363,478	-	2,363,478	2,523,405
Interfund balances (note 7)	945,933	(945,933)	-	-
Due from developers (note 5)	4,470,422	-	4,470,422	5,622,848
Land held for resale	6,900,000	-	6,900,000	6,900,000
Restricted cash and investments for pensions (note 2)	661,822	-	661,822	139,702
Restricted cash and investments with fiscal agent (note 2)	1,326,051	-	1,326,051	2,313,719
OPEB asset (note 20)	508,897	25,539	534,436	966,111
Lease receivable (note 9)	-	384,950	384,950	-
Capital assets not being depreciated (note 6)	498,973,712	11,083,377	510,057,089	509,986,796
Capital assets, net of depreciation (note 6)	158,088,480	3,199,853	161,288,333	166,988,608
Total assets	732,374,014	21,325,143	753,699,157	744,123,618
DEFERRED OUTFLOWS OF RESOURCES				
Pension related (note 18)	3,422,992	490,482	3,913,474	4,161,490
OPEB related (note 20)	295,098	14,809	309,907	20,009
Deferred refunding charge	653,018	-	653,018	718,320
Total deferred outflows of resources	4,371,108	505,291	4,876,399	4,899,819
Total assets and deferred outflows of resources	736,745,122	21,830,434	758,575,556	749,023,437
LIABILITIES				
Accounts payable	3,660,564	378,928	4,039,492	4,007,435
Accrued payroll	887,005	128,489	1,015,494	960,985
Accrued interest payable	1,039,731	15,334	1,055,065	1,765,251
Unearned revenues	4,691,432	30,302	4,721,734	211,952
Deposits payable	1,018,678	4,433	1,023,111	719,119
Intergovernmental payable	9,000	161,488	170,488	208,279
Other liabilities	22,975	-	22,975	23,084
Retainage payable	48,029	2,415	50,444	30,442
Noncurrent liabilities:				
Due within one year (note 8)	3,523,222	208,773	3,731,995	3,639,168
Due in more than one year (note 8)	47,309,656	3,285,429	50,595,085	50,699,273
Total liabilities	62,210,292	4,215,591	66,425,883	62,264,988
DEFERRED INFLOWS OF RESOURCES				
Lease related (note 9)	-	384,950	384,950	-
Pension related (note 18)	799,415	114,549	913,964	1,267,780
OPEB related (note 20)	64,206	3,222	67,428	77,061
Total deferred inflows of resources	863,621	502,721	1,366,342	1,344,841
Total liabilities and deferred inflows of resources	63,073,913	4,718,312	67,792,225	63,609,829
NET POSITION				
Net investment in capital assets	628,884,527	12,796,065	641,680,592	646,939,004
Restricted for:				
General government - management and support	517,793	-	517,793	380,246
Community development	10,376,546	-	10,376,546	10,280,453
Public safety	131,311	-	131,311	103,410
Public works	8,039,627	-	8,039,627	7,136,248
Parks and recreation	712,089	-	712,089	-
Library	1,598,061	-	1,598,061	1,068,423
Debt service	2,851,054	-	2,851,054	2,321,302
Pensions	4,001,488	-	4,001,488	3,694,905
Unrestricted	16,558,712	4,316,057	20,874,769	13,489,617
Total net position	\$ 673,671,208	\$ 17,112,122	\$ 690,783,330	\$ 685,413,608

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Statement of Activities

For the Year Ended June 30, 2021 (With Comparative Totals For The Year Ended June 30, 2020)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General Government - Legislative	\$ 773,250	\$ 6,234	\$ -
General Government - Mgmt and Support	10,493,428	663,347	1,226,732
Public Safety	21,638,415	253,614	246,362
Community Development	5,777,919	3,809,115	1,184,049
Engineering and Transportation	7,251,280	1,285,698	5,507,702
Infrastructure Maintenance	22,416,828	214,058	513,162
Recreation/Community/Library Services	8,776,995	794,082	380,704
Interest and fiscal charges	1,019,131	-	-
Total governmental activities	78,147,246	7,026,148	9,058,711
Business-type activities:			
Golf Course	2,963,896	3,244,872	9,639
Animal Services	3,122,662	2,320,480	96,538
Mission Viejo Television	280,216	476,051	-
Total business-type activities	6,366,774	6,041,403	106,177
Total primary government	\$ 84,514,020	\$ 13,067,551	\$ 9,164,888

General revenues:

Property taxes
 Sales and use taxes
 Franchise fees
 Property transfer taxes
 Transient occupancy tax
 Unrestricted motor vehicle in lieu fees
 Investment earnings
 Other

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, as restated (note 22)

Net position, ending

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	
			2021	2020
\$ -	\$ (767,016)	\$ -	\$ (767,016)	\$ (683,637)
-	(8,603,349)	-	(8,603,349)	(9,440,871)
-	(21,138,439)	-	(21,138,439)	(21,188,276)
2,000,000	1,215,245	-	1,215,245	(282,986)
786,455	328,575	-	328,575	2,319,492
2,474,472	(19,215,136)	-	(19,215,136)	(20,175,480)
-	(7,602,209)	-	(7,602,209)	(8,204,366)
-	(1,019,131)	-	(1,019,131)	(1,086,716)
<u>5,260,927</u>	<u>(56,801,460)</u>	<u>-</u>	<u>(56,801,460)</u>	<u>(58,742,840)</u>
-	-	290,615	290,615	16,060
-	-	(705,644)	(705,644)	(707,811)
-	-	195,835	195,835	184,305
-	-	(219,194)	(219,194)	(507,446)
<u>\$ 5,260,927</u>	<u>(56,801,460)</u>	<u>(219,194)</u>	<u>(57,020,654)</u>	<u>(59,250,286)</u>
	39,548,716	-	39,548,716	37,609,454
	17,905,482	-	17,905,482	17,004,623
	2,860,600	-	2,860,600	2,628,532
	929,992	-	929,992	602,031
	635,204	-	635,204	899,256
	69,142	-	69,142	76,322
	114,416	16,717	131,133	943,930
	309,023	1,084	310,107	111,584
	(549,250)	549,250	-	-
	<u>61,823,325</u>	<u>567,051</u>	<u>62,390,376</u>	<u>59,875,732</u>
	5,021,865	347,857	5,369,722	625,446
	668,649,343	16,764,265	685,413,608	683,392,373
	<u>\$ 673,671,208</u>	<u>\$ 17,112,122</u>	<u>\$ 690,783,330</u>	<u>\$ 684,017,819</u>

CITY OF MISSION VIEJO

BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2021

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.

AMERICAN RESCUE PLAN ACT – Funding from the American Rescue Plan Act signed into law on March 11, 2021. This bill provides for additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. Funds can be used to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost revenue, provide premium pay for essential workers, and invest in infrastructure.

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, 2021

DESCRIPTION OF PROPRIETARY 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 three activities partially funded by fees and charges.

MAJOR ENTERPRISE FUNDS:

GOLF COURSE – To account for the operation of the Oso Creek Golf Course, formerly Casta del Sol, which includes the golf course, clubhouse, maintenance yard, and slopes surrounding the golf course. Funded by user fees, merchandise, and food and beverage revenue.

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.

NON-MAJOR ENTERPRISE FUND:

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 custodial capacity for individuals, private organizations and/or other governments. 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, 2021 (With Comparative Totals As of June 30, 2020)

	General Fund	Developer Fees Fund	Grants Fund
ASSETS			
Cash and investments	\$ 31,366,004	\$ 1,029,851	\$ 411,324
Accounts receivable	226,182	-	-
Taxes receivable	5,015,133	-	21,226
Loans receivable	2,989	-	1,883,982
Interest receivable	103,870	-	-
Prepaid items	60,346	-	-
Deposits	430	-	-
Intergovernmental receivable	33,218	618,041	585,891
Interfund receivables (note 3)	2,443,183	-	-
Notes receivable (note 4)	2,363,478	-	-
Interfund note receivable (note 7)	2,885,853	-	-
Due from developers (note 5)	1,745,922	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investment for pensions	661,822	-	-
Cash and investments with fiscal agents	-	-	-
Total assets	\$ 46,908,430	\$ 1,647,892	\$ 2,902,423
LIABILITIES			
Accounts payable	\$ 3,214,758	\$ 74,429	\$ 134,633
Accrued payroll	740,483	2,149	208
Unearned revenues	211,461	-	-
Deposits payable	1,018,678	-	-
Intergovernmental payable	7,029	-	-
Interfund payable (note 3)	-	551,970	441,918
Other liabilities	22,975	-	-
Retainage payable	4,377	-	-
Interfund note payable (note 7)	-	-	-
Total liabilities	5,219,761	628,548	576,759
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	3,670,920	618,041	2,251,769
Total deferred inflow of resources	3,670,920	618,041	2,251,769
Total liabilities and deferred inflows of resources	8,890,681	1,246,589	2,828,528
FUND BALANCES (deficits) (note 11)			
Nonspendable	63,765	-	-
Restricted	4,519,281	401,303	73,895
Assigned	9,600,000	-	-
Unassigned	23,834,703	-	-
Total fund balances	38,017,749	401,303	73,895
Total liabilities, deferred inflows or resources and fund balances	\$ 46,908,430	\$ 1,647,892	\$ 2,902,423

See accompanying notes to basic financial statements.

Mission Viejo Housing Authority Fund	American Rescue Plan Act Fund	Total Nonmajor Funds	Totals	
			2021	2020
\$ 335,046	\$ 4,494,891	\$ 9,975,683	\$ 47,612,799	\$ 32,734,448
-	-	-	226,182	192,155
-	-	343,546	5,379,905	3,766,719
180,654	-	-	2,067,625	2,229,594
3,676	-	-	107,546	161,376
-	-	-	60,346	32,820
-	-	-	430	430
-	-	1,443,236	2,680,386	2,875,654
-	-	-	2,443,183	4,298,689
-	-	-	2,363,478	2,523,405
-	-	-	2,885,853	3,125,000
2,724,500	-	-	4,470,422	5,622,848
6,900,000	-	-	6,900,000	6,900,000
-	-	-	661,822	139,702
-	-	1,326,051	1,326,051	2,313,719
<u>\$ 10,143,876</u>	<u>\$ 4,494,891</u>	<u>\$ 13,088,516</u>	<u>\$ 79,186,028</u>	<u>\$ 66,916,559</u>
\$ 6,467	\$ -	\$ 230,277	\$ 3,660,564	\$ 3,820,875
-	-	144,165	887,005	835,391
-	4,479,971	-	4,691,432	171,628
-	-	-	1,018,678	714,932
-	-	1,971	9,000	136,840
947	14,920	1,448,348	2,458,103	4,298,689
-	-	-	22,975	23,084
-	-	43,652	48,029	30,442
1,925,000	-	-	1,925,000	2,125,000
<u>1,932,414</u>	<u>4,494,891</u>	<u>1,868,413</u>	<u>14,720,786</u>	<u>12,156,881</u>
2,565,207	-	890,741	9,996,678	11,562,738
<u>2,565,207</u>	<u>-</u>	<u>890,741</u>	<u>9,996,678</u>	<u>11,562,738</u>
<u>4,497,621</u>	<u>4,494,891</u>	<u>2,759,154</u>	<u>24,717,464</u>	<u>23,719,619</u>
-	-	-	63,765	15,307
5,646,255	-	11,295,720	21,936,454	18,485,271
-	-	-	9,600,000	6,100,000
-	-	(966,358)	22,868,345	18,596,362
<u>5,646,255</u>	<u>-</u>	<u>10,329,362</u>	<u>54,468,564</u>	<u>43,196,940</u>
<u>\$ 10,143,876</u>	<u>\$ 4,494,891</u>	<u>\$ 13,088,516</u>	<u>\$ 79,186,028</u>	<u>\$ 66,916,559</u>



MISSION VIEJO

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City of Mission Viejo

Reconciliation of Balance Sheet to the Statement of Net Position June 30, 2021

Fund balances of governmental funds	\$ 54,468,564
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	657,062,192
Non-current asset that have not been included in the governmental fund OPEB asset	508,897
Long-term debt, capital lease, and compensated absences that have not been included in the governmental fund activity:	
Net pension liability	(19,101,299)
Long-term liabilities	(28,535,866)
Financed assets liability	(168,000)
Capital lease liability	(126,817)
Deferred refunding charge	653,018
Compensated absences	(2,900,896)
Deferred inflows and outflows of resources related to pensions that have not been included in the governmental fund activity:	
Deferred outflows of resources-pension related	3,422,992
Deferred inflows of resources-pension related	(799,415)
Deferred inflows and outflows of resources related to OPEB that have not been included in the governmental fund activity:	
Deferred outflows of resources-OPEB related	295,098
Deferred inflows of resources-OPEB related	(64,206)
Accrued interest payable for the current portion of interest due on bonds that has not been reported in the governmental funds	(1,039,732)
Receivables that are measurable, but not available, are recorded as a deferred inflow of resources under the modified accrual basis of accounting	<u>9,996,678</u>
Net position of governmental activities	<u><u>\$ 673,671,208</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, 2021 (With Comparative Totals For the Year Ended June 30, 2020)

	General Fund	Developer Fees Fund	Grants Fund
REVENUES			
Taxes	\$ 56,457,749	\$ -	\$ -
Licenses and permits	2,494,557	-	-
Intergovernmental	488,327	-	1,238,832
Charges for services	3,070,160	-	-
Investment earnings	114,125	1,125	3,836
Fines and forfeitures	385,076	-	-
Developer fees	2,000,000	2,455,000	-
Other	1,275,392	-	-
Total revenues	66,285,386	2,456,125	1,242,668
EXPENDITURES			
General government-Legislative	734,109	-	-
General government-Mgmt and Support	8,111,759	-	5,078
Public Safety	20,992,518	-	-
Community Development	4,641,493	-	353,387
Engineering & Transportation	2,179,372	-	60,888
Infrastructure Maintenance	18,237,047	-	-
Recreation/Community/Library Services	3,673,144	-	172,604
Capital Outlay	268,424	570,242	19,472
Debt Service:			
Principal retirement	88,231	-	-
Interest	7,840	-	-
Total expenditures	58,933,937	570,242	611,429
Excess (deficiency) of revenues over (under) expenditures	7,351,449	1,885,883	631,239
OTHER FINANCING SOURCES (USES)			
Transfers in (note 12)	1,491,135	-	-
Transfers out (note 12)	(3,152,451)	-	(591,336)
Capital lease	118,962	-	-
Sale of City property	203,798	-	-
Total other financing sources (uses)	(1,338,556)	-	(591,336)
Net change in fund balances	6,012,893	1,885,883	39,903
Fund balances (deficits) - beginning, as restated (note 22)	32,004,856	(1,484,580)	33,992
Fund balances - ending	\$ 38,017,749	\$ 401,303	\$ 73,895

See accompanying notes to basic financial statements.

Mission Viejo Housing Authority Fund	American Rescue Plan Act Fund	Total Nonmajor Funds	Totals	
			2021	2020
\$ -	\$ -	\$ 3,393,673	\$ 59,851,422	\$ 57,278,729
-	-	-	2,494,557	2,383,271
-	434,747	10,044,004	12,205,910	9,530,521
-	-	10,699	3,080,859	3,891,698
7,159	-	15,912	142,157	974,622
-	-	719	385,795	992,564
-	-	-	4,455,000	448,975
167,252	-	31,968	1,474,612	1,279,086
<u>174,411</u>	<u>434,747</u>	<u>13,496,975</u>	<u>84,090,312</u>	<u>76,779,466</u>
-	-	-	734,109	645,764
-	-	267,960	8,384,797	8,651,868
-	-	675,027	21,667,545	21,744,459
607,723	-	65,857	5,668,460	3,543,893
-	-	404,372	2,644,632	3,094,329
-	-	741,676	18,978,723	18,664,252
-	-	2,628,900	6,474,648	7,870,394
-	-	4,307,541	5,165,679	3,443,179
-	-	2,147,735	2,235,966	2,154,000
-	-	719,500	727,340	795,599
<u>607,723</u>	<u>-</u>	<u>11,958,568</u>	<u>72,681,899</u>	<u>70,607,737</u>
(433,312)	434,747	1,538,407	11,408,413	6,171,729
591,336	-	2,601,526	4,683,997	4,667,616
-	(434,747)	(1,054,713)	(5,233,247)	(15,843,692)
-	-	-	118,962	-
-	-	-	203,798	5,650
<u>591,336</u>	<u>(434,747)</u>	<u>1,546,813</u>	<u>(226,490)</u>	<u>(11,170,426)</u>
158,024	-	3,085,220	11,181,923	(4,998,697)
5,488,231	-	7,244,142	43,286,641	48,195,637
<u>\$ 5,646,255</u>	<u>\$ -</u>	<u>\$ 10,329,362</u>	<u>\$ 54,468,564</u>	<u>\$ 43,196,940</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, 2021

Net change in fund balances - total governmental funds	\$ 11,181,923
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	1,172,004
Disposition of capital assets	(19,525)
Depreciation expense	(7,250,334)
Long-term debt and capital lease that have not been included in governmental fund activity	
Principal payment	2,235,966
Premium amortization	8,552
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds	
Current year interest expense	(300,343)
Current year interest forgiveness	1,009,836
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.	
	(895,896)
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	(428,428)
OPEB related net adjustments	(125,829)
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>(1,566,061)</u>
Change in net position of governmental activities	<u>\$ 5,021,865</u>

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Proprietary Funds

Statement of Net Position

June 30, 2021 (With Comparative Totals As of June 30, 2020)

	Business-type Activities				
	Golf Course	Animal Services	Nonmajor		Totals
			Mission Viejo Television		
ASSETS					
Current assets:					
Cash and investments	\$ 698,688	\$ 4,887,465	\$ 1,789,974	\$ 7,376,127	\$ 6,429,446
Accounts receivable	34,019	-	-	34,019	6,722
Taxes receivable	-	-	114,872	114,872	121,956
Intergovernmental receivable	-	24,467	-	24,467	-
Interfund receivable (note 3)	14,920	-	-	14,920	-
Prepaid items	-	5,570	-	5,570	17,820
Inventories	22,302	-	-	22,302	23,588
Total current assets	769,929	4,917,502	1,904,846	7,592,277	6,599,532
Noncurrent assets:					
Capital assets, not depreciated	10,522,000	561,377	-	11,083,377	11,083,377
Capital assets, depreciated, net	1,465,610	1,629,034	105,209	3,199,853	2,865,763
Lease receivable	-	384,950	-	384,950	-
Net OPEB asset	-	24,490	1,049	25,539	46,166
Total noncurrent assets	11,987,610	2,599,851	106,258	14,693,719	13,995,306
Total assets	12,757,539	7,517,353	2,011,104	22,285,996	20,594,838
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	-	466,727	23,755	490,482	500,211
OPEB related	-	14,201	608	14,809	957
Total deferred outflows of resources	-	480,928	24,363	505,291	501,168
Total assets and deferred outflows of resources	12,757,539	7,998,281	2,035,467	22,791,287	21,096,006
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 304,270	\$ 52,845	\$ 21,813	\$ 378,928	\$ 186,560
Accrued payroll	-	126,003	2,486	128,489	125,594
Unearned revenues	5,835	24,467	-	30,302	40,324
Interest payable	15,334	-	-	15,334	16,027
Deposits payable	-	4,433	-	4,433	4,187
Intergovernmental payable	-	161,488	-	161,488	71,439
Retainage payable	2,415	-	-	2,415	-
Compensated absences payable	-	113,576	9,169	122,745	119,647
Financed lease payable	86,028	-	-	86,028	-
Total current liabilities	413,882	482,812	33,468	930,162	563,778
Noncurrent liabilities:					
Note payable (note 7)	960,853	-	-	960,853	1,000,000
Compensated absences payable	-	106,256	1,860	108,116	71,384
Financed lease payable	440,284	-	-	440,284	-
Net pension liability	-	2,604,471	132,558	2,737,029	2,540,510
Total noncurrent liabilities	1,401,137	2,710,727	134,418	4,246,282	3,611,894
Total liabilities	1,815,019	3,193,539	167,886	5,176,444	4,175,672
DEFERRED INFLOWS OF RESOURCES					
Lease related	-	384,950	-	384,950	-
Pension related	-	109,001	5,548	114,549	152,387
OPEB related	-	3,090	132	3,222	3,682
Total deferred inflows of resources	-	497,041	5,680	502,721	156,069
Total liabilities and deferred inflows of resources	1,815,019	3,690,580	173,566	5,679,165	4,331,741
NET POSITION					
Investment in capital assets	10,500,445	2,190,411	105,209	12,796,065	12,949,140
Unrestricted	442,075	2,117,290	1,756,692	4,316,057	3,815,125
Total net position	\$ 10,942,520	\$ 4,307,701	\$ 1,861,901	\$ 17,112,122	\$ 16,764,265

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, 2021 (With Comparative Totals For the Year Ended June 30, 2020)

	Business-type Activities				
	Golf Course	Animal Services	Nonmajor Mission Viejo Television	Totals	
				2021	2020
OPERATING REVENUES					
Licenses and permits	\$ -	\$ 879,569	\$ -	\$ 879,569	\$ 812,829
Charges for services	3,244,872	1,324,292	200	4,569,364	2,611,090
Franchise taxes	-	-	475,851	475,851	499,644
Fines and forfeitures	-	116,619	-	116,619	146,798
Other	9,639	96,538	-	106,177	74,818
Total operating revenues	3,254,511	2,417,018	476,051	6,147,580	4,145,179
OPERATING EXPENSES					
Personnel services	-	2,363,909	95,374	2,459,283	2,435,956
Supplies	913,244	172,953	4,440	1,090,637	390,016
Utilities	140,613	67,578	30,848	239,039	156,986
Contractual services	1,706,040	360,493	113,852	2,180,385	1,361,666
Rent	7,152	6,792	-	13,944	45,849
Depreciation	156,057	142,110	35,702	333,869	226,096
Other expenses	2,480	8,827	-	11,307	10,624
Total operating expenses	2,925,586	3,122,662	280,216	6,328,464	4,627,193
Operating income (loss)	328,925	(705,644)	195,835	(180,884)	(482,014)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	9	15,225	1,483	16,717	163,222
Gain (loss) sale/disposal of City property	1,481	-	(397)	1,084	-
Interest expense	(38,310)	-	-	(38,310)	(16,027)
Total nonoperating revenues (expenses)	(36,820)	15,225	1,086	(20,509)	147,195
Income (loss) before contributions and transfers	292,105	(690,419)	196,921	(201,393)	(334,819)
Transfers in (note 12)	14,920	561,125	-	576,045	11,203,175
Transfers out (note 12)	-	(25,344)	(1,451)	(26,795)	(27,099)
Net transfers	14,920	535,781	(1,451)	549,250	11,176,076
Change in net position	307,025	(154,638)	195,470	347,857	10,841,257
Total net position - beginning	10,635,495	4,462,339	1,666,431	16,764,265	5,923,008
Total net position - ending	\$ 10,942,520	\$ 4,307,701	\$ 1,861,901	\$ 17,112,122	\$ 16,764,265

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2021 (With Comparative Totals For the Year Ended June 30, 2020)

	Business-type Activities - Enterprise Funds				
	Golf Course	Animal Services	Nonmajor Mission Viejo Television	Totals	
				2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 3,196,303	\$ 2,503,489	\$ 483,135	\$ 6,182,927	\$ 4,215,726
Payments to suppliers	(2,567,323)	(257,312)	(132,082)	(2,956,717)	(1,908,553)
Payments to employees	-	(2,144,439)	(97,394)	(2,241,833)	(2,173,753)
Net cash provided (used) by operating activities	628,980	101,738	253,659	984,377	133,420
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers in	14,920	561,125	-	576,045	584,175
Cash transfers out	-	(25,344)	(1,451)	(26,795)	(27,099)
Net cash provided (used) by noncapital financing activities	14,920	535,781	(1,451)	549,250	557,076
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(620,156)	(437,453)	(11,322)	(1,068,931)	(11,585,299)
Transfers received for capital acquisition	-	-	-	-	10,619,000
Capital debt proceeds	526,312	-	-	526,312	1,000,000
Principal on debt paid	(39,147)	-	-	(39,147)	-
Interest on debt paid	(39,003)	-	-	(39,003)	-
Disposal of capital assets	17,106	-	-	17,106	-
Net cash provided (used) by capital and related financing activities	(154,888)	(437,453)	(11,322)	(603,663)	33,701
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	9	15,225	1,483	16,717	163,222
Net cash provided (used) by investing activities	9	15,225	1,483	16,717	163,222
Net increase (decrease) in cash and cash equivalents	489,021	215,291	242,369	946,681	887,419
Cash and cash equivalents, beginning of year	209,667	4,672,174	1,547,605	6,429,446	5,542,027
Cash and cash equivalents, end of year	\$ 698,688	\$ 4,887,465	\$ 1,789,974	\$ 7,376,127	\$ 6,429,446

(Continued)

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2021 (With Comparative Totals For the Year Ended June 30, 2020)

	Business-type Activities - Enterprise Funds				
	Golf Course	Animal Services	Nonmajor Mission Viejo Television	Totals	
				2021	2020
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income	\$ 328,925	\$ (705,644)	\$ 195,835	\$ (180,884)	\$ (482,014)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	156,057	142,110	35,702	333,869	226,096
Changes in assets and liabilities:					
Deferred outflows-pension related	-	9,764	(35)	9,729	67,174
Deferred outflows-OPEB related	-	(13,284)	(568)	(13,852)	(211)
Deferred inflows-pension related	-	(36,159)	(1,679)	(37,838)	(39,844)
Deferred inflows-OPEB related	-	(441)	(19)	(460)	(1,260)
Deferred inflows-lease related	-	384,950	-	384,950	-
Net pension liability	-	184,434	12,085	196,519	170,527
Net OPEB liability (asset)	-	19,781	846	20,627	16,856
Accounts receivable	(27,297)	-	-	(27,297)	(6,722)
Taxes receivable	-	-	7,084	7,084	7,663
Prepaid	6,381	5,869	-	12,250	(17,820)
Inventories	1,286	-	-	1,286	(23,588)
Intergovernmental receivable	-	(24,467)	-	(24,467)	-
Interfund receivable	(14,920)	-	-	(14,920)	-
Accounts payable	207,044	(31,734)	17,058	192,368	98,286
Accrued payroll	-	4,757	(1,862)	2,895	22,165
Deposits payable	-	246	-	246	(290)
Intergovernmental payable	-	90,049	-	90,049	29,282
Unearned revenues	(30,911)	20,889	-	(10,022)	40,324
Retainage payable	2,415	-	-	2,415	-
Accrued compensated absences	-	50,618	(10,788)	39,830	26,796
Total adjustments	300,055	807,382	57,824	1,165,261	615,434
Net cash provided (used) by operating activities	\$ 628,980	\$ 101,738	\$ 253,659	\$ 984,377	\$ 133,420

There are no significant noncash investing, capital, or financing activities for the years ended June 30, 2021 and 2020.

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2021 (With Comparative Totals As of June 30, 2020)

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private- purpose Trust Fund	
	2021	2020
ASSETS		
Cash and investments (note 2)	\$ 1,211,190	\$ 1,572,864
Prepaid items	21,486	15,535
Total assets	<u>1,232,676</u>	<u>1,588,399</u>
LIABILITIES		
Intergovernmental payable-City	13,200	-
Total liabilities	<u>13,200</u>	<u>-</u>
NET POSITION		
Held in trust for former redevelopment obligations	1,219,476	1,588,399
Total net position	<u>\$ 1,219,476</u>	<u>\$ 1,588,399</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, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private- purpose Trust Fund	
	2021	2020
ADDITIONS		
Taxes	\$ 1,643,111	\$ 1,561,846
Total additions	<u>1,643,111</u>	<u>1,561,846</u>
DEDUCTIONS		
Administrative expenses	263,200	245,859
Contributions to other governments	1,731,989	1,178,719
Other expenses	16,845	22,923
Total deductions	<u>2,012,034</u>	<u>1,447,501</u>
Change in net position	(368,923)	114,345
Net Position - beginning of year	1,588,399	1,474,054
Net Position - end of year	<u>\$ 1,219,476</u>	<u>\$ 1,588,399</u>

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(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, golf, 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 (Financing 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 Financing 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 Financing Authority.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

(a) Reporting Entity, (continued)

Blended Component Units, (continued)

Mission Viejo Housing Authority (Housing Authority) 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 Housing Authority 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 Housing Authority special revenue fund. Separate financial statements are not prepared for the Housing Authority.

(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, 2021

(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 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 expenses. 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 expenses.

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, 2021

(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, 2021

(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.

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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

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

Proprietary Funds, (continued)

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, 2021. 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.

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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

(c) Fund Classifications, (continued)

American Rescue Plan Act (ARPA) Fund - This special revenue fund represents monies received from the American Rescue Plan Act signed into law on March 11, 2021. This bill provides for additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. Funds can be used to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost revenue, provide premium pay for essential workers, and invest in infrastructure.

The City reports the following major proprietary funds:

Golf Course - To account for the operation of the Oso Creek Golf Course, formerly Casta del Sol Golf Course, which includes the golf course, clubhouse, maintenance yard, and slopes surrounding the golf course. Activities are funded by user fees, merchandise, and food and beverage revenue.

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 eleven special revenue funds: three major special revenue funds discussed above and eight nonmajor special revenue funds. The other funds account for financial resources related to gas tax, library operations, law enforcement grants, air quality, Measure M, Building Homes & Jobs Act (SB2), Certified Access Specialist program (CASp), and Coronavirus Aid, Relief, and Economic Security (CARES) Act Assistance. These specific revenues are legally restricted and expended for specific purposes.

Capital Projects Funds - The City maintains a total of two capital projects funds: one major as discussed above and one nonmajor. 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 nonmajor debt service funds. These funds account for the resources accumulated and payments made on long-term debt of the governmental funds.

Enterprise Funds - The City maintains a total of three enterprise funds: two major as discussed above and one nonmajor. The nonmajor fund accounts 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.

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, 2021

(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 a separate bank account for golf course operations, assets held by fiscal agents for debt services, 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 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 City 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 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 City has four 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. The fourth item, lease related, is associated with the lease receivable from a ground lease agreement.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

(f) Interfund Receivables

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, computers, 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, computers, furniture	5-7 years
Leased equipment, vehicles	3-5 years
Vehicles	5 years
Infrastructure – curbs and gutters	75 years
Infrastructure – sidewalks	75 years
Infrastructure – roadway bridges	75 years
Infrastructure – traffic signals	30 years
Infrastructure – medians, parkways, 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, 2021

(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 their annual entitlement. On May 16, 2020, a temporary policy was put into place in response to the pandemic, allowing employees to exceed this limit. Once the Declaration of Emergency is suspended, employees will have 90 days to reduce their balances to no more than three times their annual enrollment. 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, 2021

(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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

(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, 2021

(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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

(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 inputs 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, 2021

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

(p) Implementation of New Pronouncements

GASB has issued Statement No. 87, Leases. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting of leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflow of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities.

GASB has issued Statement No. 98, The Annual Comprehensive Financial Statement. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(2) Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 54,988,926
Restricted assets:	
Cash and cash investments for pensions	661,822
Cash and cash investments with fiscal agent	1,326,051
Fiduciary Fund Statement of Assets and Liabilities:	
Cash and investments	1,211,190
Total cash and investments	<u>\$ 58,187,989</u>

Cash and investments at June 30, 2021, consisted of the following:

Cash on hand	\$ 5,755
Deposits with financial institutions	3,101,051
Investments	55,081,183
Total cash and investments	<u>\$ 58,187,989</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 Financing Authority portfolio. The 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, 2021. 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, 2021

(2) Cash and Investments, (continued)

City of Mission Viejo:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
U.S. Securities	5 years	100%	None
U.S. 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, 2021

(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
U.S. Securities	None	100%	None
U.S. 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
U.S. 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, 2021

(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, 2021, the average duration of the Benchmark Index was 0.72 for the City portfolio.

City of Mission Viejo:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
U.S. Treasury Notes	\$8,078,618	2.07
U.S. Government Sponsored Entities	5,528,853	1.94
Supranational Securities	444,619	2.54
Corporate Notes	3,739,836	1.97
Asset Backed Securities	1,110,660	1.10
Collateralized Mortgage Obligations	811,959	1.19
Negotiable CD	250,092	0.83
Commercial Paper	424,692	0.40
Government Money Market Funds	34,791	-
Local Agency Investment Fund	32,120,171	-
California Asset Management Pool	1,141,597	-
	<u>\$53,685,888</u>	0.72

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

(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>\$69,244</u>	-
	<u>\$69,244</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>\$1,326,051</u>	-
	<u>\$1,326,051</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, 2021

(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
U.S. Treasury Notes	\$8,078,618	N/A	\$8,078,618	\$ -	\$ -	\$ -	\$ -
U.S. Government Sponsored Entities	5,528,853	N/A	5,528,853	-	-	-	-
Supranational Securities	444,619	AA	444,619	-	-	-	-
Corporate Notes	3,739,836	A	137,486	472,206	3,130,144	-	-
Asset Backed Securities	1,110,660	AA	1,110,660	-	-	-	-
Collateralized Mortgage Obligations	811,959	AA	811,959	-	-	-	-
Negotiable CD	250,092	A	-	-	-	250,092	-
Commercial Paper	424,692	A	-	-	-	424,692	-
Government Money Market Funds	34,791	AAA	34,791	-	-	-	-
LAIF pool	32,189,415	N/A	-	-	-	-	32,189,415
CAMP pool	1,141,597	N/A	1,141,597	-	-	-	-
Held by Trustee:							
Government Money Market Funds	1,326,051	AAA	1,326,051	-	-	-	-
Total	\$55,081,183		\$18,614,634	\$472,206	\$3,130,144	\$674,784	\$32,189,415

* Aaa, Aa1, Aa2, Aa3, A1, A2 and A3 - Moody's Rating Service
 AAA Standards & Poor Rating Service and Fitch Rating Service
 A-1 - Standards & 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). There were no investments with 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) at June 30, 2021.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(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, 2021, 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 \$2.8 billion, which represent 1.43% of the total LAIF portfolio of \$193.3 billion as of June 30, 2021. 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 291 days.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(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 was 52 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, 2021:

Fair Value Hierarchy

	Investments not Subject to Fair Value Hierarchy	Level 1	Level 2	Level 3	Total
US Treasury Notes	\$ -	\$ -	\$ 8,078,618	\$ -	\$ 8,078,618
US Government Sponsored Entities	-	-	5,528,853	-	5,528,853
Supranationals	-	-	444,619	-	444,619
Corporate Notes	-	-	3,739,836	-	3,739,836
Asset Backed Securities	-	-	1,110,660	-	1,110,660
Collateralized Mortgage Obligations	-	-	811,959	-	811,959
Negotiable CD	-	-	250,092	-	250,092
Commercial Paper	-	-	424,692	-	424,692
Government Money Market Funds	1,360,842	-	-	-	1,360,842
CAMP Pool	1,141,597	-	-	-	1,141,597
LAIF Pool	32,189,415	-	-	-	32,189,415
Total investments	<u>\$ 34,691,854</u>	<u>\$ -</u>	<u>\$ 20,389,329</u>	<u>\$ -</u>	<u>\$55,081,183</u>

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(3) Interfund Balances

Interfund balances at June 30, 2021 consisted of the following:

Payable Fund	Receivable Fund		Total
	General Fund	Golf Fund	
Developer Fees Fund	\$ 551,970	\$ -	\$ 551,970
Grants Fund	441,918	-	441,918
Housing Authority Fund	947	-	947
Other Governmental Funds	1,448,348	-	1,448,348
ARPA Fund	-	14,920	14,920
Total	\$2,443,183	\$14,920	\$2,458,103

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) Notes Receivable/Payable

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. The balance of the loan at June 30, 2021 was \$2,363,478. All assets in the pension trust fund are restricted for the benefit of members and beneficiaries of the City's pension plan.

(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, 2021, the outstanding balance is \$174,064 which includes unpaid accrued interest of \$14,771 and is reported in the Housing Authority, a major special revenue fund. This loan was paid in full by the developer on July 30, 2021.

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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(5) Due from Developers, (continued)

Total amount due from the developer at date of conversion was \$4,359,195. At June 30, 2021, the amount due from the developer for these costs was \$1,745,922 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, 2021, 18 of these loans are still outstanding for a total balance of \$2,550,436 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, 2021

(6) Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	As restated Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 50,118,312	\$ -	\$ -	\$ 50,118,312
Rights of way	243,875,306	-	-	243,875,306
Construction in progress*	3,118,687	1,016,412	(946,119)	3,188,980
Infrastructure - Street network:				
Streets	201,791,114	-	-	201,791,114
Total capital assets, not depreciated	498,903,419	1,016,412	(946,119)	498,973,712
Capital assets, being depreciated:				
Buildings and improvements	126,609,237	634,746	(42,698)	127,201,285
Park improvements	6,142,643	173,563	-	6,316,206
Equipment, Computers, Furniture	12,261,733	91,929	(279,663)	12,073,999
Vehicles	1,124,412	14,694	(39,479)	1,099,627
Leased Equipment, Furniture, Vehicles	17,994	120,562	-	138,556
Infrastructure - Street network:				
Curbs and gutters	34,161,574	-	-	34,161,574
Sidewalks	31,154,180	-	-	31,154,180
Roadway bridges	6,289,000	-	-	6,289,000
Traffic signals	11,380,805	-	-	11,380,805
Infrastructure - Medians Parkways network:				
Medians, Parkways, Trees	38,491,449	-	-	38,491,449
Infrastructure - Storm Drains network:				
Storm Drains	40,978,054	200,000	-	41,178,054
Water Rights	1,000,000	-	-	1,000,000
Total capital assets, being depreciated	\$ 309,611,081	\$ 1,235,494	\$ (361,840)	\$ 310,484,735

*Construction in progress prior year ending balance of \$3,267,741 was restated to \$3,118,687. This prior period restatement of \$149,054 was a result of prior year expenditures determined to no longer be eligible for capitalization at project completion for the La Paz Bridge Widening capital improvement project.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

(6) Capital Assets, (continued)

	As Restated Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Governmental activities:				
Less accumulated depreciation for:				
Buildings and improvements	\$ (65,098,607)	\$(3,907,572)	\$ 23,173	\$ (68,983,006)
Park improvements	(752,528)	(417,983)	-	(1,170,511)
Equipment, Computers, Furniture	(9,998,240)	(598,682)	279,663	(10,317,259)
Vehicles	(1,052,656)	(33,727)	39,479	(1,046,904)
Leased Equipment, Furniture, Vehicles	(3,499)	(8,510)	-	(12,009)
Infrastructure - Street network:				
Curbs and gutters	(13,510,633)	(456,335)	-	(13,966,968)
Sidewalks	(12,689,255)	(415,863)	-	(13,105,118)
Roadway bridges	(2,669,113)	(83,852)	-	(2,752,965)
Traffic signals	(9,355,283)	(188,186)	-	(9,543,469)
Infrastructure - Medians Parkways network:				
Medians, Parkways, Trees	(13,475,809)	(513,221)	-	(13,989,030)
Infrastructure - Storm Drains network:				
Storm Drains	(16,682,613)	(576,403)	-	(17,259,016)
Water Rights	(200,000)	(50,000)	-	(250,000)
Total accumulated depreciation	<u>(145,488,236)</u>	<u>(7,250,334)</u>	<u>342,315</u>	<u>(152,396,255)</u>
Total capital assets being depreciated, net	<u>164,122,845</u>	<u>(6,014,840)</u>	<u>(19,525)</u>	<u>158,088,480</u>
Governmental activities				
Capital assets, net	<u>\$ 663,026,264</u>	<u>\$(4,998,428)</u>	<u>\$(965,644)</u>	<u>\$ 657,062,192</u>

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

(6) Capital Assets, (continued)

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 11,083,377	\$ -	\$ -	\$ 11,083,377
Total capital assets, not depreciated	11,083,377	-	-	11,083,377
Capital assets, being depreciated:				
Buildings	2,929,503	-	-	2,929,503
Improvements other than buildings	912,847	5,189	2,086	915,950
Park Improvements	529,000	-	-	529,000
Equipment, Computers, Furniture	1,020,483	58,634	25,000	1,054,117
Leased Equipment, Furniture, Vehicles	-	620,157	-	620,157
Total capital assets, being depreciated	5,391,833	683,980	27,086	6,048,727
Less accumulated depreciation for:				
Buildings	(1,342,769)	(91,229)	-	(1,433,998)
Improvements other than buildings	(347,042)	(28,371)	(1,690)	(373,723)
Park Improvements	(23,511)	(35,267)	-	(58,778)
Equipment, Computers, Furniture	(812,748)	(84,731)	(9,375)	(888,104)
Leased Equipment, Furniture, Vehicles	-	(94,271)	-	(94,271)
Total accumulated depreciation	(2,526,070)	(333,869)	(11,065)	(2,848,874)
Total capital assets being depreciated, net	2,865,763	350,111	16,021	3,199,853
Business-type activities				
Capital assets, net	\$ 13,949,140	\$ 350,111	\$ 16,021	\$ 14,283,230

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(6) Capital Assets, (continued)

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

General Government – Legislative	\$	138
General Government – Management and Support		1,686,541
Public Safety		67,854
Community Development		10,804
Engineering and Transportation		333,079
Infrastructure Maintenance		3,301,387
Water Rights		50,000
Recreation, Community and Library Services		<u>1,800,531</u>
Total	\$	<u>7,250,334</u>

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

Golf Operations	\$	156,057
Animal Services		142,110
Mission Viejo Television		<u>35,702</u>
Total	\$	<u>333,869</u>

(7) Interfund Note Payable and Receivable

On May 18, 2015, the 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 Housing Authority 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 Housing Authority Fund pursuant to the HAL and Dissolution Law that are not required for administration or other Housing Authority projects, enforceable obligations, or any other mandated payments due from Housing Authority to a third party. As of June 30, 2021, the loan balance is \$1,925,000.

On November 8, 2019, the City of Mission Viejo entered into an agreement to loan the Golf Course Fund \$1,000,000 for the purchase of the Oso Creek Golf Course (formerly known as Casta del Sol). The loan was made with the assets held in the Section 115 pension trust fund. The loan will be repaid by Oso Creek Golf Course resources at an interest rate of 2.5% over a period of 20 years commencing November 8, 2020. The balance of the loan at June 30, 2021 was \$960,853. All assets in the pension trust fund are restricted for the benefit of members and beneficiaries of the City's pension plan.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(8) Long-Term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
<u>Governmental Activities:</u>						
Bonds:						
1999 Series A bonds	\$12,660,000	\$ -	\$(1,320,000)	\$11,340,000	\$1,355,000	\$9,985,000
1999 Series B bonds	7,347,326	-	-	7,347,326	-	7,347,326
2016 Refunding bonds	9,935,000	-	(825,000)	9,110,000	855,000	8,255,000
Bond premium	812,394	-	(73,854)	738,540	73,854	664,686
Total bonds payable	<u>30,754,720</u>	<u>-</u>	<u>(2,218,854)</u>	<u>28,535,866</u>	<u>2,283,854</u>	<u>26,252,012</u>
Other liabilities:						
Net pension liability	18,595,180	3,004,368	(2,498,249)	19,101,299	-	19,101,299
Financed assets	252,000	-	(84,000)	168,000	84,000	84,000
Capital lease	-	133,783	(6,966)	126,817	35,129	91,693
Compensated absences	<u>2,005,000</u>	<u>1,782,595</u>	<u>(886,699)</u>	<u>2,900,896</u>	<u>1,120,244</u>	<u>1,780,652</u>
Total other liabilities	<u>20,852,180</u>	<u>4,920,746</u>	<u>(3,475,914)</u>	<u>22,297,012</u>	<u>1,239,373</u>	<u>21,057,644</u>
Governmental activities						
Total Long-term liabilities	<u>\$51,606,900</u>	<u>\$4,920,746</u>	<u>\$(5,694,768)</u>	<u>\$50,832,878</u>	<u>\$3,523,227</u>	<u>\$47,309,656</u>
<u>Business-type Activities:</u>						
Other liabilities:						
Net pension liability	\$2,540,510	\$515,841	\$(319,322)	\$2,737,029	\$ -	\$2,737,029
Capital lease	-	589,610	(63,298)	526,312	86,028	440,284
Compensated absences	<u>191,031</u>	<u>160,590</u>	<u>(120,760)</u>	<u>230,861</u>	<u>122,745</u>	<u>108,116</u>
Business-type Activities						
Total Long-term liabilities	<u>\$2,731,541</u>	<u>\$1,266,041</u>	<u>\$(503,380)</u>	<u>\$3,494,202</u>	<u>\$208,773</u>	<u>\$3,285,429</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, 2021

(8) Long-Term Liabilities, (continued)

Bonds

1999 Series A Revenue Bonds

On May 11, 1999, the Mission Viejo Community Development Financing Authority (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 Shops at Mission Viejo (mall).

On May 1, 1999, the Financing 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 Financing 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 Financing 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, subsequently purchased by Pacific Premier 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, 2021 is \$11,340,000.

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>
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	1,495,000	226,035	1,721,035
2026	1,550,000	175,684	1,725,684
2027 - 2029	<u>4,090,000</u>	<u>207,247</u>	<u>4,297,247</u>
	<u>\$ 11,340,000</u>	<u>\$ 1,573,390</u>	<u>\$ 12,913,390</u>

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(8) Long-Term Liabilities, (continued)

Bonds. (continued)

1999 Series B Subordinate Lien Taxable Revenue Bonds

On May 19, 1999, the 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, 2021 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, 2018, the interest rate on the bonds was 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, 2021, the outstanding principal is \$7,347,326 and the unpaid interest is \$869,190.

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, 2021.

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.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

(8) Long-Term Liabilities, (continued)

Bonds, (continued)

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	935,000	202,813	1,137,813
2026	970,000	165,412	1,135,412
2027 - 2031	<u>4,570,000</u>	<u>371,575</u>	<u>4,941,575</u>
	<u>\$ 9,110,000</u>	<u>\$ 1,517,487</u>	<u>\$ 10,627,487</u>

Legal Debt Margin

The City is subject to a debt limit that is 15% of adjusted gross assessed valuation on taxable property. Adjusted assessed valuation is equal to 25% of gross assessed valuation. At June 30, 2021 that amount was \$703,097,959. As of June 30, 2021, the total outstanding debt applicable to the limit was \$0.

Financed Assets

On December 20, 2018, the City entered into a purchase agreement for financing the acquisition of personal computer equipment valued at \$420,000 at 3.36% interest. The equipment has a five-year estimated useful life and is pledged as collateral. In the event of default, all rental payments and other amounts payable by the lessee become due and shall bear interest at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is less.

The future minimum payment obligations and the net present value of these minimum payments as of June 30, 2021, were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 88,234
2023	<u>85,411</u>
Total minimum payment	173,645
Less: amount representing interest	<u>(5,645)</u>
Present value of minimum payments	<u>\$168,000</u>

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(9) Leases

Lease Receivable

On April 11, 1994, the City entered into a 55-year ground lease agreement with South Orange County Emergency Veterinary Group, Inc. The lease began in March 1995 and will end in May 2049. The annual base rent is \$12,000 and is adjusted by CPI each year. A discount rate of 3.36% is used to calculate the net present value of the lease receivable. The City recognized \$8,256 in lease revenue and \$17,329 in interest revenue during FY 2020/21 related to this lease. As of June 30, 2021, the City's receivable for lease payments is \$384,950.

Leases Payable

Governmental Activities

On November 13, 2019, the City entered into a three-year lease agreement for the use of an electrical vehicle. The total lease liability is \$15,785. \$10,000 of South Coast Air Quality Management District grant funds will be used towards the lease payments. As of June 30, 2021, the value of the lease liability is \$8,093. The City is required to make monthly principal and interest payments of \$519. The value of the right-to-use asset is \$16,585 and had an accumulated amortization of \$8,759 as of June 30, 2021.

On January 29, 2021, the City entered into a four-year lease agreement for four vehicles. The total lease liability for the vehicles is \$118,962. As of June 30, 2021, the value of the lease liability is \$118,724. The City is required to make monthly principal and interest payments of \$2,728. The value of the right to-use-assets is \$120,562 and had an accumulated amortization of \$3,138 as of June 30, 2021. The future principal and interest lease payments as of June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 35,129	\$ 3,835	\$ 38,964
2023	32,964	3,199	36,163
2024	30,000	2,736	32,736
2025	<u>28,724</u>	<u>2,455</u>	<u>31,179</u>
Totals	<u>\$ 126,817</u>	<u>\$ 12,225</u>	<u>\$ 139,042</u>

Business-type Activities

On December July 15, 2020, the City entered into a lease-purchase agreement for financing the acquisition of golf carts for the Oso Creek Golf Course valued at \$447,062 at 3.99% interest. The golf carts have a five-year estimated useful life and is pledged as collateral. The City has the option to purchase the golf carts for 32% of the cost at the expiration of the lease. In the event of default, all rent payments remaining through the end of the then current fiscal year, discounted at the higher of 3% or the lowest rate allowed by law become due and all equipment returned to the lessor. As of June 30, 2021, the value of the lease liability is \$404,918. The City is required to make monthly principal and interest payments of \$6,107. The value of the right to-use-asset is \$447,062 and had an accumulated amortization of \$67,059 as of June 30, 2021.

On November 6, 2020 the City entered into a lease-purchase agreement for financing the acquisition of maintenance equipment for the Oso Creek Golf Course valued at \$142,547 at 1.57% interest. The maintenance equipment has a five-year estimated useful life and is pledged as collateral.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(9) Leases, (continued)

In the event of default, all rental payments and other amounts payable by the lessee become due and shall bear interest at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is less. As of June 30, 2021, the value of the lease liability is \$121,394. The City is required to make quarterly principal and interest payments of \$7,396. The value of the right to-use-asset is \$142,547 and had an accumulated amortization of \$21,381 as of June 30, 2021.

The future minimum payment obligations and the net present value of these minimum payments for business-type activities as of June 30, 2021, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 86,029	\$ 16,843	\$ 102,872
2023	88,833	14,039	102,872
2024	91,741	11,131	102,872
2025	94,755	8,117	102,872
2026	164,954	2,014	166,968
Totals	<u>\$ 526,312</u>	<u>\$ 52,144</u>	<u>\$ 578,456</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.

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, 2021, 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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(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, 2021.

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, 2021 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 \$13.81 million which includes \$910,000 for uncertainties surrounding the pandemic and eligible CARES Act assistance expenditures.

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, 2021

(11) Fund Balances, (continued)

Fund Balance Classifications:

Fund balances in the governmental funds at June 30, 2021 have been classified as follows:

	General Fund	Developer Fees	Grants Fund	MV Housing	Nonmajor Funds	Total Governmental Funds
Non Spendable						
Prepaid items	\$ 60,346	\$ -	\$ -	\$ -	\$ -	\$ 60,346
Long term receivables	2,989	-	-	-	-	2,989
Deposits	430	-	-	-	-	430
Subtotal	<u>63,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,765</u>
Restricted for:						
General gvnt-mgmt & support	517,793	-	-	-	-	517,793
Community development	-	-	-	5,646,255	8,872	5,655,127
Public safety	-	-	-	-	131,311	131,311
Public works	-	-	-	-	6,706,422	6,706,422
Recreation/Community Srvc	-	401,303	73,895	-	-	475,198
Library services	-	-	-	-	1,598,061	1,598,061
Debt service	-	-	-	-	2,851,054	2,851,054
Pensions	4,001,488	-	-	-	-	4,001,488
Subtotal	<u>4,519,281</u>	<u>401,303</u>	<u>73,895</u>	<u>5,646,255</u>	<u>11,295,720</u>	<u>21,936,454</u>
Assigned to:						
Pension and OPEB liabilities	3,200,000	-	-	-	-	3,200,000
Natural disasters	1,000,000	-	-	-	-	1,000,000
Capital asset replacement	1,200,000	-	-	-	-	1,200,000
Capital projects	4,200,000	-	-	-	-	4,200,000
Subtotal	<u>9,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,600,000</u>
Unassigned	<u>23,834,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(966,358)</u>	<u>22,868,345</u>
Totals	<u>\$38,017,749</u>	<u>\$401,303</u>	<u>\$73,895</u>	<u>\$5,646,255</u>	<u>\$10,329,362</u>	<u>\$54,484,564</u>

In May 2021, the City Council established the General Fund target reserve level at \$29.5 million for the 2021-23 budget cycle or 49 percent of 2020-21 projected General Fund revenues. The minimum level reserve was set at \$26.4 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, 2021**

(12) Interfund Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 1,054,713
General Fund	American Rescue Plan Act	409,627
General Fund	Animal Services Enterprise Fund	25,344
General Fund	Nonmajor Enterprise Fund	1,451
Housing Authority Fund	Grant Fund	591,336
Other Governmental Funds	General Fund	2,591,326
Other Governmental Funds	American Rescue Plan Act	10,200
Golf Course Enterprise Fund	American Rescue Plan Act	14,920
Animal Services Enterprise Fund	General Fund	561,125
Total		\$ 5,260,042

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

Transfers to Major Funds

Of the \$1,054,713 transferred out of Other Governmental Funds to the General Fund, \$987,895 was made from the CDFA 1999 Mall Bonds Debt Service for release of rolling reserves, \$39,516 was for SB2 funded Mercy House expenditures, and \$27,302 was transferred from the Library Fund for the fund’s share of the Section 115 pension trust fund payment.

A transfer of \$409,627 was made from the American Rescue Plan Act fund to the General fund for reimbursement of COVID-19 expenses, \$14,920 was also transferred to the Golf Course Enterprise Fund for reimbursement of COVID-19 expenses and \$10,200 was transferred to Other Governmental Funds.

A transfer of \$25,344 was made to the General Fund from the Animal Services Fund and \$1,451 from the nonmajor Mission Viejo Television Enterprise Fund to the General Fund for the fund’s share of the Section 115 pension trust payment.

Transfers of \$591,336 were made from the Grant Fund to the Housing Authority Fund to provide funding for transitional housing acquisitions through Families Forward using Community Development Block Grant resources.

A transfer of \$561,125 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.

Transfers to Other Governmental Funds

Of the \$2,591,326 transferred from the General Fund to Other Governmental Funds, \$1,131,907 was transferred to the CDFA 2016 Lease Revenue Refunding Bonds Debt Service Fund for payment of debt service; \$364,635 was transferred to the Library Operations Fund to fund operations; and a transfer of \$1,094,784 was made to the Mall Parking Lease Fund for prior year accumulated excess Mall sales tax due the trustee for debt service payments.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(13) Fund Deficits and Expenditures in Excess of Appropriations

The following funds reported deficits in fund balance as of June 30, 2021:

	<u>Deficit Balances</u>
Non-major Governmental Funds:	
Special Revenue Fund:	
Measure M	(206,784)
Building Homes & Jobs Act (SB2)	(287,001)
CARES Act Assistance Fund	(472,573)

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

There were no expenditures in excess of appropriations in any fund for fiscal year ended June 30, 2021.

(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 123 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, 2021

(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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 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 \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/coverage/risk-sharing-pools/>.

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 \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2020-21 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 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 \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(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 \$135,776,828. 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 \$91,935,789. 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 agency 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 2020-21.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(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, 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, 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.

(16) Significant Commitments

Significant contracts executed as of June 30, 2021 for various projects consisted of the following:

Projects	Commitment
Felipe/Oso Intersection Improvement	\$968,715
La Paz Bridge Rehabilitation project	421,985
Oso-I-5 Northbound On Ramp Improvements	167,581
I-5 Sound Wall	131,607
Storage Barn	108,627

(17) Deferred Compensation Plan

The City offers its employees a deferred compensation plan, the Mission Viejo 457 Plan & Trust administered by Nationwide Retirement Services, created in accordance with Internal Revenue Code Section 457. The plan is a voluntary, employee paid, defined contribution pension plan with no vesting requirement. There are no employer contributions to this plan. It is available to all employees, and permits them to defer annually up to \$19,500, until future years. Employees over age 50 may elect to defer up to an additional \$6,500 annually. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(17) Deferred Compensation Plan, (continued)

The City has placed these employee assets in a trust held for the exclusive benefit of plan participants and their beneficiaries, as prescribed by Internal Revenue Code Section 457(g). Since all contributions to this plan are employee contributions, the City recognizes no expenses related to this plan nor has any claim to the assets in the plan. Consequently, these assets are not included in the City's financial statements.

(18) 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, 2019 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, 2021

(18) Defined Benefit Pension Plan, (continued)

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

The Plan's provisions and benefits in effect at June 30, 2020 (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, 2019 (valuation date), the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>
Retired members and beneficiaries	106
Transferred and terminated members	127
Active employees	152
	<u>385</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, 2021

(18) 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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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 2.5% 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 probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 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 under Forms and Publications.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(18) Defined Benefit Pension Plan, (continued)

B. Net Pension Liability, (continued)

Change of Assumptions

There were no changes in assumption in 2019. 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%. 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, 2021

(18) 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 - 10²</u>	<u>Real Return Year 11+³</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>		

¹ In the System's ACFR, Fixed income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

(18) 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: 06/30/2019	\$94,487,650	\$73,351,960	\$21,135,690
Changes Recognized for the Measurement Period:			
• Service Cost	2,131,318	-	2,131,318
• Interest on the Total Pension Liability	6,651,250	-	6,651,250
• Changes of Benefit Terms	-	-	-
• Changes of Assumptions	-	-	-
• Differences between Expected and Actual Experience	(733,731)	-	(733,731)
• Plan to Plan Resource Movement	-	-	-
• Contributions – Employer	-	2,701,238	(2,701,238)
• Contributions – Employees	-	1,075,002	(1,075,002)
• Net Investment Income	-	3,673,367	(3,673,367)
• Benefit Payments, including Refunds of Employee Contributions	(3,590,210)	(3,590,210)	-
• Administrative Expense	-	(103,408)	103,408
• Other Miscellaneous Income	-	-	-
Net changes during 2019-20	\$4,458,627	\$3,755,989	\$702,638
Balance at: 06/30/2020	\$98,946,277	\$77,107,949	\$21,838,328

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(18) 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%, 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%) or 1 percentage-point higher (8.15%) 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	\$34,820,965	\$21,838,328	\$11,049,018

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, 2020 is 3.7 years, which was obtained by dividing the total service years of 1,441 (the sum of remaining service lifetimes of the active employees) by 385 (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, 2021**

(18) 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, 2021, the City recognized pension expense of \$3,525,013.

The following table presents the deferred outflows and deferred inflows of resources related to pensions as of June 30, 2021.

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ (195,531)
Difference between expected and actual experience	292,210	(718,433)
Contributions made after the measurement date	2,928,175	-
Net difference between projected and actual earnings on pension plan investments	693,089	-
Total	\$3,913,474	\$(913,964)

The City reported \$2,928,175 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, 2022.

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
2021	\$(656,980)
2022	163,337
2023	252,121
2024	312,857
2025	-
Thereafter	-

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(19) 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, 2021, 95 employees were eligible to participate in this plan. Required employer contributions were made during the year in the amount of \$101,081 and required employee contributions totaled \$97,270. At June 30, 2021, 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.

(20) 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 an agent multiple-employer plan 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, 2021**

(20) Other Post-Employment Benefits (OPEB), (continued)

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

Employees Covered

As of the June 30, 2020 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	60
Inactive employees entitled to but not yet receiving benefits	-
Active plan members	157
	217

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 \$534,435. While the plan maintains excess assets, the City does not plan to make contributions to the plan. There were no cash contributions during fiscal year ended June 30, 2021.

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, 2020 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2019, 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 ⁽¹⁾	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	4%

Note:

⁽¹⁾ 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 under Forms and Publications.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(20) 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:

<u>Asset Class</u>	<u>STRATEGY 1</u>	
	<u>% of Portfolio</u>	<u>Assumed Gross Return</u>
All Equities	59.0%	7.795%
All Fixed Income	25.0%	4.500%
Real Estate Investment Trusts	8.0%	7.500%
Treasury Inflation Protected Securities	5.0%	3.250%
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%. 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, 2021

(20) 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, 2019 <i>(Valuation Date)</i>	\$9,497,771	\$10,463,882	\$(966,111)
Changes recognized for the measurement period:			
Service cost	129,642	-	129,642
Interest on total OPEB liability	653,351	364,875	288,476
Employer Contributions	-	-	-
Benefit payments	(466,507)	(466,507)	-
Experience gains/losses	8,506	-	8,506
Administrative expense	-	(5,052)	5,052
Net Changes	324,992	(106,684)	431,676
Balance at June 30, 2020 <i>(Measurement Date)</i>	\$9,822,763	\$10,357,198	\$(534,435)

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, 2020:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$479,191	\$(534,435)	\$(1,398,072)

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

(20) 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, 2020:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$(1,098,915)	\$(534,435)	\$80,594

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	Straight-line amortization over expected average service lives (EARSL) of plan participants. Terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

(20) 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, 2021, the City recognized OPEB expense of \$132,145. As of fiscal year ended June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 17,134	\$(67,428)
Net difference between projected and actual earnings on OPEB plan investments	292,773	-
Total	<u>\$309,907</u>	<u>\$(67,428)</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
2021	\$60,067
2022	60,068
2023	80,468
2024	62,898
2025	(7,318)
Thereafter	(13,704)

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

(21) Subsequent Event

On November 9, 2021, the City and the Community Development Financing Authority authorized the issuance and sale of lease revenue bonds to finance the cost of acquisition of certain real property and the acquisition, construction and installation of certain capital improvements constituting Phase I of the City's Core Area Vision Plan Project in an amount not to exceed \$19,320,000. Good faith estimates for the proposed bond issue include true interest cost of 2.64%, cost of issuance of \$220,000, underwriters discount of \$106,177 and a total bond payment amount of \$24,788,001. It is anticipated that these bonds will be priced on December 8, 2021 with final sale on December 22, 2021.

On November 24, 2021, the City closed escrow on real property commonly referred to as the Stein Mart building, that will subsequently be redesigned and rehabilitated as part of the City's Core Area Vision Plan Project. The purchase price was \$11,900,000 and was initially paid for using General Fund reserves. The City will be reimbursed for the full purchase price from proceeds received from the above mentioned bond issue.

(22) Prior Period Restatements

Correction of Errors

As discussed in Note 6, the City restated the beginning balance for construction in progress in governmental activities. The restatement was due to the City re-evaluating prior year expenses associated with the La Paz Bridge Widening capital improvement project and determining that \$149,054 of these expenses were no longer deemed eligible for capitalization.

As discussed in Note 8, the City reports accumulated accrued interest associated with the 1999 Series B Subordinate Lien Taxable Revenue Bonds. The accumulated unpaid interest at June 30, 2020, as previously reported, was \$3,015,294. However, the amount reported should have been \$1,560,152. The difference of \$1,455,142 should have been recognized as revenue representing a forgiveness of interest expense.

Revenue received and recognized in August, 2020 in the amount of \$89,701 in the Grants Fund should have been recognized as revenue during fiscal year ended June 30, 2020.

	<u>Governmental Activities</u>	<u>Fund Statements</u>
Beginning net position/fund balance, as previously reported	\$667,253,554	\$(55,709)
Correction in capital assets	(149,054)	-
Correction in accrued interest	1,455,142	-
Correction in revenue	89,701	89,701
Beginning net position/fund balance at July 1, 2020, as restated	<u>\$668,649,343</u>	<u>\$33,992</u>



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	2019-20	2018-19
TOTAL PENSION LIABILITY		
Service Cost	\$ 2,131,318	\$ 2,097,550
Interest	6,651,250	6,341,861
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(733,731)	599,798
Changes of Assumptions	-	-
Contributions	(3,590,210)	(3,200,691)
Net Change in Total Pension Liability	4,458,627	5,838,518
Total Pension Liability - Beginning	94,487,650	88,649,132
Total Pension Liability - Ending (a)	\$ 98,946,277	\$ 94,487,650
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 2,701,238	\$ 2,399,958
Contributions - Employee Paid Member Contributions	-	-
Contributions - Employee	1,075,002	1,041,607
Net Investment Income	3,673,367	4,510,644
Benefit Payments, Including Refunds of Employee Contributions	(3,590,210)	(3,200,691)
Net plan to plan resource movement	-	-
Administrative Expense	(103,408)	(48,990)
Other miscellaneous income/(expense)	-	159
Net Change in Fiduciary Net Position	3,755,989	4,702,687
Plan Fiduciary Net Position - Beginning	73,351,960	68,649,273
Plan Fiduciary Net Position - Ending (b)	\$ 77,107,949	\$ 73,351,960
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 21,838,328	\$ 21,135,690
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.93%	77.63%
Covered Payroll	11,849,760	11,453,278
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	184.29%	184.54%

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

Benefits changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes in Assumptions: None in 2019 and 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the 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 2013-14 was the 1st year of implementation, therefore, only seven years are shown.

	2017-18	2016-17	2015-16	2014-15	2013-14
\$	2,057,205	\$ 2,034,934	\$ 1,906,461	\$ 1,891,776	\$ 2,063,288
	5,944,295	5,695,055	5,419,496	5,062,617	4,692,063
	-	-	-	-	-
	(732,035)	(914,327)	(96,499)	97,537	-
	(782,124)	4,804,274	-	(1,279,571)	-
	(2,921,541)	(2,560,608)	(2,383,616)	(2,016,686)	(1,724,113)
	3,565,800	9,059,328	4,845,842	3,755,673	5,031,238
	85,083,332	76,024,004	71,178,162	67,422,489	62,391,251
\$	88,649,132	\$ 85,083,332	\$ 76,024,004	\$ 71,178,162	\$ 67,422,489
\$	2,237,131	\$ 2,241,112	\$ 1,903,477	\$ 3,419,577	\$ 1,817,494
	-	-	-	-	231,856
	926,703	875,578	849,550	844,477	603,514
	5,343,289	6,319,062	321,400	1,182,775	7,701,208
	(2,921,541)	(2,560,608)	(2,383,616)	(2,016,686)	(1,724,113)
	(159)	-	-	-	-
	(98,717)	(83,505)	(34,069)	(62,955)	-
	(187,465)	-	-	-	-
	5,299,241	6,791,639	656,742	3,367,188	8,629,959
	63,350,032	56,558,393	55,901,651	52,534,463	43,904,504
\$	68,649,273	\$ 63,350,032	\$ 56,558,393	\$ 55,901,651	\$ 52,534,463
\$	19,999,859	\$ 21,733,300	\$ 19,465,611	\$ 15,276,511	\$ 14,888,026
	77.44%	74.46%	74.40%	78.54%	77.92%
	10,903,806	10,655,987	10,308,528	10,342,493	\$ 10,114,661
	183.42%	203.95%	188.83%	147.71%	147.19%

CITY OF MISSION VIEJO

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

	Fiscal Year 2020-21	Fiscal Year 2019-20
Actuarially Determined Contribution	\$ 2,928,168	\$ 2,704,061
Contributions in Relation to the Actuarially Determined Contribution	(2,928,168)	(2,704,061)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 11,671,149	\$ 11,849,760
Contributions as a Percentage of Covered Payroll	25.09%	22.82%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were from the June 30, 2018 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by category, entry age and duration of service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Other Information:

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

* Fiscal year 2014-15 was the first year of implementation, therefore, only seven years are shown.

Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
\$ 2,401,838	\$ 2,237,110	\$ 2,154,078	\$ 1,909,220	\$ 1,917,929
(2,401,838)	(2,237,110)	(2,154,078)	(1,909,220)	(3,417,929)
\$ -	\$ -	\$ -	\$ -	\$ (1,500,000)
\$ 11,453,278	\$ 10,903,806	\$ 10,655,987	\$ 10,308,528	\$ 10,342,493
20.97%	20.52%	20.21%	18.52%	33.05%

CITY OF MISSION VIEJO

Required Supplementary Information

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

Last 10 Years*

Measurement Period	2019-20	2018-19	2017-18	2016-17
TOTAL OPEB LIABILITY/(ASSET)				
Service Cost	\$ 129,642	\$ 139,782	\$ 136,041	\$ 132,400
Interest	653,351	636,264	614,138	594,854
Experience Gain/Losses	-	(68,925)	-	-
Benefit Payments	(466,507)	(440,130)	(427,689)	(496,836)
Difference between actual and expected benefit payments	8,506	(17,769)	13,681	-
Net Change in Total OPEB Liability/(Asset)	324,992	249,222	336,171	230,418
Total OPEB Liability/(Asset) - Beginning	9,497,771	9,248,549	8,912,378	8,681,960
Total OPEB Liability/(Asset) - Ending (a)	<u>\$ 9,822,763</u>	<u>\$ 9,497,771</u>	<u>\$ 9,248,549</u>	<u>\$ 8,912,378</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ -	\$ -	\$ 170,250	\$ 347,000
Net Investment Income	(351,092)	(87,835)	102,004	946,200
Expected investment income	715,967	704,767	675,022	-
Benefit Payments, Including Refunds of Employee Contributions	(466,507)	(440,130)	(427,689)	(496,836)
Actual minus expected benefit payments	-	-	13,681	-
Administrative Expense	(5,052)	(2,178)	(18,135)	(4,804)
Net Change in Fiduciary Net Position	(106,684)	174,624	515,133	791,560
Plan Fiduciary Net Position - Beginning	10,463,882	10,289,258	9,774,125	8,982,565
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,357,198</u>	<u>\$ 10,463,882</u>	<u>\$ 10,289,258</u>	<u>\$ 9,774,125</u>
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ (534,435)</u>	<u>\$ (966,111)</u>	<u>\$ (1,040,709)</u>	<u>\$ (861,747)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	105.44%	110.17%	111.25%	109.67%
Covered Employee Payroll	\$ 11,849,760	\$ 11,453,278	\$ 10,903,806	\$ 10,655,987
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	-4.51%	-8.44%	-9.54%	-8.09%

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

None

* Fiscal year 2016-17 was the 1st year of implementation, therefore, only four years are shown.

CITY OF MISSION VIEJO

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

	Fiscal Year 2020-21	Fiscal Year 2019-20	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	\$ 11,671,149	\$ 11,849,760	\$ 11,453,278	\$ 10,903,806
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	1.56%

Notes to Schedule:

The actuarial methods and assumptions used to set contributions for Fiscal Year 2020-21 were from the June 30, 2020 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	

Mortality 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.

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2017-18 was the 1st year of implementation, therefore, only four years are shown.

CITY OF MISSION VIEJO

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 52,059,397	\$ 52,775,397	\$ 56,457,749	\$ 3,682,352
Licenses and permits	2,916,699	2,525,699	2,494,557	(31,142)
Intergovernmental	386,526	443,026	488,327	45,301
Charges for services	3,092,575	2,606,375	3,070,160	463,785
Investment earnings	252,000	252,000	28,542	(223,458)
Fines and forfeitures	461,000	375,000	385,076	10,076
Developer fees	-	-	2,000,000	2,000,000
Other	962,466	1,148,117	1,275,392	127,275
Total revenues	60,130,663	60,125,614	66,199,803	6,074,189
EXPENDITURES				
General Government-Legislative	741,229	787,355	739,482	47,873
General Government-Mgmt and Support	9,086,184	9,168,246	8,170,308	997,938
Public Safety	21,722,776	21,559,717	20,995,371	564,346
Community Development	3,588,798	4,845,576	4,659,013	186,563
Engineering & Transportation	2,139,306	2,241,470	2,199,924	41,546
Infrastructure Maintenance	16,989,734	18,912,712	18,267,004	645,708
Recreation/Community/Library Services	4,718,701	4,321,140	3,705,243	615,897
Debt Service				
Principal	911,838	88,254	88,231	23
Interest	313,969	7,840	7,840	-
Capital Outlay				
Lower Curtis Park	-	196,625	158,491	38,134
Craycraft Park Restroom/Snack Bar	-	24,955	17,660	7,295
Marguerite Aquatics Pool Chillers	-	7,375	-	7,375
Site C Grading	-	6,000	5,060	940
Bicycle Corridor Improvement Program	-	30,000	2,054	27,946
Storage Barn	-	225,000	81,707	143,293
Barcelona Retaining Walls	-	95,182	3,452	91,730
Total expenditures	60,212,535	62,517,447	59,100,840	3,416,607
Excess (deficiency) of revenues over (under) expenditures	(81,872)	(2,391,833)	7,098,963	9,490,796
OTHER FINANCING SOURCES (USES)				
Transfers in	987,895	987,895	1,437,038	449,143
Transfers out	(925,760)	(2,057,673)	(3,152,451)	(1,094,778)
Proceeds of capital lease	-	-	118,962	118,962
Sale of City property	20,000	20,000	203,798	183,798
Total other financing sources (uses)	82,135	(1,049,778)	(1,392,653)	(342,875)
Net change in fund balances	263	(3,441,611)	5,706,310	9,147,921
Fund balances - beginning	28,309,951	28,309,951	28,309,951	-
Fund balances - ending	\$ 28,310,214	\$ 24,868,340	\$ 34,016,261	\$ 9,147,921

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,015,815	\$ 1,839,812	\$ 1,238,832	\$ (600,980)
Investment earnings	1,500	1,500	3,836	2,336
Total revenues	1,017,315	1,841,312	1,242,668	(598,644)
EXPENDITURES				
General Government-Mgmt and Support	4,539	5,078	5,078	-
Community Development	379,161	904,381	353,387	550,994
Engineering & Transportation	-	250,000	60,888	189,112
Recreation/Community/Library Services	111,342	263,201	172,604	90,597
Capital Outlay				
Bicycle Corridor Improvement Program	-	220,000	19,472	200,528
Total expenditures	495,042	1,642,660	611,429	1,031,231
Excess (deficiency) of revenues over (under) expenditures	522,273	198,652	631,239	432,587
OTHER FINANCING SOURCES (USES)				
Transfers out	(524,690)	(591,340)	(591,336)	4
Total other financing sources (uses)	(524,690)	(591,340)	(591,336)	4
Net change in fund balances	(2,417)	(392,688)	39,903	432,591
Fund balances (deficits) - beginning, as restated	33,992	33,992	33,992	-
Fund balances (deficits) - ending	\$ 31,575	\$ (358,696)	\$ 73,895	\$ 432,591

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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 6,721	\$ 6,721	\$ 7,159	\$ 438
Other	-	-	167,252	167,252
Total revenues	6,721	6,721	174,411	167,690
EXPENDITURES				
Community Development	56,500	607,723	607,723	-
Total expenditures	56,500	607,723	607,723	-
Excess (deficiency) of revenues over (under) expenditures	(49,779)	(601,002)	(433,312)	167,690
OTHER FINANCING SOURCES (USES)				
Transfers in	-	524,690	591,336	66,646
Total other financing sources (uses)	-	524,690	591,336	66,646
Net change in fund balances	(49,779)	(76,312)	158,024	234,336
Fund balances - beginning	5,488,231	5,488,231	5,488,231	-
Fund balances - ending	<u>\$ 5,438,452</u>	<u>\$ 5,411,919</u>	<u>\$ 5,646,255</u>	<u>\$ 234,336</u>

See notes to required supplementary information.

CITY OF MISSION VIEJO

**American Rescue Plan Act Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 434,747	\$ 434,747
Total revenues	<u>-</u>	<u>-</u>	<u>434,747</u>	<u>434,747</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>434,747</u>	<u>434,747</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(434,747)</u>	<u>(434,747)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(434,747)</u>	<u>(434,747)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

CITY OF MISSION VIEJO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

Notes to Required Supplementary Information

(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 Financing Authority and the 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 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. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures.

For the Financing Authority and the 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, 2021

(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, 2021

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

Streets, (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	
<u>PCI Range</u>	<u>Condition</u>
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:	2016 Study	2018 Study	2020 Study
Arterials (MPAH)	Good	Good	Good
Local/Residential	Very Good	Very Good	Very Good

The January 2020 study indicated that the current citywide weighted average Pavement Condition Index (PCI) is 83, which shows a slight decrease of three PCI points since the last update in 2018. Overall, 79.2% (by area) of the City’s road network is in the “Very Good” and “Good” condition categories, approximately 17.4% of the streets are in the “Fair” category and 3.4% are in the “Poor” or “Very Poor” categories.

CITY OF MISSION VIEJO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

(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>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Needed	\$ 5,100,000	\$3,000,000	\$4,700,000	\$ 3,600,000	\$3,600,000
Actual	<u>2,843,718</u>	<u>4,825,157</u>	<u>3,896,582</u>	<u>1,437,530</u>	<u>3,620,995</u>
Difference	<u>\$(2,256,282)</u>	<u>\$1,825,157</u>	<u>\$ (803,418)</u>	<u>\$(2,162,470)</u>	<u>\$ 20,995</u>



MISSION VIEJO

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Supplementary Schedules

CITY OF MISSION VIEJO

**General Fund
Combining Balance Sheet
June 30, 2021**

	General Fund	Section 115 Trust	Total General Fund
ASSETS			
Cash and investments	\$ 31,366,004	\$ -	\$ 31,366,004
Accounts receivable	226,182	-	226,182
Taxes receivable	5,015,133	-	5,015,133
Loans receivable	2,989	-	2,989
Interest receivable	88,535	15,335	103,870
Prepaid items	60,346	-	60,346
Deposits	430	-	430
Intergovernmental receivable	33,218	-	33,218
Interfund receivables	2,443,183	-	2,443,183
Notes receivable	-	2,363,478	2,363,478
Interfund note receivable	1,925,000	960,853	2,885,853
Due from developers	1,745,922	-	1,745,922
Restricted assets:			
Cash and investment for pensions	-	661,822	661,822
Total assets	\$ 42,906,942	\$ 4,001,488	\$ 46,908,430
LIABILITIES			
Accounts payable	\$ 3,214,758	\$ -	\$ 3,214,758
Accrued payroll	740,483	-	740,483
Unearned revenues	211,461	-	211,461
Deposits payable	1,018,678	-	1,018,678
Intergovernmental payable	7,029	-	7,029
Other liabilities	22,975	-	22,975
Retainage payable	4,377	-	4,377
Total liabilities	5,219,761	-	5,219,761
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	3,670,920	-	3,670,920
Total deferred inflow of resources	3,670,920	-	3,670,920
Total liabilities and deferred inflows of resources	8,890,681	-	8,890,681
FUND BALANCES			
Nonspendable	63,765	-	63,765
Restricted	517,793	4,001,488	4,519,281
Assigned	9,600,000	-	9,600,000
Unassigned	23,834,703	-	23,834,703
Total fund balances	34,016,261	4,001,488	38,017,749
Total liabilities, deferred inflows or resources and fund balances	\$ 42,906,942	\$ 4,001,488	\$ 46,908,430

CITY OF MISSION VIEJO

General Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2021

	General Fund	Section 115 Trust	Elimination Column	Total General Fund
REVENUES				
Taxes	\$ 56,457,749	\$ -	\$ -	\$ 56,457,749
Licenses and permits	2,494,557	-	-	2,494,557
Intergovernmental	488,327	-	-	488,327
Charges for services	3,070,160	-	-	3,070,160
Investment earnings	28,542	85,583	-	114,125
Fines and forfeitures	385,076	-	-	385,076
Developer fees	2,000,000	-	-	2,000,000
Other	1,275,392	221,000	(221,000)	1,275,392
Total revenues	66,199,803	306,583	(221,000)	66,285,386
EXPENDITURES				
General Government-Legislative	739,482	-	(5,373)	734,109
General Government-Mgmt and Support	8,170,308	-	(58,549)	8,111,759
Public Safety	20,995,371	-	(2,853)	20,992,518
Community Development	4,659,013	-	(17,520)	4,641,493
Engineering & Transportation	2,199,924	-	(20,552)	2,179,372
Infrastructure Maintenance	18,267,004	-	(29,957)	18,237,047
Recreation/Community/Library Services	3,705,243	-	(32,099)	3,673,144
Debt Service				
Principal	88,231	-	-	88,231
Interest	7,840	-	-	7,840
Capital Outlay	268,424	-	-	268,424
Total expenditures	59,100,840	-	(166,903)	58,933,937
Excess (deficiency) of revenues over (under) expenditures	7,098,963	306,583	(54,097)	7,351,449
OTHER FINANCING SOURCES (USES)				
Transfers in	1,437,038	-	54,097	1,491,135
Transfers out	(3,152,451)	-	-	(3,152,451)
Proceeds of capital lease	118,962	-	-	118,962
Sale of City property	203,798	-	-	203,798
Total other financing sources (uses)	(1,392,653)	-	54,097	(1,338,556)
Net change in fund balances	5,706,310	306,583	-	6,012,893
Fund balances - beginning	28,309,951	3,694,905	-	32,004,856
Fund balances - ending	\$ 34,016,261	\$ 4,001,488	\$ -	\$ 38,017,749

CITY OF MISSION VIEJO

**Nonmajor Governmental Funds
Combining Governmental Balance Sheet
Summary by Fund Type
June 30, 2021**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 5,840,248	\$ 1,525,003	\$ 2,610,432	\$ 9,975,683
Taxes receivable	68,861	-	274,685	343,546
Intergovernmental receivable	905,937	-	537,299	1,443,236
Cash and investments with fiscal agents	-	1,326,051	-	1,326,051
Total assets	\$ 6,815,046	\$ 2,851,054	\$ 3,422,416	\$ 13,088,516
LIABILITIES				
Accounts payable	\$ 216,368	\$ -	\$ 13,909	\$ 230,277
Accrued payroll	141,645	-	2,520	144,165
Intergovernmental payable	1,971	-	-	1,971
Interfund payable	921,049	-	527,299	1,448,348
Retainage payable	29,304	-	14,348	43,652
Total liabilities	1,310,337	-	558,076	1,868,413
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	353,442	-	537,299	890,741
Total deferred inflow of resources	353,442	-	537,299	890,741
Total liabilities and deferred inflows of resources	1,663,779	-	1,095,375	2,759,154
FUND BALANCES (deficits)				
Restricted for:				
Community development	8,872	-	-	8,872
Library services	1,598,061	-	-	1,598,061
Public safety	131,311	-	-	131,311
Public works	4,379,381	-	2,327,041	6,706,422
Debt service	-	2,851,054	-	2,851,054
Unassigned	(966,358)	-	-	(966,358)
Total fund balances	5,151,267	2,851,054	2,327,041	10,329,362
Total liabilities and fund balances	\$ 6,815,046	\$ 2,851,054	\$ 3,422,416	\$ 13,088,516

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, 2021**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 2,972,834	\$ 420,839	\$ -	\$ 3,393,673
Intergovernmental	6,271,464	1,731,989	2,040,551	10,044,004
Charges for services	10,699	-	-	10,699
Investment earnings	11,971	2,030	1,911	15,912
Fines and forfeitures	719	-	-	719
Other	31,968	-	-	31,968
Total revenues	9,299,655	2,154,858	2,042,462	13,496,975
EXPENDITURES				
General Government-Mgmt and Support	267,960	-	-	267,960
Public Safety	675,027	-	-	675,027
Community Development	65,857	-	-	65,857
Engineering & Transportation	404,372	-	-	404,372
Infrastructure Maintenance	741,676	-	-	741,676
Recreation/Community/Library Services	2,628,900	-	-	2,628,900
Capital Outlay	2,961,626	-	1,345,915	4,307,541
Debt Service				
Principal retirement	2,735	2,145,000	-	2,147,735
Interest	598	718,902	-	719,500
Total expenditures	7,748,751	2,863,902	1,345,915	11,958,568
Excess (deficiency) of revenues over (under) expenditures	1,550,904	(709,044)	696,547	1,538,407
OTHER FINANCING SOURCES (USES)				
Transfers in	374,835	2,226,691	-	2,601,526
Transfers out	(66,818)	(987,895)	-	(1,054,713)
Total other financing sources (uses)	308,017	1,238,796	-	1,546,813
Net change in fund balances	1,858,921	529,752	696,547	3,085,220
Fund balances - beginning	3,292,346	2,321,302	1,630,494	7,244,142
Fund balances - ending	\$ 5,151,267	\$ 2,851,054	\$ 2,327,041	\$ 10,329,362



MISSION VIEJO

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CITY OF MISSION VIEJO

NONMAJOR SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2021

Nonmajor Special Revenue Funds

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.

BUILDING HOMES AND JOBS ACT (SB2) - Funding for this program is through a document recording fee and provides a dedicated source of funding for housing related activities, including updating general plans, community plans, specific plans, and local planning related to implementation of sustainable community strategies or local coastal plans.

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.

CARES ACT ASSISTANCE - This fund is used to account for revenue and expenditures necessary to respond to the Covid-19 pandemic. Funding is a combination of State and County allocations received for qualifying expenses under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

CITY OF MISSION VIEJO

**Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2021**

	Gas Tax Fund	Library Operations Fund	Law Enforcement Fund	Air Quality Fund
ASSETS				
Cash and investments	\$ 3,620,738	\$ 1,755,517	\$ 147,978	\$ 305,172
Taxes receivable	-	37,562	-	31,299
Intergovernmental receivable	552,495	-	-	-
Total assets	\$ 4,173,233	\$ 1,793,079	\$ 147,978	\$ 336,471
LIABILITIES				
Accounts payable	\$ 98,435	\$ 55,957	\$ 16,667	\$ -
Accrued payroll	2,584	139,061	-	-
Intergovernmental payable	-	-	-	-
Interfund payable	-	-	-	-
Retainage payable	29,304	-	-	-
Total liabilities	130,323	195,018	16,667	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflow of resources	-	-	-	-
Total liabilities and deferred inflows of resources	130,323	195,018	16,667	-
FUND BALANCES (deficits)				
Restricted for:				
Community development	-	-	-	-
Library services	-	1,598,061	-	-
Public safety	-	-	131,311	-
Public works	4,042,910	-	-	336,471
Unassigned	-	-	-	-
Total fund balances (deficits)	4,042,910	1,598,061	131,311	336,471
Total liabilities and fund balances	\$ 4,173,233	\$ 1,793,079	\$ 147,978	\$ 336,471

Measure M Fund	Building Homes & Jobs Act (SB2) Fund	CASp Fund	CARES Act Assistance Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 10,843	\$ -	\$ 5,840,248
-	-	-	-	68,861
66,441	287,001	-	-	905,937
<u>\$ 66,441</u>	<u>\$ 287,001</u>	<u>\$ 10,843</u>	<u>\$ -</u>	<u>\$ 6,815,046</u>
\$ 8,481	\$ 36,828	\$ -	\$ -	\$ 216,368
-	-	-	-	141,645
-	-	1,971	-	1,971
198,303	250,173	-	472,573	921,049
-	-	-	-	29,304
<u>206,784</u>	<u>287,001</u>	<u>1,971</u>	<u>472,573</u>	<u>1,310,337</u>
66,441	287,001	-	-	353,442
<u>66,441</u>	<u>287,001</u>	<u>-</u>	<u>-</u>	<u>353,442</u>
273,225	574,002	1,971	472,573	1,663,779
-	-	8,872	-	8,872
-	-	-	-	1,598,061
-	-	-	-	131,311
-	-	-	-	4,379,381
(206,784)	(287,001)	-	(472,573)	(966,358)
<u>(206,784)</u>	<u>(287,001)</u>	<u>8,872</u>	<u>(472,573)</u>	<u>5,151,267</u>
<u>\$ 66,441</u>	<u>\$ 287,001</u>	<u>\$ 10,843</u>	<u>\$ -</u>	<u>\$ 6,815,046</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, 2021**

	Gas Tax Fund	Library Operations Fund	Law Enforcement Grants Fund	Air Quality Fund
REVENUES				
Taxes	\$ -	\$ 2,972,834	\$ -	\$ -
Intergovernmental	3,860,863	215,089	226,111	123,092
Charges for services	-	5,481	-	-
Investment earnings (loss)	(3,122)	10,526	1,373	3,194
Fines and forfeitures	-	719	-	-
Other	-	31,968	-	-
Total revenues	3,857,741	3,236,617	227,484	126,286
EXPENDITURES				
General Government-Mgmt and Support	3,150	91,571	-	1,150
Public Safety	65,000	-	199,583	-
Community Development	-	-	-	-
Engineering & Transportation	404,372	-	-	-
Infrastructure Maintenance	-	363,108	-	-
Recreation/Community/Library Services	-	2,599,833	-	-
Debt Service				
Principal	-	-	-	2,735
Interest	-	-	-	598
Capital Outlay	2,753,733	-	-	168,514
Total expenditures	3,226,255	3,054,512	199,583	172,997
Excess (deficiency) of revenues over (under) expenditures	631,486	182,105	27,901	(46,711)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	374,835	-	-
Transfers out	-	(27,302)	-	-
Total other financing sources (uses)	-	347,533	-	-
Net change in fund balances	631,486	529,638	27,901	(46,711)
Fund balances (deficits) - beginning	3,411,424	1,068,423	103,410	383,182
Fund balances (deficits) - ending	\$ 4,042,910	\$ 1,598,061	\$ 131,311	\$ 336,471

Measure M Fund	Building Homes & Jobs Act (SB2) Fund	CASp Fund	CARES Act Assistance Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,972,834
670,731	-	-	1,175,578	6,271,464
-	-	5,218	-	10,699
-	-	-	-	11,971
-	-	-	-	719
-	-	-	-	31,968
<u>670,731</u>	<u>-</u>	<u>5,218</u>	<u>1,175,578</u>	<u>9,299,655</u>
-	17,996	-	154,093	267,960
-	167,167	-	243,277	675,027
-	43,425	-	22,432	65,857
-	-	-	-	404,372
-	-	-	378,568	741,676
-	-	-	29,067	2,628,900
-	-	-	-	2,735
-	-	-	-	598
<u>39,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,961,626</u>
<u>39,379</u>	<u>228,588</u>	<u>-</u>	<u>827,437</u>	<u>7,748,751</u>
<u>631,352</u>	<u>(228,588)</u>	<u>5,218</u>	<u>348,141</u>	<u>1,550,904</u>
-	-	-	-	374,835
-	(39,516)	-	-	(66,818)
-	(39,516)	-	-	308,017
631,352	(268,104)	5,218	348,141	1,858,921
(838,136)	(18,897)	3,654	(820,714)	3,292,346
<u>\$ (206,784)</u>	<u>\$ (287,001)</u>	<u>\$ 8,872</u>	<u>\$ (472,573)</u>	<u>\$ 5,151,267</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,938,704	\$ 3,938,704	\$ 3,860,863	\$ (77,841)
Investment earnings	11,400	11,400	(3,122)	(14,522)
Total revenues	3,950,104	3,950,104	3,857,741	(92,363)
EXPENDITURES				
General Government-Mgmt and Support	2,783	3,150	3,150	-
Public Safety	65,000	65,000	65,000	-
Engineering & Transportation	530,000	557,739	404,372	153,367
Capital Outlay				
La Paz Bridge Widening	-	421,985	411,899	10,086
Oso Pkwy Corridor Signal Sync	-	1,721	-	1,721
Felipe/Olympiad Signal Sync	-	5,795	-	5,795
Los Alisos Signal Synch	-	223,294	7,182	216,112
Lower Curtis Park	-	36,662	35,192	1,470
I-5 Sound Wall Madrid Fore - MVHS	-	1,650,000	20,393	1,629,607
Storm Drain Atlas Update	-	30,000	-	30,000
Jeronimo/Marguerite Intersection Imp	12,500	12,500	11,514	986
MV TRAP Central	40,000	40,000	40,000	-
Sidewalk Repair Program	20,000	27,969	-	27,969
Arterial Hgwy Resurfacing/Slurry	1,101,135	3,113,447	1,620,000	1,493,447
Residential Resurfacing/Slurry	865,177	865,177	607,553	257,624
Total expenditures	2,636,595	7,054,439	3,226,255	3,828,184
Excess (deficiency) of revenues over (under) expenditures	1,313,509	(3,104,335)	631,486	3,735,821
Net change in fund balances	1,313,509	(3,104,335)	631,486	3,735,821
Fund balances - beginning	3,411,424	3,411,424	3,411,424	-
Fund balances - ending	\$ 4,724,933	\$ 307,089	\$ 4,042,910	\$ 3,735,821

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,886,442	\$ 2,886,442	\$ 2,972,834	\$ 86,392
Intergovernmental	162,000	181,525	215,089	33,564
Charges for services	168,280	58,280	5,481	(52,799)
Investment earnings	6,600	6,600	10,526	3,926
Fines and forfeitures	26,250	6,250	719	(5,531)
Other	4,500	4,500	31,968	27,468
Total revenues	3,254,072	3,143,597	3,236,617	93,020
EXPENDITURES				
General Government-Mgmt and Support	126,400	126,400	91,571	34,829
Infrastructure Maintenance	387,160	388,211	363,108	25,103
Recreation/Community/Library Services	3,105,147	3,004,372	2,599,833	404,539
Total expenditures	3,618,707	3,518,983	3,054,512	464,471
Excess (deficiency) of revenues over (under) expenditures	(364,635)	(375,386)	182,105	557,491
OTHER FINANCING SOURCES (USES)				
Transfers in	364,635	364,635	374,835	10,200
Transfers out	-	(27,302)	(27,302)	-
Total other financing sources (uses)	364,635	337,333	347,533	10,200
Net change in fund balances	-	(38,053)	529,638	567,691
Fund balances - beginning	1,068,423	1,068,423	1,068,423	-
Fund balances - ending	\$ 1,068,423	\$ 1,030,370	\$ 1,598,061	\$ 567,691

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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 226,111	\$ 26,111
Investment earnings	547	547	1,373	826
Total revenues	200,547	200,547	227,484	26,937
EXPENDITURES				
Public Safety	200,000	200,000	199,583	417
Total expenditures	200,000	200,000	199,583	417
Excess (deficiency) of revenues over (under) expenditures	547	547	27,901	27,354
Net change in fund balances	547	547	27,901	27,354
Fund balances - beginning	103,410	103,410	103,410	-
Fund balances - ending	\$ 103,957	\$ 103,957	\$ 131,311	\$ 27,354

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 123,092	\$ 3,092
Investment earnings	2,700	2,700	3,194	494
Total revenues	122,700	122,700	126,286	3,586
EXPENDITURES				
General Government-Mgmt and Support	1,650	1,650	1,150	500
Community Development	45,000	45,000	-	45,000
Debt Service				
Principal	3,263	2,735	2,735	-
Interest	-	598	598	-
Capital Outlay				
Alicia Parkway Signal Sync	-	137,331	135,494	1,837
El Toro Corridor Signal Sync	-	43,310	33,020	10,290
Total expenditures	49,913	230,624	172,997	57,627
Excess (deficiency) of revenues over (under) expenditures	72,787	(107,924)	(46,711)	61,213
Net change in fund balances	72,787	(107,924)	(46,711)	61,213
Fund balances - beginning	383,182	383,182	383,182	-
Fund balances - ending	\$ 455,969	\$ 275,258	\$ 336,471	\$ 61,213

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 300,000	\$ 1,275,985	\$ 670,731	\$ (605,254)
Total revenues	<u>300,000</u>	<u>1,275,985</u>	<u>670,731</u>	<u>(605,254)</u>
EXPENDITURES				
Engineering & Transportation	300,000	300,000	-	300,000
Capital Outlay				
Marguerite Corridor Traffic Signal Sync	-	44,779	28,205	16,574
Felipe/Olympiad Traffic Signal Sync	-	93,415	11,174	82,241
Total expenditures	<u>300,000</u>	<u>438,194</u>	<u>39,379</u>	<u>398,815</u>
Excess (deficiency) of revenues over (under) expenditures	-	837,791	631,352	(206,439)
Net change in fund balances	-	837,791	631,352	(206,439)
Fund balances (deficits) - beginning	(838,136)	(838,136)	(838,136)	-
Fund balances (deficits) - ending	<u>\$ (838,136)</u>	<u>\$ (345)</u>	<u>\$ (206,784)</u>	<u>\$ (206,439)</u>

CITY OF MISSION VIEJO

Building Homes & Jobs Act (SB2) Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 266,000	\$ 516,000	\$ -	\$ (516,000)
Total revenues	266,000	516,000	-	(516,000)
EXPENDITURES				
General Government-Mgmt and Support	4,000	21,996	17,996	4,000
Public Safety	206,000	206,000	167,167	38,833
Community Development	121,000	269,107	43,425	225,682
Total expenditures	331,000	497,103	228,588	268,515
Excess (deficiency) of revenues over (under) expenditures	(65,000)	18,897	(228,588)	(247,485)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(39,516)	(39,516)
Total other financing sources (uses)	-	-	(39,516)	(39,516)
Net change in fund balances	(65,000)	18,897	(268,104)	(287,001)
Fund balances (deficits) - beginning	(18,897)	(18,897)	(18,897)	-
Fund balances (deficits) - ending	\$ (83,897)	\$ -	\$ (287,001)	\$ (287,001)

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 6,000	\$ 6,000	\$ 5,218	\$ (782)
Total revenues	6,000	6,000	5,218	(782)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	6,000	6,000	5,218	(782)
Net change in fund balances	6,000	6,000	5,218	(782)
Fund balances - beginning	3,654	3,654	3,654	-
Fund balances (deficits) - ending	\$ 9,654	\$ 9,654	\$ 8,872	\$ (782)

CITY OF MISSION VIEJO

CARES Act Assistance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 1,418,696	\$ 1,175,578	\$ (243,118)
Total revenues	-	1,418,696	1,175,578	(243,118)
EXPENDITURES				
General Government-Mgmt and Support	-	154,093	154,093	-
Public Safety	-	243,277	243,277	-
Community Development	-	22,432	22,432	-
Infrastructure Maintenance	-	378,568	378,568	-
Recreation/Community/Library Services	-	29,067	29,067	-
Total expenditures	-	827,437	827,437	-
Excess (deficiency) of revenues over (under) expenditures	-	591,259	348,141	(243,118)
Net change in fund balances	-	591,259	348,141	(243,118)
Fund balances (deficits) - beginning	(820,714)	(820,714)	(820,714)	-
Fund balances (deficits) - ending	\$ (820,714)	\$ (229,455)	\$ (472,573)	\$ (243,118)



MISSION VIEJO

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CITY OF MISSION VIEJO

NONMAJOR DEBT SERVICE FUNDS YEAR ENDED JUNE 30, 2021

Nonmajor Debt Service Funds

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 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.

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

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

CITY OF MISSION VIEJO

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2021

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	Total Nonmajor Debt Service Funds
ASSETS				
Cash and investments	\$ 1,525,003	\$ -	\$ -	\$ 1,525,003
Restricted assets:				
Cash and investments with fiscal agents	-	1,326,030	21	1,326,051
Total assets	<u>\$ 1,525,003</u>	<u>\$ 1,326,030</u>	<u>\$ 21</u>	<u>\$ 2,851,054</u>
FUND BALANCES				
Restricted for:				
Debt service	1,525,003	1,326,030	21	2,851,054
Total fund balances	<u>1,525,003</u>	<u>1,326,030</u>	<u>21</u>	<u>2,851,054</u>
Total liabilities and fund balances	<u>\$ 1,525,003</u>	<u>\$ 1,326,030</u>	<u>\$ 21</u>	<u>\$ 2,851,054</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, 2021**

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	Total Nonmajor Debt Service Funds
REVENUES				
Taxes	\$ 420,839	\$ -	\$ -	\$ 420,839
Intergovernmental	-	1,731,989	-	1,731,989
Investment earnings	1,797	206	27	2,030
Total revenues	422,636	1,732,195	27	2,154,858
EXPENDITURES				
Debt Service				
Principal retirement	-	1,320,000	825,000	2,145,000
Interest	-	411,989	306,913	718,902
Total expenditures	-	1,731,989	1,131,913	2,863,902
Excess (deficiency) of revenues over (under) expenditures	422,636	206	(1,131,886)	(709,044)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,094,784	-	1,131,907	2,226,691
Transfers out	-	(987,895)	-	(987,895)
Total other financing sources (uses)	1,094,784	(987,895)	1,131,907	1,238,796
Net change in fund balances	1,517,420	(987,689)	21	529,752
Fund balances - beginning	7,583	2,313,719	-	2,321,302
Fund balances - ending	\$ 1,525,003	\$ 1,326,030	\$ 21	\$ 2,851,054

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,400,000	\$ -	\$ 420,839	\$ 420,839
Investment earnings	-	-	1,797	1,797
Total revenues	1,400,000	-	422,636	422,636
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,400,000	-	422,636	422,636
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,094,784	1,094,784
Transfers out	(1,400,000)	-	-	-
Total other financing sources (uses)	(1,400,000)	-	1,094,784	1,094,784
Net change in fund balances	-	-	1,517,420	1,517,420
Fund balances - beginning	7,583	7,583	7,583	-
Fund balances - ending	\$ 7,583	\$ 7,583	\$ 1,525,003	\$ 1,517,420

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,731,989	\$ 1,731,989	\$ 1,731,989	\$ -
Investment earnings	30,000	30,000	206	(29,794)
Total revenues	1,761,989	1,761,989	1,732,195	(29,794)
EXPENDITURES				
Debt service:				
Principal retirement	1,320,000	1,320,000	1,320,000	-
Interest	411,989	411,989	411,989	-
Total expenditures	1,731,989	1,731,989	1,731,989	-
Excess (deficiency) of revenues over (under) expenditures	30,000	30,000	206	(29,794)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,400,000	1,400,000	-	(1,400,000)
Transfers out	(987,895)	(987,895)	(987,895)	0
Total other financing sources (uses)	412,105	412,105	(987,895)	(1,400,000)
Net change in fund balances	442,105	442,105	(987,689)	(1,429,794)
Fund balances - beginning	2,313,719	2,313,719	2,313,719	-
Fund balances (deficits) - ending	\$ 2,755,824	\$ 2,755,824	\$ 1,326,030	\$ (1,429,794)

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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 200	\$ 200	\$ 27	\$ (173)
Total revenues	200	200	27	(173)
EXPENDITURES				
Debt service:				
Principal retirement	825,000	825,000	825,000	-
Interest	306,913	306,913	306,913	-
Total expenditures	1,131,913	1,131,913	1,131,913	-
Excess (deficiency) of revenues over (under) expenditures	(1,131,713)	(1,131,713)	(1,131,886)	(173)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,131,913	1,131,913	1,131,907	(6)
Total other financing sources (uses)	1,131,913	1,131,913	1,131,907	(6)
Net change in fund balances	200	200	21	(179)
Fund balances - beginning	-	-	-	-
Fund balances (deficits) - ending	\$ 200	\$ 200	\$ 21	\$ (179)

CITY OF MISSION VIEJO

CAPITAL PROJECTS FUNDS YEAR ENDED JUNE 30, 2021

Capital Projects Funds

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 fund:

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,125	\$ 1,125
Developer fees	-	5,192,944	2,455,000	(2,737,944)
Total revenues	-	5,192,944	2,456,125	(2,736,819)
EXPENDITURES				
Infrastructure Maintenance	-	24,236	-	24,236
Capital Outlay				
Felipe/Oso Intersection Imp	-	3,259,633	227,035	3,032,598
Oso/I-5 NB On Ramp Imp	-	464,539	292,234	172,305
Montanoso Rehabilitation	-	981,240	-	981,240
Craycraft Park Restroom/Snack Bar	-	20	-	20
Coronado Park Rehabilitation	-	75,000	50,973	24,027
Total expenditures	-	4,804,668	570,242	4,234,426
Excess (deficiency) of revenues over (under) expenditures	-	388,276	1,885,883	1,497,607
Net change in fund balances	-	388,276	1,885,883	1,497,607
Fund balances (deficits) - beginning	(1,484,580)	(1,484,580)	(1,484,580)	-
Fund balances (deficits) - ending	\$ (1,484,580)	\$ (1,096,304)	\$ 401,303	\$ 1,497,607

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,589,810	\$ 13,746,166	\$ 2,040,551	\$ (11,705,615)
Investment earnings	8,400	8,400	1,911	(6,489)
Total revenues	1,598,210	13,754,566	2,042,462	(11,712,104)
EXPENDITURES				
Engineering & Transportation	57,384	57,384	-	57,384
Capital Outlay				
La Paz RR Bridge Widening	-	8,785,528	22,396	8,763,132
Los Alisos & Santa Margarita Int	-	20,174	-	20,174
Trash & Runoff Abatement Project	-	28,420	-	28,420
Los Alisos Signal Synch	-	90,828	12,124	78,704
Catch Basin Debris Screens	-	22,754	587	22,167
Lower Curtis Park	-	400,000	-	400,000
I-5 Sound Wall Madrid Fore - MVHS	-	2,200,000	-	2,200,000
Los Alisos/Santa Marg Bus Stop	-	34,500	17,931	16,569
Jeronimo/Marguerite Intersection Imp	37,500	52,500	52,219	281
MV TRAP Central	160,000	160,000	160,000	-
Sidewalk Repair Program	5,000	15,000	-	15,000
Arterial Highway Resurfacing/Slurry	1,298,865	1,909,079	467,738	1,441,341
Residential Resurfacing/Slurry	994,823	964,403	612,920	351,483
Total expenditures	2,553,572	14,740,570	1,345,915	13,394,655
Excess (deficiency) of revenues over (under) expenditures	(955,362)	(986,004)	696,547	1,682,551
Net change in fund balances	(955,362)	(986,004)	696,547	1,682,551
Fund balances - beginning	1,630,494	1,630,494	1,630,494	-
Fund balances - ending	\$ 675,132	\$ 644,490	\$ 2,327,041	\$ 1,682,551



MISSION VIEJO

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CITY OF MISSION VIEJO

STATISTICAL TABLES AND OTHER SCHEDULES YEAR ENDED JUNE 30, 2021

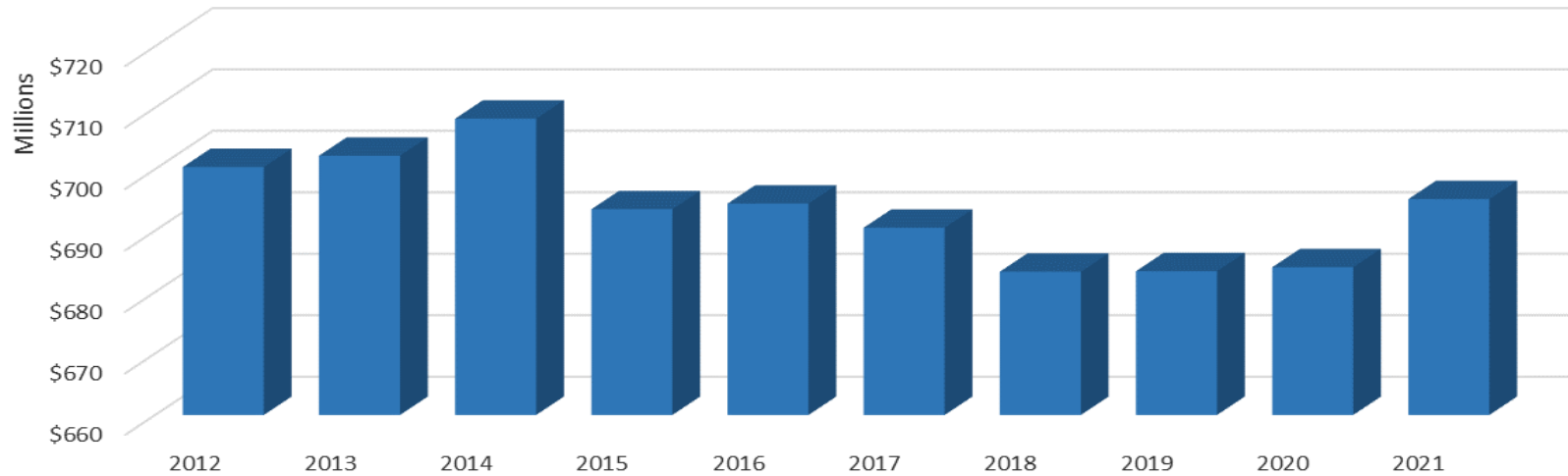
STATISTICAL SECTION

This part of the City of Mission Viejo’s Annual Comprehensive 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.

Contents

Financial Trends	150
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.....	159
These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax revenues.	
Debt Capacity	163
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	167
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	169
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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 649,203,896	\$ 646,771,844	\$ 643,465,280	\$ 638,065,270	\$ 639,179,582	\$ 639,548,835	\$ 639,309,161	\$ 634,921,382	\$ 633,138,918	\$ 629,058,782
Restricted	18,405,963	20,610,691	25,646,475	31,261,374	26,061,848	25,041,749	20,909,550	21,937,662	21,200,381	28,227,969
Unrestricted	28,219,048	29,947,637	33,909,082	19,843,910	24,062,008	20,367,268	17,421,479	20,610,321	12,914,255	16,384,457
Total governmental net position	<u>695,828,907</u>	<u>697,330,172</u>	<u>703,020,837</u>	<u>689,170,554</u> ¹	<u>689,303,438</u>	<u>684,957,852</u>	<u>677,640,190</u> ²	<u>677,469,365</u>	<u>667,253,554</u> ³	<u>673,671,208</u>
Business-type activities										
Net investment in capital assets	2,185,815	2,161,796	1,854,037	1,997,334	1,961,624	2,749,214	2,779,607	2,589,938	12,949,140 ³	12,882,093
Unrestricted	2,324,417	2,686,422	3,330,497	2,296,870	3,117,861	2,752,807	2,888,252	3,333,070	3,815,125	4,230,029
Total business-type net position	<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>	<u>16,764,265</u> ³	<u>17,112,122</u>
Primary governmental										
Net investment in capital assets	651,389,711	648,933,640	645,319,317	640,062,604	641,141,206	642,298,049	642,088,768	637,511,320	646,088,058 ³	641,940,875
Restricted	18,405,963	20,610,691	25,646,475	31,261,374	26,061,848	25,041,749	20,909,550	21,937,662	21,200,381	28,227,969
Unrestricted	30,543,465	32,634,059	37,239,579	22,140,780	27,179,869	23,120,075	20,309,731	23,943,391	16,729,380	20,614,486
Total primary government net position	<u>700,339,139</u>	<u>702,178,390</u>	<u>708,205,371</u>	<u>693,464,758</u> ¹	<u>694,382,923</u>	<u>690,459,873</u>	<u>683,308,049</u> ²	<u>683,392,373</u>	<u>684,017,819</u>	<u>690,783,330</u>

¹ Decrease due to the restatement of net position related to the implementation of GASB 68.

² Decrease due to use of accumulated resources in excess of \$5.8 million for the Marguerite Aquatics rehabilitation project.

³ Change due to purchase of Oso Creek Golf Course (formerly Casta del Sol) resulting in \$10.5 million in Unrestricted net position under Governmental activities shifting to Net investment in capital assets under Business-type activities.

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General Government-Legislative	\$ 1,222,641	\$ 1,243,358	\$ 1,175,830	\$ 1,391,939	\$ 1,254,587	\$ 1,953,252	\$ 1,891,424	\$ 1,402,416	\$ 683,637 ¹¹	\$ 773,250
General Govt-Mgmt and Support	10,795,031	10,317,445	8,184,578 ⁴	8,023,803	7,984,424	9,617,474	9,214,038	9,477,436	10,337,098 ¹¹	10,493,428
Public Safety	16,664,706	16,939,740	16,963,811	18,091,816	18,853,188	20,111,045	20,410,021	21,171,371	21,808,631	21,638,415
Community Development	10,102,297 ¹	3,079,388	3,270,422	3,266,884	3,171,164	4,743,210	3,368,119	3,139,741	3,670,408	5,777,919 ¹³
Engineering & Transportation	1,808,209	2,806,889	2,409,419	2,837,220	5,478,851	6,924,142	8,133,213	8,651,747	5,407,856	7,251,280
Infrastructure Maintenance	24,041,299	20,777,340	21,835,813	32,520,271 ⁶	20,725,795	20,358,759	24,466,949	20,952,619	20,802,296	22,416,828
Rec/Community/Library Services	9,419,034	9,805,902	9,788,128	9,495,628	10,352,676	11,137,331	10,240,895	10,481,960	10,155,677	8,776,995 ¹⁴
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	1,031,685	1,212,454	1,139,294	1,171,629	968,120	1,085,677	1,079,976	1,025,169	1,086,716	1,019,131
Total governmental activities expenses	75,084,902	66,182,516	64,767,295	76,799,190	68,788,805	75,930,890	78,804,635	76,302,459	73,952,319	78,147,246
Business-type activities:										
Golf Course	-	-	-	-	-	-	-	-	1,202,126	2,963,896 ¹⁵
Animal Services	1,757,543	1,745,176	2,120,143	1,928,620	2,165,119	3,128,506 ⁷	2,779,573	3,158,185	3,125,415	3,122,662
Mission Viejo Television	224,840	230,128	356,374	317,566	298,856	445,614	598,697	328,099	315,679	280,216
Total business-type activities expenses	1,982,383	1,975,304	2,476,517	2,246,186	2,463,975	3,574,120	3,378,270	3,486,284	4,643,220	6,366,774
Total primary government expenses	77,067,285	68,157,820	67,243,812	79,045,376	71,252,780	79,505,010	82,182,905	79,788,743	78,595,539	84,514,020
Program revenues										
Governmental activities:										
Charges for services										
General Government-Legislative	-	-	-	1,320	1,935	779	4,305	5,538	-	6,234
General Govt-Mgmt and Support	-	-	-	88,836	35,946	32,450	136,434	150,718	-	663,347
Public Safety	657,456	611,820	622,490	590,904	558,417	412,881	420,317	423,894	370,809	253,614
Community Development	1,388,402	1,936,689	2,157,105	2,501,057	2,529,804	2,942,021	3,131,388	2,564,613	3,301,820	3,809,115
Engineering & Transportation	384,856	468,278	951,474	526,963	524,837	622,602	679,171	927,931	1,422,160	1,285,698
Infrastructure Maintenance	-	-	15,000	41,992	51,941	51,353	167,412	300,800	302,021	214,058
Rec/Community/Library Services	1,788,114	1,807,694	1,878,387	2,242,589	2,255,657	2,212,519	2,108,549	2,219,695	1,720,755	794,082
Other Activities	107,810	53,983	203,635	-	-	-	-	-	-	-
Operating grants and contributions	8,912,482	7,867,922	7,602,759	8,318,977	4,130,294	5,721,395	6,700,659	7,394,760	7,448,987	9,058,711 ¹⁶
Capital grants and contributions	3,395,881	4,533,348	5,549,795	4,277,263	3,227,117	1,838,621	1,188,079	756,472	642,927	5,260,927
Total governmental activities program revenues	16,635,001	17,279,734	18,980,645	18,589,901	13,315,948	13,834,621	14,536,314	14,744,421	15,209,479	21,345,786
Business-type activities:										
Charges for services										
Golf Course	-	-	-	-	-	-	-	-	1,218,186	3,244,872 ¹⁵
Animal Services	1,305,162	1,366,721	1,424,226	1,364,502	1,452,532	2,810,457 ⁷	2,275,983	2,328,939	2,352,191	2,320,480
Mission Viejo Television	700	580	420	440	500	529,645 ⁸	532,816	532,447	499,984	476,051
Operating grants and contributions	324,654	-	1,052,005 ⁵	686,790	823,279	143,106 ⁸	98,892	160,341	65,413	106,177
Capital grants and contributions	-	-	-	-	9,200	-	-	-	-	-
Total business-type activities revenues	1,630,516	1,367,301	2,476,651	2,051,732	2,285,511	3,483,208	2,907,691	3,021,727	4,135,774	6,147,580
Total primary government revenues	18,265,517	18,647,035	21,457,296	20,641,633	15,601,459	17,317,829	17,444,005	17,766,148	19,345,253	27,493,366
Net (Expense) Revenue										
Government activities	(58,449,901)	(48,902,782)	(45,786,650)	(58,209,289)	(55,472,857)	(62,096,269)	(64,268,321)	(61,558,038)	(58,742,840)	(56,801,460)
Business-type activities	(351,867)	(608,003)	134	(194,454)	(178,464)	(90,912)	(470,579)	(464,557)	(507,446)	(219,194)
Total primary government net expense	(58,801,768)	(49,510,785)	(45,786,516)	(58,403,743)	(55,651,321)	(62,187,181)	(64,738,900)	(62,022,595)	(59,250,286)	(57,020,654)

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

General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	29,934,859	28,148,758	28,497,853	30,436,445	32,317,084	33,102,624	34,828,754	36,537,581	37,609,454	39,548,716
Sales and use taxes	11,622,640	11,998,071	12,574,446	12,721,842	15,218,225	17,186,469 ⁹	16,732,687 ¹⁰	19,735,853 ¹⁰	17,004,623	17,905,482
Franchise fees	-	-	-	-	-	-	-	-	-	2,860,600 ¹⁷
Property transfer taxes	-	-	-	-	-	-	-	-	-	929,992 ¹⁷
Transient occupancy tax	-	-	-	-	-	-	-	-	-	635,204 ¹⁷
Property taxes in lieu of sales/use taxes	3,834,165	3,937,682	4,316,288	4,211,353	3,324,689	- ⁹	-	-	-	-
Other taxes	3,758,594	3,936,102	4,179,837	4,560,678	4,417,528	4,175,375	4,563,624	4,500,794	4,129,818	- ¹⁷
Unrestricted motor vehicle in lieu fees	49,831	51,634	42,733	41,278	38,997	43,321	50,911	46,074	76,323	69,139
Investment earnings	1,140,564	1,022,147	1,193,913	242,695	390,182	98,250	247,029	1,022,224	780,708	114,416
Other	2,031,801 ²	1,784,653	1,202,634	1,540,212	521,251	664,063	329,825	127,686	102,179	309,023
Gain on housing loan payoff	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on disposal of capital asset	-	-	-	-	271,129	1,021	-	-	-	-
Extraordinary item	(1,849,384) ³	-	-	-	-	-	-	-	-	-
Gain on sale of land reclassified for resale	-	-	-	6,672,066	-	-	-	-	-	-
Transfers	(410,450)	(475,000)	(530,389)	(549,409)	(893,344)	(520,440)	(540,447)	(582,999)	(11,176,076) ¹²	(549,250)
Total governmental activities	50,112,620	50,404,047	51,477,315	59,877,160	55,605,741	54,750,683	56,212,383	61,387,213	48,527,029	61,823,322
Business-type activities:										
Other taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	34,860	1,708	17,246	17,194	38,129	8,175	34,441	127,677	163,224	16,717
Other	6,274	-	-	-	-	9,219	9,200	9,030	9,405	1,084
Transfers	410,450	475,000	530,389	549,409	893,344	520,440	540,447	582,999	11,176,076 ¹²	549,250
Gain/loss on sale/disposal of cap assets	-	-	(211,453)	-	-	(24,386)	-	-	-	-
Total business-type activities	451,584	476,708	336,182	566,603	931,473	513,448	584,088	719,706	11,348,705	567,051
Total primary government	50,564,204	50,880,755	51,813,497	60,443,763	56,537,214	55,264,131	56,796,471	62,106,919	59,875,734	62,390,373
Change in Net Position										
Government activities	(8,337,281)	1,501,265	5,690,665	1,667,871	132,884	(7,345,586)	(8,055,938)	(170,825)	(10,215,811)	5,021,862
Business-type activities	99,717	(131,295)	336,316	372,149	753,009	422,536	113,509	255,149	10,841,259	347,857
Total primary government	(8,237,564)	1,369,970	6,026,981	2,040,020	885,893	(6,923,050)	(7,942,429)	84,324	625,448	5,369,719

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

- ¹ Increase is due to the expending \$6.8M for affordable housing subsidies.
- ² Increase is due to the receipt of miscellaneous developer fee reimbursements related to completed capital projects.
- ³ Amount represents the net asset transferred from the redevelopment agency upon dissolution.
- ⁴ Elimination of OCTA Gas Tax Exchange funded under general government management and support.
- ⁵ Large donation received FY 13/14 for the Animal Shelter.
- ⁶ Increase in street infrastructure expenditures which are not capitalized and adjustments to construction in progress resulting in expense recognition.
- ⁷ Operating costs and revenue increased due to providing the Cities of Laguna Hills and Rancho Santa Margarita with animal services beginning January 2017.
- ⁸ MVTV franchise taxes reported as Operating Grants and Contributions in previous years.
- ⁹ Property taxes in lieu of sales and use taxes reverted back to Sales and use taxes due to Proposition 57 "triple-flip" ending.
- ¹⁰ Approximately \$1.0 million of revenue recognized in 2019 was 2018 revenue not received within 60 day availability period due to CDTFA reporting issues.
- ¹¹ Department reorganization of Community Relations/City Clerk department, to move Community Relations to Management and Support while retaining City Clerk under Legislative.
- ¹² Purchased Oso Creek Golf Course (formerly Casta del Sol) in November of 2019 resulting in \$10.6M transfer from General Fund Reserves to Golf Fund for the purchase.
- ¹³ Increase due to award of small business grants to businesses affected by the COVID-19 pandemic in the amount of \$842,500. Another \$525,000 was distributed to Families Forward for transitional housing and approximately \$400,000 was expended to develop a vision plan at the golf course location and surrounding area and to further the Core Area Vision Plan.
- ¹⁴ Decline is due to closures of recreation facilities due to the COVID-19 pandemic.
- ¹⁵ Increase in revenue and expenses due to the reporting of a full year of operation, compared to 7 months in the previous. Additionally, the golf course was closed for approximately 5 week during fiscal year 2019/20.
- ¹⁶ Amounts include allocations received from CARES ACT and ARPA funds in response to the COVID-19 pandemic.
- ¹⁷ Began breaking out Other taxes into more specific categories of Franchise fees, Property transfer taxes, and Transient occupancy tax
- 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 92,437	\$ 554,384 ¹	\$ 534,944	\$ 569,023	\$ 597,668	\$ 606,885	\$ 36,014 ¹	\$ 33,361	\$ 15,307	\$ 63,765
Restricted	180,068	160,250	242,339	440,319	366,193	3,056,060 ²	3,249,861	3,568,710	4,075,151	4,519,281
Assigned	18,262,314	17,253,034	17,175,604	16,942,850	18,275,290	4,500,000	4,500,000	6,100,000	6,100,000	9,600,000
Unassigned	10,191,747	11,140,289	13,285,786	15,097,438	13,477,307	26,519,396	24,985,180	28,224,486	21,814,398	23,834,703
Total general fund	<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>	<u>32,004,856</u> ⁴	<u>38,017,749</u>
All other governmental funds										
Nonspendable	4,458,310	6,042,642	5,421,335	75	-	-	-	-	-	-
Restricted	9,505,259	11,186,470	17,671,546	16,058,970	16,745,326	18,771,464	13,201,408 ³	11,325,133	14,410,120	17,417,173
Unassigned	(2,545,097)	(3,383,951)	(2,276,368)	(3,597,725)	(873,939)	(63,579)	(658,376)	(1,056,053)	(3,218,036)	(966,358)
Total other governmental funds	<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>	<u>11,192,084</u>	<u>16,450,815</u>

¹ 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.

² Creation of a Section 115 Trust fund to offset pension costs.

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

⁴ Decline is from the use of reserves to purchase the Oso Creek Golf Course in November 2019.

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Taxes	\$ 49,150,258	\$ 46,976,084	\$ 48,533,127	\$ 50,440,362	\$ 53,480,709	\$ 53,079,452	\$ 54,637,638	\$ 59,268,076	\$ 57,278,729	\$ 59,851,422
Licenses and permits	1,192,491	1,779,083	2,123,226	1,775,273	1,899,432	2,132,053	2,386,051	1,816,832	2,383,271	2,494,557
Intergovernmental	9,027,221	8,352,626	8,471,890	7,824,560	9,703,408	9,950,436	7,337,040	9,159,427	9,530,521	12,205,910
Charges for services	2,137,521	3,077,209	3,557,646	3,453,513	3,278,467	3,563,912	3,462,740	3,559,567	3,891,698	3,080,859
Investment earnings	1,518,378	156,612	358,774	367,070	470,299	161,556	427,381	1,187,184	974,622	142,157
Fines and forfeitures	915,398	838,406	943,592	1,041,542	813,287	507,538	664,077	586,407	992,564	385,795
Developer fees	2,990,867	3,246,060	4,800,000	-	1,000,000	4,069,104	64,958	-	448,975	4,455,000
Other	1,769,879	2,381,790	2,175,981	1,445,204	1,794,735	1,415,390	773,483	1,157,365	1,279,086	1,474,612
Total revenues	68,702,013	66,807,870	70,964,236	66,347,524	72,440,337	74,879,441	69,753,368	76,734,858	76,779,466	84,090,312
EXPENDITURES										
Current:										
General Government-Legislative	1,221,895	1,242,612	1,175,359	1,399,352	1,370,524	1,725,169	1,848,205	1,376,002	645,764	734,109
General Govt-Mgmt and Support	8,933,721	8,355,137	6,724,600	10,044,693	7,819,648	7,672,599	7,446,415	7,840,657	8,651,868	8,384,797
Public Safety	16,703,530	16,900,401	16,940,727	18,092,654	19,184,846	19,949,598	20,322,682	21,127,439	21,744,459	21,667,545
Community Development	8,102,297	3,079,388	3,270,422	3,280,456	3,409,459	4,348,923	3,280,501	3,088,784	3,543,893	5,668,460
Engineering & Transportation	2,519,010	2,298,426	2,423,926	2,378,539	2,913,831	2,688,907	2,559,113	2,648,580	3,094,329	2,644,632
Infrastructure Maintenance	13,937,952	14,686,204	14,570,652	14,823,913	16,110,507	16,463,740	17,685,584	17,658,855	18,664,252	18,978,723
Rec/Community/Library Services	7,517,881	7,792,327	8,002,589	7,875,459	8,811,348	7,671,084	8,046,601	8,478,370	7,870,394	6,474,648
Golf Operations	-	-	-	-	-	-	-	-	-	-
Capital Outlay	14,232,771	6,526,594	5,460,896	14,426,925	6,427,322	7,973,171	13,424,143	6,466,992	3,443,179	5,165,679
Debt service:										
Principal retirement	1,750,000	1,530,000	1,715,000	1,740,000	1,770,000	2,060,000	1,970,000	4,139,000	2,154,000	2,235,966
Interest	1,177,243	1,117,803	1,056,096	724,173	689,158	378,893	533,671	743,019	795,599	727,340
Administrative charges	-	-	-	370,447	141,250	503,316	179,820	146,336	-	-
Payment to bond escrow agent	-	-	-	-	-	1,363,981	-	-	-	-
Total expenditures	76,096,300	63,528,892	61,340,267	75,156,611	68,647,893	72,799,381	77,296,735	73,714,034	70,607,737	72,681,899
Excess (deficiency) of revenues over expenditures	(7,394,287)	3,278,978	9,623,969	(8,809,087)	3,792,444	2,080,060	(7,543,367)	3,020,824	6,171,729	11,408,413
OTHER FINANCING SOURCES (USES)										
Transfers in	3,754,173	3,541,011	4,208,247	4,198,196	5,371,184	5,829,812	4,273,297	3,853,667	4,667,616	4,683,997
Transfers out	(4,164,623)	(4,016,011)	(4,738,636)	(4,747,605)	(6,264,528)	(6,350,253)	(4,813,744)	(4,436,666)	(15,843,692)	(5,233,247)
Proceeds of bonds	-	-	-	-	-	13,150,000	-	-	-	-
Premium on bonds	-	-	-	-	-	1,107,810	-	-	-	-
Payment to bond escrow agent	(2,211,516)	-	-	-	-	(14,016,069)	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-	420,000	-	118,962
Sale of City property	5,619	4,102	8,488	27,782	1,365	1,021	7,675	23,725	5,650	203,798
Sale of land	-	-	-	2,600,000	-	-	-	-	-	-
Proceeds from housing loan payoff	-	-	-	186,481	-	-	-	-	-	-
Total other financing sources (uses)	(2,616,347)	(470,898)	(521,901)	2,264,854	(891,979)	(277,679)	(532,772)	(139,274)	(11,170,426)	(226,490)
Extraordinary Item	(1,849,384)	-	-	-	-	-	-	-	-	-
Net change in fund balances	(11,860,018)	2,808,080	9,102,068	(6,544,233)	2,900,465	1,802,381	(8,076,139)	2,881,550	(4,998,697)	11,181,923
Fund balances - beginning	52,005,056	40,145,038	42,953,118	52,055,189	45,687,380	51,587,845	53,390,226	45,314,087	48,195,637	43,286,641
Fund balances - ending	\$ 40,145,038	\$ 42,953,118	\$ 52,055,186	\$ 45,510,956	\$ 48,587,845	\$ 53,390,226	\$ 45,314,087	\$ 48,195,637	\$ 43,196,940	\$ 54,468,564
Debt service as a percentage of noncapital expenditures ¹¹	4.35%	4.40%	4.68%	3.28%	3.74%	3.64%	3.47%	6.74%	4.40%	4.14%

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

¹ Amount in 2019 is for new five-year computer equipment lease.

² Increase due to funding for a new low and moderate income housing project in the City.

³ Department reorganization in 2020 of Community Relations/City Clerk department, to move Community Relations to Management and Support while retaining City Clerk under Legislative.

⁴ Amount represents the net asset transfer from the Redevelopment Agency upon dissolution.

⁵ Rents on property previously reported as earnings on investments, now reported as charges for services.

⁶ Increase due to additional contributions of \$2.1M for other post employment retirement benefit health costs, and \$1.5M in pension costs.

⁷ Increase due to the commencement of work on Oso Parkway widening, and increased spending on city-wide pavement projects.

⁸ Changes due to Refunding 2016 Lease Revenue Bonds.

⁹ 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.

¹⁰ Purchased Oso Creek Golf Course (formerly Casta del Sol) in November of 2019 resulting in \$10.6M transfer from General Fund Reserves to Golf Fund.

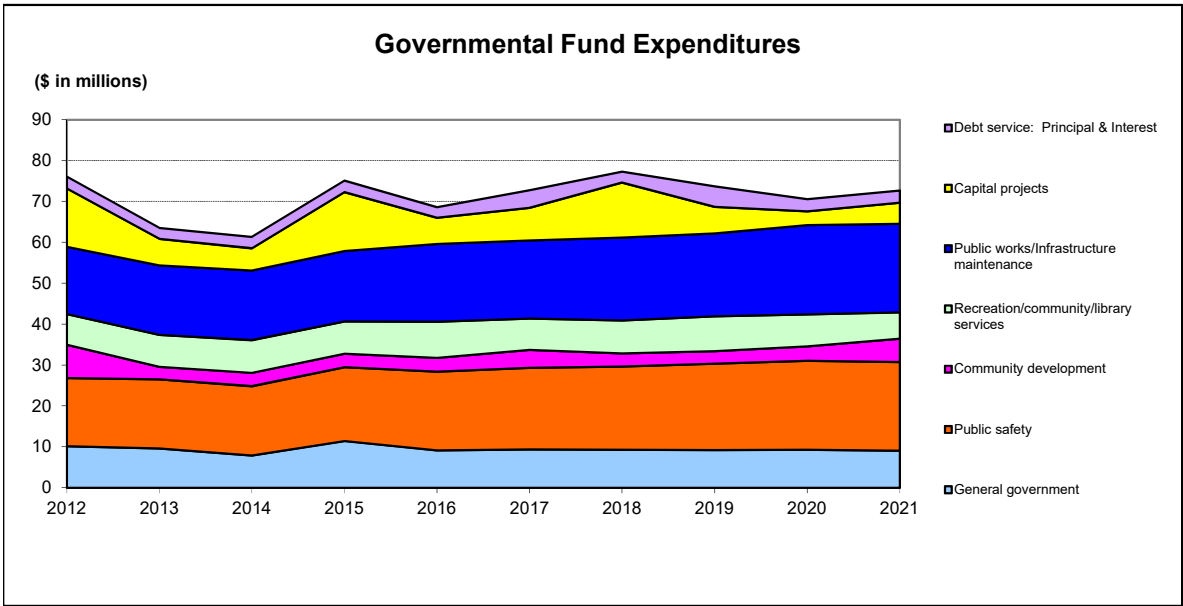
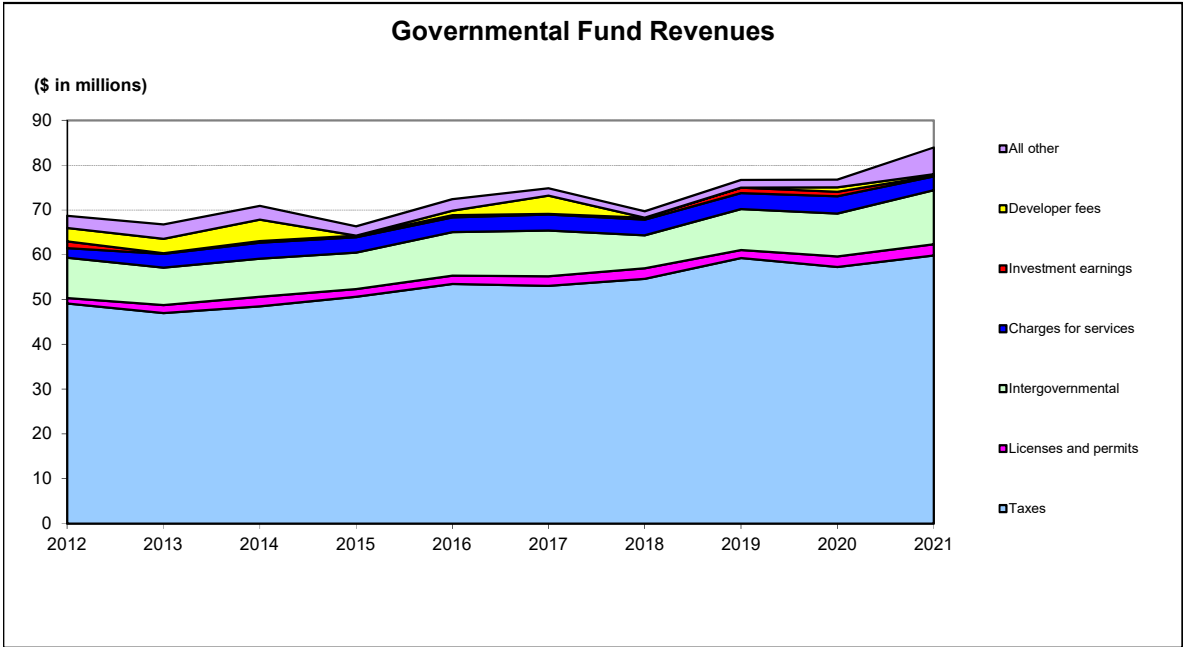
¹¹ Amount includes allocations received from CARES Act and ARPA funds due to the COVID-19 pandemic.

¹² Increase due to award of small business grants to businesses affected by the COVID-19 pandemic in the amount of \$842,500. Another \$525,000 was distributed to Families Forward for transitional housing and approximately \$400,000 was expended to develop a vision plan at the golf course location and surrounding area and to further the Core Area Vision Plan.

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 REVENUES 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 ¹	Successor Agency ²					
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 ³	56,958,628
2019	35,031,429	-	1,241,942	19,735,853 ⁴	3,241,863	570,352	1,220,925	61,042,364
2020	36,144,288	-	1,561,846	17,004,623 ⁵	3,128,176	602,031	899,256 ⁵	59,340,220
2021	37,520,144	-	1,643,111	17,905,482	3,336,451	929,992 ⁶	635,204 ⁵	61,970,384

¹ The State of California dissolved Redevelopment Agencies effective 1-31-12.

² Successor Agency of the Community Development Agency established 2-1-12.

³ Increase due to the opening of a Hampton Inn on 9/15/17.

⁴ 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.

⁵ Decreases due to Coronavirus pandemic, closure of non-essential business resulted in drop in sales tax and reduced travel

⁶ Increase due to increase in property transfers reflected in the CA housing market.

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 ²				Total Direct Tax Rate
	Secured	Public		Taxable Assessed Value ¹	Secured	Public		Incremental Valuation	
		Utility	Unsecured			Utility	Unsecured		
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%
2020	17,769,171	2,418	315,916	18,087,505	960,539	2,418	69,763	1,032,720	0.1647%
2021	18,455,208	- ³	294,071	18,749,279	1,037,534	- ³	51,728	1,089,262	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 re-assessed 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.

¹ City amounts include Community Development Agency incremental valuation.

² The State of California dissolved Redevelopment Agencies effective 1-31-12.

³ Public Utility parcels classified as non operational assessed at State level were sold. Will be assessed going forward at county level under Secured Property Taxes.

Source: Orange County Auditor-Controller

CITY OF MISSION VIEJO

Direct and Overlapping Property Tax Rates ¹

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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 ²	<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	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Capistrano Unified School District 1999 Bond 2000 A	0.00314	0.00335	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Capistrano Unified School District 1999 Bond 2001 B	0.00506	0.00538	0.00507	0.00470	0.00445	0.00439	0.00417	0.00409	0.00388	0.00394
Capistrano Unified School District 1999 Bond 2002 C	0.00281	0.00298	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Capistrano Unified School District 1999 EL, 2012 Ref	0.00000	0.00000	0.00465	0.00430	0.00400	0.00404	0.00383	0.00377	0.00357	0.00362
	<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>	<u>0.01095</u>	<u>0.01106</u>
Total Direct and Overlapping Rates	<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>	<u>1.01095</u>	<u>1.01106</u>

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

² 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 Taxpayers
Current Year and Nine Years Ago

Taxpayer	2021			2012		
	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	\$ 240,268,613	1	1.28%	-	-	-
HTA-Mission Mob LLC	148,568,050	2	0.79%	-	-	-
Mission Hospital Regional Medical Center	128,360,517	3	0.68%	129,127,648	1	0.98%
Idylwillow LP	124,000,000	4	0.66%	-	-	-
OC Los Alisos 2015 LLC	86,292,131	5	0.46%	-	-	-
EQR-Del Lago Vistas Inc	70,694,100	6	0.38%	60,337,491	4	0.46%
UDR Pacific Los Alisos LP	63,384,452	7	0.34%	-	-	-
Vista Real Apartments MV LLC	62,956,769	8	0.34%	-	-	-
Trust Mission Ridge LLC	61,376,535	9	0.33%	-	-	-
Oasis-California Inc	59,762,506	10	0.32%	51,079,046	6	0.39%
Mission Viejo Associates	-	-	-	121,535,394	2	0.92%
Mission Viejo Medical LLC	-	-	-	92,684,377	3	0.70%
Laguna Cabot Road Business Park LP	-	-	-	57,814,117	5	0.44%
MV Unisys LLC	-	-	-	46,626,145	7	0.35%
Target Corporation	-	-	-	43,661,594	8	0.33%
MG Promenade Apartment	-	-	-	41,651,233	9	0.31%
Mission Ridge Associates LLC	-	-	-	39,501,121	10	0.30%
	<u>\$ 1,045,663,673</u>		<u>5.58%</u>	<u>\$ 684,018,166</u>		<u>5.18%</u>

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

Source: 2021 - HdL Coren & Cone.
2012 - FY 11/12 ACFR

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

Fiscal Year Ending June 30	Tax Levied for the Fiscal Year ¹	Collected within the Fiscal Year of Levy		Collections for Prior Years ³	Total Collections to Date	
		Amount ²	Percent of Levy		Amount	Percent of Levy
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% ⁴
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%	215,807	22,541,065	100.36%
2017	23,328,704	23,172,592	99.33%	196,616	23,369,208	100.17%
2018	24,297,123	24,503,875	100.85%	192,949	24,696,824	101.65% ⁴
2019	25,380,703	25,692,684	101.23%	205,789	25,898,473	102.04% ⁴
2020	26,139,940	26,413,347	101.05%	289,119	26,702,466	102.15% ⁴
2021	27,068,326	27,365,277	101.10%	-	27,365,277	101.10% ⁴

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

² 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.

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

⁴ 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 ¹	Per Capita ¹	Percentage of Actual Value of Taxable Property ³
	Lease Revenue Bonds	Certificates of Participation			
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%
2020	10,747,394	-	0.15%	114.01	0.06%
2021	9,848,540	-	0.13%	104.64	0.05%

Fiscal Year	Other Governmental Activities Debt			Total Primary Government ²	Percentage of Personal Income ¹	Per Capita ¹
	Revenue Bonds	Note Payable	Capitalized Leases ⁴			
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	0.56%	385.75
2019	21,272,326	-	336,000	33,234,574	0.48%	344.64
2020	20,007,326	-	252,000	31,006,720	0.43%	328.92
2021	18,687,326	-	126,817	28,662,683	0.38%	304.54

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

¹ See the Demographic and Economic Statistics schedule for personal income and population information.

² Includes general bonded debt and other governmental activities debt.

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

⁴ Five year computer equipment lease.

CITY OF MISSION VIEJO
Direct and Overlapping Debt
as of June 30, 2021

	Debt Outstanding	Estimate Percentage Applicable ¹	Estimated Share of Overlapping Debt
Overlapping tax and assessment debt:			
Metropolitan Water District	\$ 26,830,000	0.575%	\$ 154,273
Capistrano Unified School District School Facilities Improvement District No. 1	16,013,396	10.697%	\$ 1,712,953
Saddleback Valley Unified School District	99,865,000	17.451%	\$ 17,427,441
Santa Margarita Water District Improvement District No. 4	19,940,000	0.009%	\$ 1,795
Santa Margarita Water District Improvement District No. 4B	6,990,000	0.002%	\$ 140
Subtotal overlapping tax and assessment debt	169,638,396		19,296,602
Overlapping general fund obligation debt:			
Orange County General Fund Obligations	\$ 381,885,000	2.860%	\$ 10,921,911
Orange County Pension Obligations	485,318,204	2.860%	13,880,101
Orange County Board of Education General Fund Obligations	12,310,000	2.860%	352,066
Capistrano Unified School District Certificates of Participation	25,160,000	10.838%	2,726,841
Moulton-Niguel Water District Certificates of Participation	55,180,000	16.157%	8,915,433
Subtotal overlapping general fund obligation debt	959,853,204		36,796,352
Subtotal overlapping debt	\$ 1,129,491,600		56,092,954
Direct Debt			
City of Mission Viejo Community Development Financing Authority	18,687,326	100.000%	18,687,326 ²
City of Mission Viejo			9,848,540
			28,535,866
Grand total direct and overlapping debt			\$ 84,628,820
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>¹ 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>² 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed valuation	\$ 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	\$ 18,087,504,763	\$ 18,749,278,901
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	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	4,521,876,191	4,687,319,725
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	495,979,317	499,521,526	511,479,744	545,007,901	572,341,288	593,826,619	620,197,304	651,098,214	678,281,429	703,097,959
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 678,281,429</u>	<u>\$ 703,097,959</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 Increment	Sales Tax	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	1,128,852	1,417,029	2,545,881	3,275,000 ¹	382,873	0.70
2020	1,178,719	1,451,856	2,630,575	1,265,000	454,658	1.53
2021	1,731,989	420,839 ²	2,152,828	1,320,000	411,989	1.24

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.

¹ 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.

² Due to COVID-19, Mall specific sales tax was substantially down as compared to prior year levels. The indenture states that the City keeps a minimum amount of sales tax revenue generated at the mall and that minimum was not reached.

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

Year	Population ¹	Median Age ²	Median Housing Value ³	Personal Income (thousands of dollars) ⁴	Per Capita Personal Income ⁴	Unemployment Rate ⁵
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	220,700,000	69,268	3.1%
2019	96,434	45.0	700,000	227,700,000	71,711	3.0%
2020	94,267	45.0	728,500	242,300,000	76,434	8.6%
2021	94,119	45.0	837,500	257,100,000	81,189	5.5%

Sources: ¹ California Department of Finance

² HdL Coren & Cone

Information for 2021 is unavailable, used number from prior year.

³ HdL Coren & Cone

⁴ Data shown is for the County of Orange; data for City of Mission Viejo is not available.
 Cal State Fullerton Economic Forecast

⁵ California Employment Development Department

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

Employer	2021			2012		
	Employees	Rank	Percentage ¹ of Total City Employment	Employees	Rank	Percentage ² of Total City Employment
Mission Hospital Regional Medical Center	2,764	1	5.76%	1,275	2	2.30%
Saddleback College	1,429	2	2.98%	1,909	1	3.45%
Saddleback Valley Unified School District	917	3	1.91%	1,245	3	2.25%
Target Corporation	513	4	1.07%	258	6	0.47%
James Hardie Building Products	436	5	0.91%			
Capistrano Unified School District	432	6	0.90%	846	4	1.53%
Nordstrom Department Store	362	7	0.75%	400	5	0.72%
Amazon Delivery Station	266	8	0.55%			
Macy's Department Store	263	9	0.55%	225	7	0.41%
City of Mission Viejo	250	10	0.52%	196	9	0.35%
U.S. Post Office				200	8	0.36%
Vocational Visions				156	10	0.28%
Total	<u><u>7,632</u></u>		<u><u>15.90%</u></u>	<u><u>6,710</u></u>		<u><u>12.12%</u></u>

¹ Percentage of "Total City Employment" based on total number of City residents employed in August 2021 of 48,000
² Percentage of "Total City Employment" based on total number of City residents employed in June 2012 of 55,400

Source: 2012 ranks- FY 11/12 City of Mission Viejo ACFR
2021 Employers and ranks- MuniServices LLC

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

Function	2012	2013	2014	2015	2016	2017 ¹	2018	2019	2020 ²	2021
General government - legislative	9.830	9.530	9.530	9.530	9.530	10.530	10.530	10.530	7.568	7.568
General government - management & support	23.670	23.600	25.600	23.600	23.600	26.600	26.700	26.700	31.170	31.170
Community development	8.700	8.720	8.720	8.720	8.720	8.220	8.220	8.220	8.050	8.050
Engineering and transportation	11.175	11.175	11.175	11.175	11.175	10.800	10.800	10.800	10.350	10.350
Infrastructure maintenance	17.250	16.650	16.650	16.650	16.650	16.250	17.250	17.250	16.850	16.850
Public safety	15.500	16.200	16.450	16.200	16.200	21.950	21.950	21.950	21.613	21.613
Recreation/community/library services	52.925	51.400	51.400	51.400	51.400	47.725	47.725	47.725	47.725	47.725
Total	<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>	<u>143.326</u>	<u>143.326</u>

¹ Increased staffing to accommodate the addition of the Cities of Laguna Hills and Rancho Santa Margarita to the Animal Services program
² Department reorganization of Community Relations/City Clerk department, moving Community Relations to Management and Support and retaining City Clerk under Legislative

Source: City budget document (2012-2014), Budget Summary of Authorized Positions (2015-2021)

CITY OF MISSION VIEJO
Operating Indicators by Function
Last Ten Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government - legislative										
Public Records Act requests	431	385	472	552	584	586	695	658	648	742
General government - management and support										
Service requests/complaint cases	3,467	3,681	3,840	3,512	3,221	4,142 ⁶	3,357	3,937	3,608	3,681
Number of computer network nodes supported	1,039	1,063	1,126	1,119	1,182	1,217	1,240	1,598 ¹⁰	1,910 ¹³	2,003 ¹³
Number of vendor checks issued	6,781	6,445	6,241	6,665	6,582	6,335	6,337	6,150	5,899	4,633
Public safety										
Calls for police services	33,982	36,234	34,917	25,206 ⁴	29,714	29,246	32,281	37,698	35,005	31,857
Average response time-Priority 1 call in minutes	6:05	5:35	6:16	6:00	5:47	5:45	4:39	4:49	4:38	4:26
Community development										
Building inspections	9,947	12,807 ¹	16,243 ²	13,476	13,131	13,177	13,706	11,805	11,871	15,724
Zoning plan checks	1,753	1,890	2,471	2,595	1,930	2,545	2,424	1,951	2,283	2,227
Public works - engineering and transportation										
Street resurfacing (lane miles)	32.70	18.80 ³	15.93 ³	34.73	46.91 ⁵	33.24	61.08 ⁸	75.70 ¹¹	50.50	47.80
Intersections on the city's interconnect system	111	112	112	112	112	113	113	113	113	113
Daily traffic count- La Paz Rd, Marguerite Pkwy to Spadra	32,747	33,500	24,100	25,200	26,200	26,200	25,100	25,400	24,100	14,400 ¹⁵
Infrastructure maintenance										
Acres of medians and parkways renovated	6	9	10	5	3	4	3	6	5	4
Recreation/community/library services										
Attendance at recreation and tennis centers	259,635 ²	254,161	271,244	263,994	261,511	270,616	264,611	240,017	202,442 ¹⁴	98,281 ¹⁴
Library circulation	917,736	931,376	887,234	800,236	788,292	1,109,462 ⁷	1,211,864 ⁹	1,187,609	915,109 ¹⁴	502,580 ¹⁴
Youth participating in organized sports on City fields	7,800	7,800	7,500	7,300	7,900	7,900	8,063	9,090 ¹²	10,213	11,584

¹ Increase is due to the "Improve Don't Move" program which waved fees for a limited time and encouraged business and residential remodeling

² Increase is due to the "Improve Don't Move" program being extended for commercial projects

³ Decrease is due to an overall reduction in funding of street resurfacing projects

⁴ Data conversion switched from a Calendar Year to a Fiscal Year basis, 2015 number represents January through June of that year

⁵ Increase due to some residential streets being deferred from FY 14/15 to FY 15/16

⁶ Increase due to adding street light calls to count beginning FY 16/17

⁷ 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

⁸ Increase due to additional residential street resurfacing

⁹ 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

¹⁰ 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

¹¹ Number calculated by sorting the FY18-19 work in the 2018 PMP and multiplying the total length by 2 to get lane miles

¹² Increase due to additional programming, partnerships with sports organizations, and better attendance tracking with the new field ambassador program

¹³ Increase due to continued expansion of City business needs including IT infrastructure, security, and additional equipment for the COVID-19 pandemic

¹⁴ Decreases due to several months closure of City facilities resulting from the COVID-19 pandemic

¹⁵ Traffic count was taken while COVID-19 stay at home orders were still in effect

Sources: Various city departments

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police (provided by Orange County Sheriffs Department)										
Patrol units	24	24	24	24	23	23	22	22	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	228.2	228.2	228.2	228.2	225.9 ¹	225.9	225.9	225.9
Traffic signals	114	114	114	114	114	115	115	115	115	115
Infrastructure maintenance										
Number of park sites	41	41	42	42	42	42	42	42	42	42
Acreage: parks, open space, medians and slopes	1122	1122	1128	1128	1128	1128	1128	1128	1236 ²	1236
Recreation/community/library services										
Facilities (buildings)	9	9	9	9	9	9	9	9	10 ³	10
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
Golf course	0	0	0	0	0	0	0	0	1 ³	1
Note: No capital asset indicators are available for general government or community development functions.										
¹ Change from previous years due to re-measurement of roads to verify lengths, previous years were estimated										
² Additional 108 acres purchase in November 2019										
³ Oso Creek Golf Course and building purchased in 2019										

Source: Various City departments



City of Mission Viejo
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Mission Viejo, California 92691
cityofmissionviejo.org

