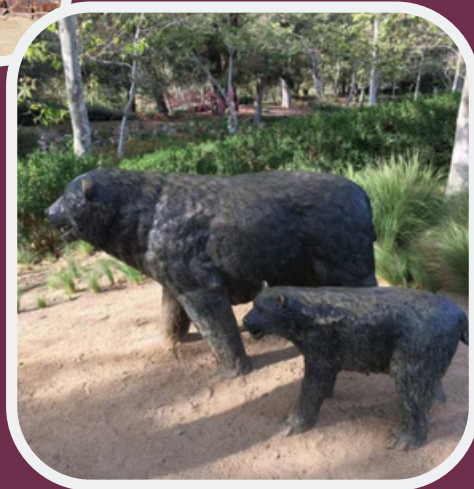


City of Mission Viejo Annual Comprehensive Financial Report

YEAR ENDED JUNE 30, 2024



About the covers - The Oso Creek Trail was so named after the Spanish word for “bear,” as both grizzlies and black bears roamed this area in past centuries. Nestled along the riparian corridor of the Oso Creek Valley, the trail conveniently connects users to City facilities, the commercial core and surrounding neighborhoods. Walkers will spot numerous artistic markers along this popular path, including bear paw prints, pilasters, a plant maze, and dramatic mosaic walls - at the southern entry to the trail near the intersection of Marguerite Parkway and Estanciero Drive - which vibrantly depict the history of this community. Recent additions to the section of the trail between Jeronimo Road and Casta Del Sol Road include two bear sculptures that were delicately carved from the trunks of Redwood trees, and the nearby seating areas make for an inviting picnic spot.

**CITY OF MISSION VIEJO
CALIFORNIA**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2024**

CITY COUNCIL

Trish Kelley, Mayor
Robert Ruesch, Mayor Pro Tem
Wendy Bucknum, Council Member
Brian Goodell, Council Member
Cynthia Vasquez, 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, 2024

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City of Mission Viejo

Administrative Services Department

Trish Kelley
Mayor

Bob Ruesch
Mayor Pro Tem

Wendy Bucknum
Council Member

Brian Goodell
Council Member

Cynthia Vasquez
Council Member

November 27, 2024

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, 2024 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 Rogers, Anderson, Malody & Scott, 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 91,304 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 on a non-partisan basis. Beginning with the 2022 General Election, the City has been divided into five districts. All five council seats were up for election in 2022 for four-year terms. There is a three consecutive term limit for all council seats. 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. Dennis Wilberg served as City Manager since November 2003 and retired on August 31, 2024. Elaine Lister has been appointed the new City Manager by the City Council.

The City provides a full range of municipal services, including police, public works, planning, building, animal control, library, golf course and recreation. 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 from 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.

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 Providence Mission Hospital and Saddleback College. Both have been major employers in the community since incorporation. Providence 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 began a three-part multistage expansion plan in the fall of 2022. The expansion will include a new tower at Providence Mission Hospital with nearly 100 private patient rooms,

leading-edge operating suites, and cardiac catheterization labs. Construction of the new tower is projected to be completed during fiscal year 2029-30. At the completion of the new tower, construction will begin on a 3-acre park to be located at the site. Part two expansion include enhancements to neuroscience, cardiovascular and maternity services and part three expansion includes construction of two health centers, including one location in Rancho Mission Viejo. Saddleback College, the City's second largest employer with 1,770 employees, is a two-year community college serving nearly 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 300 associate degrees, certificates and occupational skills awards in 190 program areas, including accounting, engineering, fashion, journalism and nursing.

The commercial sector 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, Dick's Sporting Goods and Sephora. In addition to Tesla, six other auto dealers are located in Mission Viejo: Audi, Infiniti, Jaguar/Land Rover, Kia, 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, Michael's, Petco and World Market. 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 over 260 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 2014, assessed valuation of property in the City has grown at an average annual rate of 4.7%. City property tax revenue accounts for 40% of total governmental revenues. Sales tax revenue represents 19% of governmental revenues. The remainder of the tax base (franchise taxes, real property transfer taxes and transient occupancy taxes (TOT)) contributes another 6% of governmental revenues.

During the past ten years, the unemployment rate peaked at 8.6% in 2020 due to the impacts of the COVID-19 pandemic. Excluding unemployment rates during 2020 and 2021, the City's highest unemployment rate during the last ten years was 4.2% in 2015. The unemployment rate at the end of June 2024 is 4.0%. Median housing values were not affected by the pandemic and continued to grow throughout the pandemic and each year since. Median housing values have grown from \$700,000 in 2019 to a peak of \$1,070,000 in 2024. Sales tax revenue rebounded after declining in the first year of the pandemic due to state-wide closures. Total sales tax revenue received for fiscal year 2023-24 was \$20.8 million, a new high for Mission Viejo. Hotels have fully rebounded to above pre-pandemic levels. Total TOT revenue for the fiscal year was over \$1.4 million.

Long-term financial planning

The City prepared a Master Financial Plan (MFP) as part of the 2023-2025 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 2025-30 revenue forecast indicated that general fund revenue would grow throughout

the forecast period on an average of 3.44% per year. Property tax and sales tax revenue represents 80% 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 3.71% for property taxes and 4.08% for sales taxes through 2030. Actual revenue growth for property taxes was 5.97% in FY 2023-24, exceeding the MFP projection of 4.4%. Sales tax revenue in FY 2023-24 fell below original revenue projections by \$0.1 million and the MFP projection by 0.8%. The current MFP was prepared with a conservative approach to future expenditure planning. The 2024-25 adopted budget is balanced without the use of General Fund reserves. For each year beyond 2025, the MFP reflects that the city can maintain a balanced budget through FY 2029-30 with careful planning.

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 2023-25 budget was adopted in May 2023. The City Council set the target General Fund reserve at \$35.0 million, with a minimum General Fund reserve of \$31.5 million. The reserve balance on June 30, 2024 is \$39.7 million, or 51.0% of fiscal year 2023-24 on-going General Fund revenue. The revenue used for this calculation excludes one-time revenue and other non-recurring revenue such as CIP project reimbursements (e.g. grant reimbursements).

The City received the GFOA Distinguished Budget Presentation Award and CSMFO Excellence in Operational Budgeting Award for its 2023-2025 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.

Major initiatives/projects

LOS OSOS Project (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 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 \$19.0 million 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 phase one bonds were issued on December 22, 2021. While the City Council authorized the issuance of additional bonds in November 2021 for \$27.0 million, there are currently no plans to issue additional bonds. At the October 24, 2023 meeting, the City Council approved

the LOS OSOS Go Forward Plan. This plan presented five phases for the further development of the property. Phase I development includes the design, environmental clearance and construction of the North Paseo from Marguerite Parkway to the front of the current MART (formerly Stein Mart) building. The current estimated cost for Phase I is \$6.2 million that would be funded with unspent bond proceeds from the 2021 Lease Revenue Bonds issued in December 2021. The design and environmental clearance are expected to take place between December 2023 and March 2025. Project construction is expected to begin in April 2025 with completion by September 2026. The current total project cost, including the cost to purchase the property is approximately \$67.8 million. The 2017 Core Area Vision Plan is located at <https://cityofmissionviejo.org/sites/default/files/mission-viejo-core-area-vision-plan.pdf>. Information about the project including concept videos are located at <https://envisionmv.com/vision/>. The Resources page at the envisionMV website contains materials of past public presentations and City Council meeting agenda reports.

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. An event structure at the golf course was completed in August 2024 and is located next to the Garden+Grille. Other 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 about 75% complete. The bio-retention basin has been constructed with the associated storm drain improvements scheduled for spring 2025. The pad grading is expected to be complete by fall 2025. Once the pad is complete, the City will consider options for park expansion and other recreational improvements.

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 \$21.8 million. Construction began in January 2023 and is expected to be complete in February 2025.

Honorable Mayor, Members of the City Council, City Manager and Citizens of the City of Mission Viejo
November 27, 2024

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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. 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.

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 2023-24 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, Rogers, Anderson, Malody & Scott LLP. I would like to acknowledge the following individuals who contributed significant effort toward the publication of this document: Administrative Services Manager Andrea Bartlett, 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**

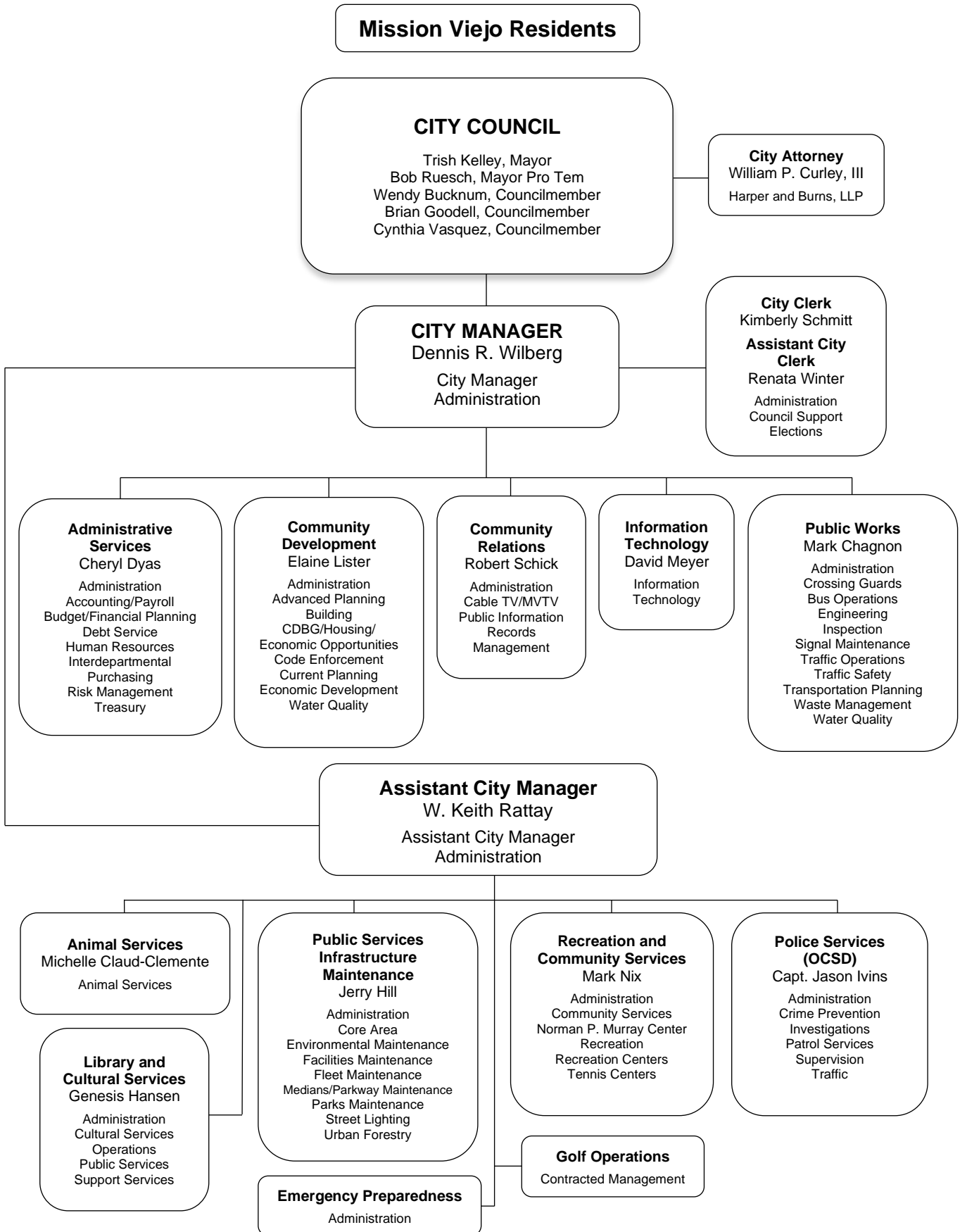
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF MISSION VIEJO
Organizational Structure
as of June 30, 2024



CITY OF MISSION VIEJO

List of Principal Officials
as of June 30, 2024

City Manager	Dennis R. Wilberg
Assistant City Manager.....	W. Keith Rattay
Director of Administrative Services.....	Cheryl Dyas
Director of Animal Services	Michelle Claud-Clemente
Director of Community Development.....	Elaine Lister
Director of Community Relations	Robert Schick
Director of Information Technology.....	David Meyer
Director of Library and Cultural Services.....	Genesis Hansen
Director of Public Services	Jerry Hill
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).....	Captain Jason Ivins



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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

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American Institute of
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Quality Center*

California Society of
Certified Public Accountants

City Council
City of Mission Viejo
Mission Viejo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission Viejo, (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

The financial statements of the City for the year ended June 30, 2023 were audited by other auditors whose report dated December 18, 2023 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information, as listed in the table of contents*, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, CA
November 27, 2024



Management's Discussion and Analysis (Required Supplementary Information)

CITY OF MISSION VIEJO
Management's Discussion and Analysis
Year ended June 30, 2024

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, 2024. 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 on June 30, 2024, by \$722.0 million. This amount is referred to as the net position of the City. Of this amount, \$32.4 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased \$13.2 million from the prior year.
- As of June 30, 2024, the City's governmental funds (the General Fund plus Special Revenue, Debt Service and Capital Projects funds) reported combined ending fund balances of \$75.7 million. Governmental revenues and other financing sources exceeded expenditures and other financing uses by \$2.6 million in FY 2023-24. Of the \$75.7 million combined ending fund balances on June 30, 2024, \$34.6 million is categorized as unassigned, \$10.0 million is categorized as assigned, \$31.0 million is categorized as restricted and \$87,000 is categorized as non-spendable.
- Of the \$10.0 million General Fund assigned fund balance, \$4.4 million is assigned to extreme events/natural disasters, \$3.2 million is assigned to debt liabilities, \$1.4 million is assigned to capital asset replacement, with \$1.0 million assigned to capital projects.
- Unassigned General Fund fund balance of \$36.1 million includes a \$25.0 million reserve for economic and budgetary uncertainty. Another \$6.4 million is for carryover appropriations to FY 2024-25, including encumbrances. The balance of \$4.7 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, is \$69.3 million, a decrease of \$1.4 million. Liabilities for bond debt and leases and information technology subscription agreements decreased \$3.6 million due to principal payments during the year, while net pension and OPEB liabilities increased \$1.3 million. Acquisition of new equipment leases and information technology subscription agreements increased the liability by \$1.0 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.

CITY OF MISSION VIEJO
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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?"

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

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inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City reports on 19 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, Capital Projects Fund, Housing Authority Fund and American Rescue Plan Act Fund, which are considered to be the City's six major funds for the current fiscal year. Data from the other thirteen 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.

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The basic fiduciary fund financial statements can be found on page 45-46 of this report.

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 47-100 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 102-117 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 120-148 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
	2024	2023	2024	2023	2024	2023	2023-2024
Current assets	\$ 99.2	\$ 94.6	\$ 8.5	\$ 7.2	\$ 107.7	\$ 101.8	5.8%
Noncurrent assets	-	-	0.4	0.4	0.4	0.4	0.0%
Capital assets	671.7	665.4	14.3	14.2	686.0	679.6	0.9%
Total assets	770.9	760.0	23.2	21.8	794.1	781.8	1.6%
Deferred outflows of resources	10.3	10.4	1.3	1.4	11.6	11.8	-1.7%
Current liabilities	12.4	12.3	0.8	0.7	13.2	13.0	1.5%
Noncurrent liabilities	65.5	66.9	3.8	3.8	69.3	70.7	-2.0%
Total liabilities	77.9	79.2	4.6	4.5	82.5	83.7	-1.4%
Deferred inflows of resources	0.8	0.6	0.4	0.5	1.2	1.1	9.1%
Net position:							
Net investment							
in capital assets	644.4	636.1	14.0	13.5	658.4	649.6	1.4%
Restricted	31.2	34.4	-	-	31.2	34.4	-9.3%
Unrestricted	26.9	20.1	5.5	4.7	32.4	24.8	30.6%
Total net position	\$ 702.5	\$ 690.6	\$ 19.5	\$ 18.2	\$ 722.0	\$ 708.8	1.9%

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Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$722.0 million as of June 30, 2024, the close of the most recent fiscal year. In comparison to 2023 and 2022, net position was \$708.8 million and \$698.4 million, respectively. The City's total net position increased by \$13.2 million from the prior year.

By far the largest portion of the City's net position on June 30, 2024 (\$658.4 million, or 91.2% 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 \$31.2 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 decreased \$3.2 million, or 9.3% from June 30, 2023. During FY 2023-24, the city expended \$2.0 million more than revenue received for various street and road related projects, including \$9.8 million toward the La Paz Bridge Rehabilitation and Road Widening project, thereby reducing accumulated resources reflected in the engineering and transportation restricted net position. The restricted net position for library operations also declined by approximately \$0.6 million, a reflection of expenses exceeding revenue by that amount. This decline in part is due to the completion of the library roof replacement project in the amount of \$366,000, which was funded with library operation reserves. Community development restricted resources also decreased by \$0.9 million. Resources were distributed to Families Forward to fund the purchase an extremely low-income transitional housing unit in the amount of \$561,000. Additionally, accumulated Building Homes and Jobs Act (SB2) resources were expended on grant related projects in the amount of \$335,000. An increase in pensions restricted net position of \$265,000 is due to investment income.

The third category of net position, unrestricted, increased by \$7.6 million to \$32.4 million from the prior year. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This same condition also held true for the prior fiscal year. The City's overall net position increase of \$13.2 million from the prior fiscal year is discussed in the following sections for governmental activities and business-type activities.

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Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2024	2023	2024	2023	2024	2023	2023-2024
Revenues							
Program revenues:							
Charges of services	\$ 10.3	\$ 9.7	\$ 8.2	\$ 7.6	\$ 18.5	\$ 17.3	6.9%
Operating grants and contributions	12.7	13.5	0.7	0.1	13.4	13.6	-1.5%
Capital grants and contributions	9.0	4.6	-	-	9.0	4.6	95.7%
General revenues:							
Property taxes	45.3	43.7	-	-	45.3	43.7	3.7%
Sales and use taxes	20.9	20.7	-	-	20.9	20.7	1.0%
Other taxes	6.0	5.9	-	-	6.0	5.9	1.7%
Investment earnings	2.3	0.8	0.3	0.1	2.6	0.9	188.9%
Other	3.8	0.2	-	-	3.8	0.2	1800.0%
Total revenues	110.3	99.1	9.2	7.8	119.5	106.9	11.8%
Expenses							
General government- legislative	2.2	1.6	-	-	2.2	1.6	37.5%
General government- management/support	13.5	11.5	-	-	13.5	11.5	17.4%
Public safety	25.1	24.0	-	-	25.1	24.0	4.6%
Community development	5.0	3.8	-	-	5.0	3.8	31.6%
Engineering & transportation	11.1	9.3	-	-	11.1	9.3	19.4%
Infrastructure maintenance	27.9	26.4	-	-	27.9	26.4	5.7%
Recreation, community and library services	11.6	10.6	-	-	11.6	10.6	9.4%
Golf operations	-	-	4.6	4.2	4.6	4.2	9.5%
Animal services	-	-	3.9	3.6	3.9	3.6	8.3%
Mission Viejo television	-	-	0.2	0.3	0.2	0.3	-33.3%
Interest on long-term debt	1.2	1.2	-	-	1.2	1.2	0.0%
Total expenses	97.6	88.4	8.7	8.1	106.3	96.5	10.2%
Excess/(deficiency) in net position before transfers and extraordinary item							
	12.7	10.7	0.5	(0.3)	13.2	10.4	26.9%
Transfers	(0.8)	(0.8)	0.8	0.8	-	-	0.0%
Increase (decrease) in net position	11.9	9.9	1.3	0.5	13.2	10.4	26.9%
Net position, beginning of year	690.6	680.7	18.2	17.7	708.8	698.4	1.5%
Net position, end of year	\$ 702.5	\$ 690.6	\$ 19.5	\$ 18.2	\$ 722.0	\$ 708.8	1.9%

Governmental activities. During the current year, net position for governmental activities increased \$11.9 million from the prior fiscal year ending balance of \$690.6 million. Total revenues of \$110.3 million were more than expenses and net transfers of \$98.4 million.

Revenue Analysis

Total revenues increased by \$11.2 million over the prior year. General revenues increased by \$7.0 million. Property tax revenue was up \$1.6 million. The property tax growth rate for secured and unsecured property for FY 2023-24 was 5.97%, accounting for most of this increase. Sales tax revenue increased from the prior year in the amount of \$0.2 million. Other taxes, which includes Transient

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Occupancy Tax (TOT) and Franchise Fees increased \$0.1 million. Investment income increased \$1.5 million as higher interest rates were sustained throughout the fiscal year.

Program revenues are broken out into three categories: charges for services, operating grants and contributions and capital grants and contributions. Overall, program revenue increased by \$4.2 million. Charges for services increased by \$0.6 million. Operating grants and contributions decreased by \$0.8 million and capital grants and contributions increased by \$4.4 million.

The Recreation, Community and Library Services program area experienced the largest increase in charges for services during the year of \$0.4 million. Recreation class revenue across all facilities increased \$110,000. Recreation center memberships and day use fees increased \$200,000 and tennis center membership and day use fees increased \$108,000. The Infrastructure Maintenance program area experienced a \$0.1 million increase from increases in rents for facilities and an increase in charges to the Nadadores Foundation for reimbursement of Marguerite Aquatics Center utilities. Charges for services under General Government-Management and Support also increased \$0.1 million as a result of an increase in forfeited construction and demolition deposits and an increase in diversion fees received from Waste Management of Orange County on the waste collection franchise agreement.

In the area of operating grants and contributions, overall revenue was down \$0.8 million. The largest increases were reflected in the Engineering and Transportation and General Government-Management and Support functions in the amount of \$1.0 million and \$0.6 million respectively. For Engineering and Transportation, gas tax revenue was up approximately \$0.5 million due to increases in state gas tax rates against rising gas prices. The city also received reimbursements of \$0.1 million more over the prior year from local water districts as part of the annual street resurfacing program. Investment income earned on accumulated cash balances in the Gas Tax, Measure M2 and AQMD Funds were also up \$0.3 million. General Government-Management and Support revenue increases included the receipt of \$0.3 million for a Local Early Action Planning (LEAP) grant used toward the implementation of the Energov permitting and licensing software, the receipt of a new \$0.2 state organic waste recycling grant and higher investment income of \$0.1 over the prior year. Public Safety function revenue was also up by \$0.6 million from revenue received from Building Homes and Jobs Act (SB2) resources used to fund the Homeless Liaison Officer under the Orange County Sheriff's Department contract and homelessness support from Mercy House. These increases were offset by a decrease in Infrastructure Maintenance function revenue by \$2.3 million. In the prior fiscal year, American Rescue Plan Act (ARPA) revenue was recognized in the amount of \$3.5 million compared to \$1.3 million in the current year. In the prior year, ARPA resources were used to fund the Coronado Park playground rehabilitation, Marty Russo Park field light installation, and the Aquatics Center sales building installation capital projects as well as other operating program costs. In the current fiscal year, ARPA resources were used to fund the Madrid Fore playground rehabilitation project. Community Development program area reported a decrease of \$0.4 million attributed to two affordable housing loan repayments in the prior year in the amount of \$0.7 million, compared to one repayment in the current year of \$0.3 million. Recreation, Community and Library Services program area also reported a decrease of \$0.3 million. In the prior year, CDBG grant revenue that provided coronavirus funding to local non-profits including Age Well Senior Services, Families Forward and South County Outreach

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and ARPA funding used to support the Kid's Factory program and purchase recreation center gym equipment were not available in the current year.

In the area of capital grants and contributions, net revenues were up \$4.4 million. In the current year, the city received reimbursement of \$3.9 million more from two grants for the La Paz Bridge Rehabilitation and Road Widening project. The city also received \$0.3 million more in developer fees from the County of Orange for the Felipe Road/Oso Parkway Intersection Improvement project and the Oso Parkway/I-5 On Ramp Improvement project and \$0.1 million more in grant revenue for other street and road related projects.

Expenses Analysis

Expenses associated with governmental activities increased by \$9.2 million, or 10.45%. Expenses in all functions increased with the largest increase in the General Government-Management and Support function in the amount of \$2.0 million. Information technology software licensing increased by \$0.3 million while outside consulting costs increased \$0.2 million. Insurance costs for general liability, property coverage, worker's compensation and other insurance also increased by \$0.2 million. The \$1.8 million increase under Engineering and Transportation includes \$1.6 million more of capital project expenditures not eligible for capitalization over the prior year. These expenses were generated from the La Paz Bridge Rehabilitation and Road Widening project. The \$1.5 million increase under Infrastructure Maintenance is a result of cost-of-living increases to landscape maintenance contracts and functional supplies for all parks, medians, slopes and other open spaces. The Community Development function increase is due to the distribution to Families Forward to fund the purchase of two transitional housing units for a total amount of \$1.2 million. The increase in the Public Safety function of \$1.1 million is primarily a result of the increase in the Orange County Sheriff's Department of \$0.8 million over the prior year. Recreation, Community and Library Services increased \$1.0 million. \$250,000 of this amount is due to an increase in contractual services, including \$141,000 for contract instructors, \$67,000 due to contracted lifeguards and another \$42,000 for sport and economic tourism contracts. Over \$300,000 is due to an increase in personnel costs. Overall, personnel costs across all functions increased \$525,000 or 3% due to a cost-of-living increase of 2.75% for all employees effective July 1, 2023, and increases to employee health insurance and other benefits.

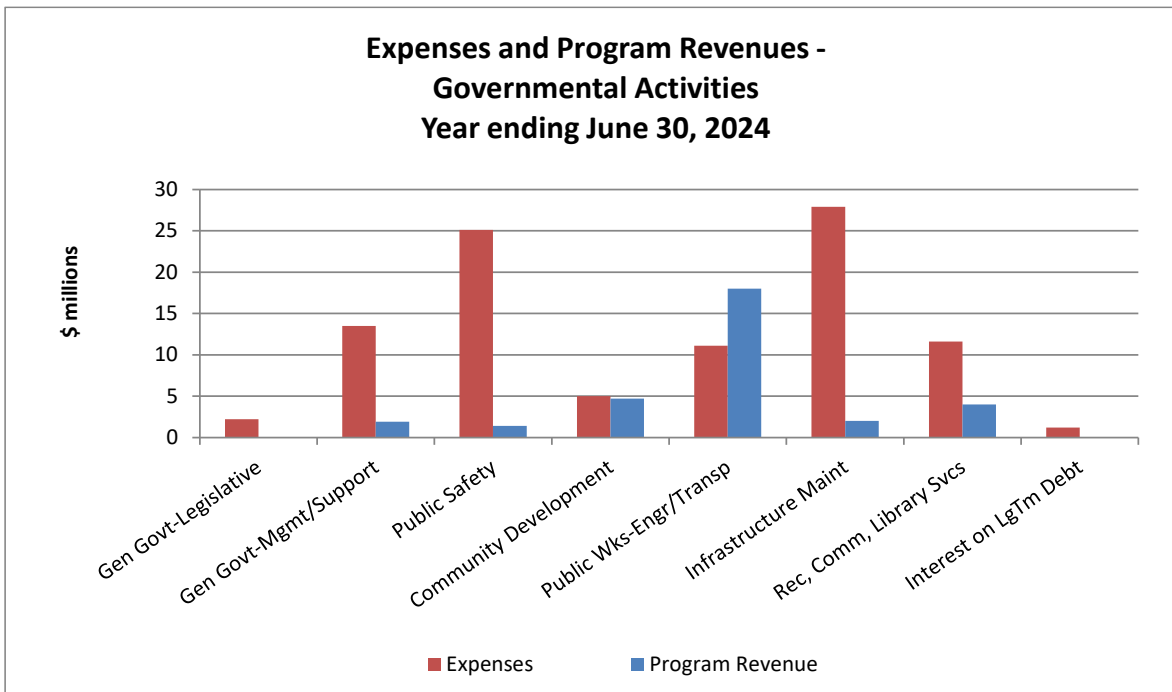
The cost of all governmental activities in FY 2023-24 was \$97.6 million. That cost was financed by those who directly benefited from the programs and services (10.6%); other governments and organizations that subsidized certain programs and projects with grants and contributions (22.2%); and general tax revenues and other general revenues of the City (67.2%). While the percentage of costs borne by general revenue sources decreased by 1.3% from the prior year the actual net cost of services borne by general revenue sources increased by \$5.1 million.

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Net Cost of Governmental Activities (in millions)

	2024			2023		
	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	\$ 2.2	\$ 2.2	100.0%	\$ 1.6	\$ 1.6	100.0%
General government-management/support	13.5	11.6	85.9%	11.5	10.4	90.4%
Public safety	25.1	23.6	94.0%	24.0	23.2	96.7%
Community development	5.0	0.3	6.0%	3.8	(1.3)	-34.2%
Engineering & transportation	11.1	(6.8)	-61.3%	9.3	(3.3)	-35.5%
Infrastructure maintenance	27.9	25.9	92.8%	26.4	22.1	83.7%
Recreation, community and library services	11.6	7.7	66.4%	10.6	6.7	63.2%
Interest on long-term debt	1.2	1.2	100.0%	1.2	1.2	100.0%
	\$ 97.6	\$ 65.7	67.3%	\$ 88.4	\$ 60.6	68.6%

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.



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Business-type activities. There are three business-type activities of the city: Golf Course operations, comprising 52.1% of total expenses; Animal Services, comprising 45.1% of the total expenses; and Mission Viejo Television, comprising 2.8% of expenses. Business-type activities continue to be a relatively small component of overall City operations, representing about 8.2% of total City expenses for the current fiscal year.

Golf Course

Net position for the Golf Course Fund increased \$428,000 in FY 2023-24. Program revenue increased \$0.6 million over the prior year. Total expenses increased \$0.4 million. The golf course had far fewer closures during FY 2023/24 compared to over 60 days of closures due to rain in the prior year, resulting in more green fees and golf cart rental revenue. Food and beverage operations also benefited from improved weather conditions in addition to continued growth in restaurant operations. The improved weather conditions also are the cause in the increase in expenses. 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 increased \$656,000 in FY 2023-24. Program revenue increased \$729,000 and expenses increased \$316,000 from the prior year. The increase in expenses include a \$183,000 increase in personnel services, a \$77,000 increase in utilities and a \$44,000 increase in contractual service all of which were primarily driven by cost-of-living increases. 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 population. Charges for services collected from other cities was \$1.8 million for FY 2023-24, an increase of \$133,000 over the prior year. The City's share of the operating subsidy was \$761,000, a decrease of \$44,000 from the prior year. In addition, donations to the animal shelter were up by \$669,000 as two large donations from estates were received in the current year in the total amount of \$643,000.

Mission Viejo Television

Net position for Mission Viejo Television (MVTV) increased by \$227,000 in FY 2023-24. Program revenue was up \$35,000. The primary revenue for funding this operation are franchise fees from local cable operators. This revenue stream tends to be relatively flat or may reflect small increases or decreases year over year. Changes in revenue are a reflection of small changes in population, changes in demand for cable services or small increases in franchise fees due to increased cable services fees to customers. Operating expenses decreased \$43,000 from the prior year, with the largest decline reflected in personnel services in the amount of \$34,000 as some personnel costs previously reported in this fund were shifted back to the General Fund.

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

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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.

On June 30, 2024, the City's governmental funds (as presented in the balance sheet on pages 34-35) reported combined fund balances of \$75.7 million, an increase of \$2.6 million in comparison with the prior year balance of \$73.1 million. Approximately \$34.6 million of this total amount (45.8%) 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 (\$87,000), 2) legally required to be spent on specific uses or be maintained intact (\$31.0 million), or 3) assigned for a particular purpose (\$10.0 million).

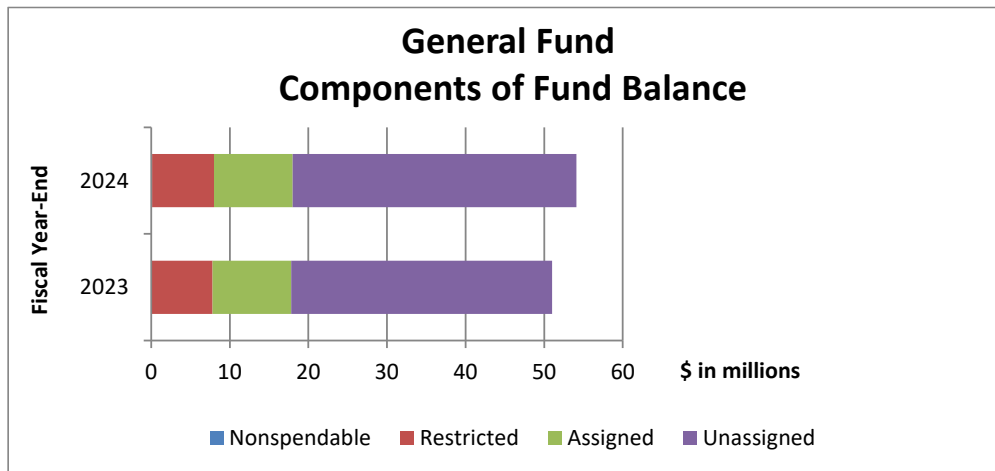
General Fund. The General Fund is the chief operating fund of the City. As of June 30, 2024, the total fund balance of the General Fund was \$54.1 million, an increase of \$3.1 million from the \$51.0 million prior year balance. General Fund revenues were up overall approximately \$4.6 million. Tax revenues were up \$2.0 million. Property tax revenue was up \$1.7 million. The property tax growth rate for secured and unsecured property for FY 2023-24 was 5.97%, accounting for most of this increase. Sales tax revenue increased from the prior year in the amount of \$0.2 million. Transient Occupancy Tax (TOT) increased \$46,000 as the city began to collect TOT on short-term residential properties located in the City. Franchise Fees increased \$77,000 and property transfer tax decreased almost \$60,000. License and permit revenues were up \$0.1 million due to an increase in encroachment permit revenue over the prior year. Intergovernmental revenue was up a net of \$0.2 million. The city received a one-time Local Early Action Planning (LEAP) grant for \$0.3 million used toward the implementation of the Energov permitting and licensing software and an increase in state mandated cost reimbursements in the amount of \$0.2 million. These additional resources were offset by a decline in redevelopment pass through distributions in the amount of \$0.3 million. Charges for services revenue was up \$0.3 million. Recreation class revenue across all facilities increased \$0.1 million. Recreation center memberships and day use fees increased \$0.2 million and tennis center membership and day use fees increased \$0.1 million. Room and facility rentals, including cell tower rents, were up \$0.3 million. These increases were offset by declines in planning and engineering fees of \$0.4 million. Investment earnings increased \$1.5 million as higher interest rates were sustained throughout the fiscal year. Fines and forfeiture revenue increased \$0.1 million due to an increase in forfeited construction and demolition deposits over the prior year in the amount of \$46,000 and an increase in vehicle code fines in the amount of \$74,000. Other revenue increased by \$0.3 million due to receipts from local water districts in the amount of \$0.1 million as part of the annual street resurfacing program and \$0.2 million more received from the Nadadores Foundation for utilities reimbursement.

Expenditures were up \$4.7 million. Under the General Government-Legislative program area, legal costs were up \$0.5 million, which included settlement payments for election related lawsuits of \$1.0 million. General Government-Management and Support program area costs were up \$1.1 million. This increase is primarily due to the replacement of personal computers for all staff and other city operations for \$0.3 million and increases to insurance costs for general liability, property coverage, worker's

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compensation and other insurance by \$0.2 million. Information technology software licensing increased by \$0.3 million while outside consulting costs increased \$0.2 million. The increase in the Public Safety function of \$1.1 million is primarily a result of the increase in the Orange County Sheriff's Department of \$0.8 million over the prior year. The \$0.6 million increase under Engineering and Transportation includes \$0.4 million more in capital outlay expenditures related to the Lower Curtis Park project. Infrastructure Maintenance program areas costs increased a net total of \$0.5 million including capital outlay expenditures. The \$0.9 million increase under Infrastructure Maintenance is primarily due to cost-of-living increases to landscape maintenance contracts and functional supplies for all parks, medians, slopes and other open spaces, which is offset by a reduction in capital outlay expenditures in the amount of \$0.4 million. Capital projects completed in the prior year include the Montanoso Rehabilitation, Coronado Park playground rehabilitation, Marty Russo Youth Athletic Lights and the Aquatics Center Sales Building installation projects. Projects substantially completed in the current year include the Madrid Fore playground rehabilitation project. Projects carried over to the next fiscal year include the Core Area Vision Plan, World Cup Soccer Fields Security Lighting and Crucero Park playground rehabilitation projects. The Recreation, Community and Library Services increase of \$0.9 million is a result of a \$0.3 million increase in contractual services, including \$141,000 for contract instructors, \$67,000 due to contracted lifeguards, \$42,000 for sport and economic tourism contracts and another \$0.1 million for the Performing Arts Center theatre feasibility study and \$0.3 million in personnel costs. Overall, personnel costs across all program areas increased \$0.5 million or 3% due to a cost-of-living increase of 2.75% for all employees effective July 1, 2023, and increases to employee health insurance and other benefits.

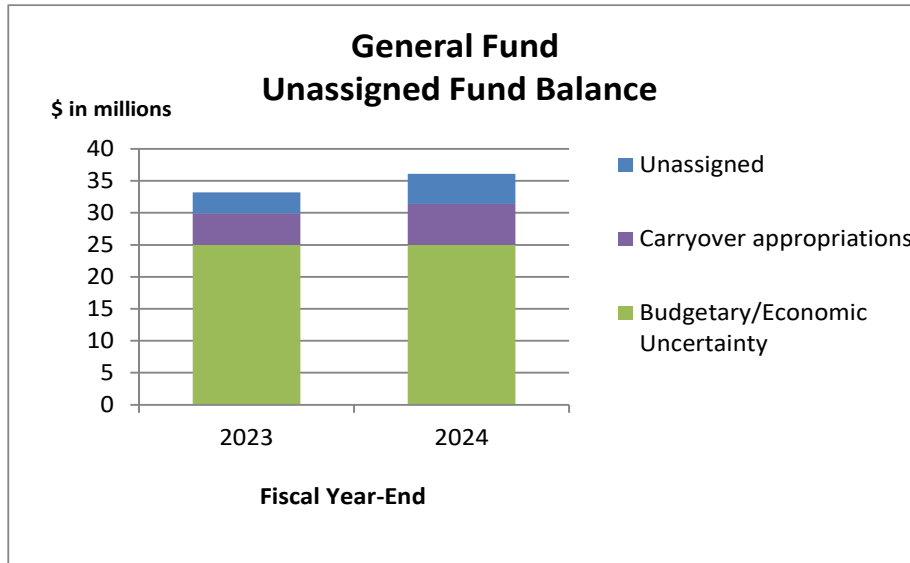
Components of General Fund fund balance are reflected in the following graph.



Restricted fund balance of \$7.9 million is primarily comprised of assets held in a Section 115 Trust account for the payment of pension obligations to eligible employees of the City and their eligible dependents and beneficiaries. Restricted fund balance increased \$0.1 million from the prior year and is due to investment income generated from Section 115 Trust assets during the year. Assigned fund balance of \$10.0 million is comprised of \$4.4 million for extreme events/natural disasters, \$3.2 million for debt liabilities, \$1.4 million for capital asset replacement and \$1.0 million for capital projects. These

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amounts were designated by the City Council on May 23, 2023 with Resolution 23-19 as a result of the 2023 General Fund Reserve Risk Analysis. The largest component of fund balance is unassigned fund balance at \$36.1 million. Unassigned fund balance includes \$25.0 million for economic and budgetary uncertainty and \$6.4 million for carry over appropriations, including amounts for encumbrances. The remaining balance in unassigned fund balance of \$4.7 million, is available for any purpose at the Council's discretion. Unassigned fund balance increased \$1.4 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 \$10.0 million, the economic and budgetary uncertainty reserve in the amount of \$25.0 million, unassigned reserve of \$4.7 million, to comprise the balance of the City Council's discretionary reserve balance of \$39.7 million on June 30, 2024. This amount represents 50.9% of FY 2023-24 ongoing General Fund revenue of \$78.0 million. The revenue used for this calculation excludes one-time and non-operating revenue (e.g. rolling reserve, CIP reimbursements, etc.)

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

Developer Fees Fund. The Developer Fees Fund ended the year with a negative fund balance of \$0.2 million, an increase of \$1.2 million from the prior year ending fund balance of negative \$1.4 million. The increase in fund balance is due to the receipt of \$1.4 million in developer fees from the County of Orange for reimbursement of project costs for the Felipe Road and Oso Parkway intersection improvement project and the Oso Parkway and I-5 Freeway on ramp improvement project. Both recreation and street projects are funded out of this fund. The source for recreation projects is Park Development Fees. The funding source for street projects are County of Orange South County Roadway Improvement Program (SCRIP) development fees. Park Development fees are collected

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from developers as part of the City's building permit process. SCRIP fees are collected by the County of Orange. There is an intergovernmental receivable in this fund of \$0.2 million for amounts due the City on June 30, 2024. This receivable decreased \$1.2 million over the prior year balance and are amounts due from the County of Orange.

Grants Fund. The Grants Fund ended the year with a positive fund balance of \$0.5 million, a decrease of \$0.1 million from the prior year. The grants fund includes activity for the Community Development Block Grant (CDBG) grant, Senior Mobility grant funded through the Orange County Transportation Authority (OCTA), Mobile Source Air Pollution Reduction grant from the Air Quality Management District (AQMD), and a project funded with Bicycle Corridor Improvement Grant funds through OCTA. Grant revenues in the current year were \$1.1 million compared to \$0.5 million in expenditures. Both CDBG program expenditures and Senior Mobility grant expenditures were \$0.2 million. Capital improvement program expenditures were \$59,000 expended on the Bicycle Corridor Improvement project. There is a CDBG housing rehabilitation loan receivable balance in this fund of \$1.8 million on June 30, 2024. 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 \$99,000 from the prior year. There were loan repayments of \$124,000 against new loans issued of \$25,000. Individual loans are capped at \$25,000. There is an intergovernmental receivable in this fund of \$95,000 for amounts due the City on June 30, 2024. This receivable decreased \$75,000 over the prior year balance and are amounts due from the Department of Housing and Urban Development (HUD) under the CDBG program, AQMD and OCTA under the Bicycle Corridor Improvement Grant. The largest amount due from any one agency is \$44,000 from OCTA.

Capital Projects Fund. The Capital Projects Fund had a fund balance of \$0.4 million on June 30, 2024, a decrease of \$1.9 million from the prior year. This fund includes activity for all Measure M2 resources, both apportionments and funds awarded through competitive grants, restricted for street and road related projects. Other resources accounted for in this fund include federal highway and transit administration grants. Revenues in the current year were \$10.3 million, including \$2.1 million from Measure M2 apportionments, \$1.2 from Measure M2 competitive grants, \$0.3 million from a Pavement Management Relief Funding grant and \$6.7 million from a Highway Bridge Program grant from the U.S. Department of Transportation. Capital projects funded with these resources include the La Paz Bridge Rehabilitation and Road Widening, I-5 Sound Wall and catch basin debris screen projects and the annual street resurfacing programs. There is an intergovernmental receivable in this fund of \$5.1 million for amounts due the City on June 30, 2024. This receivable increased \$1.6 million over the prior year balance and are amounts due from the Federal Highway Administration under the Highway Bridge Program and OCTA. The largest amount due from any one agency is \$4.5 million from the Federal Highway Administration.

Housing Authority Fund. The Housing Authority Fund had a fund balance of \$6.0 million on June 30, 2024, a decrease of \$0.3 million from the prior year. Expenditures during the fiscal year were \$1.3 million and included distributions to Families Forward to fund the purchase of two transitional housing units for a total amount of \$1.2 million. Revenue consisted of \$41,000 of investment earnings and the repayment of one affordable housing subsidy loan in the amount of \$299,000. There is a housing rehabilitation loan receivable balance in this fund of \$105,000 on June 30, 2024. There were no loan

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repayments during the year. 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 longer new loans made for housing rehabilitation using funds from the Housing Authority. All payoff proceeds are used for other affordable housing purposes. There is an amount due from developers in the amount of \$1.9 million on June 30, 2024. This amount was loaned under affordable housing agreements executed by the former redevelopment agency and the Housing Authority. 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 \$4.9 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 on June 30, 2024. The City received an allocation of \$4.9 million in May 2021 and a second \$4.9 million allocation in June 2022. The city expended \$435,000 during fiscal year 2020-21, \$1.7 million during fiscal year 2021-22, \$3.5 million during fiscal year 2022-23 and another \$1.3 million during fiscal year 2023-24. The unspent balance of \$2.9 million will be expended in future fiscal years for general government purposes in accordance with ARPA spending requirements. Unspent funds on June 30, 2024 are classified as unearned revenue in accordance with accounting standards.

Proprietary funds. The City's proprietary fund 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 2023-24 were approved by the City Council in October 2023 and increased the original budget accordingly. Total carryover appropriations for FY 2023-24 were \$13.3 million, with \$4.9 million appropriated in the operating budget and \$8.4 million for the capital improvement program (CIP) budget. The most significant operating carryover appropriations were \$0.3 million for various information technology projects, including funding for the land management software implementation and \$0.1 million for conduit and fiber network upgrades at various locations, \$0.3 million for a parking garage feasibility study at the golf course site, \$0.1 million for a performing arts theater feasibility study, \$0.1 million for habitat restoration work at the Lower Curtis Park site, \$0.2 million for new audio/visual equipment in the Sycamore Room at the Norman P. Murray (NPM) Community Center and \$3.0 million for the construction of the Santa Margarita Water District corp yard building. Significant CIP carryover appropriations were for the La Paz Bridge Rehabilitation and Road Widening in the amount of \$0.9 million and \$6.1 million for the Core Area Vision Plan project.

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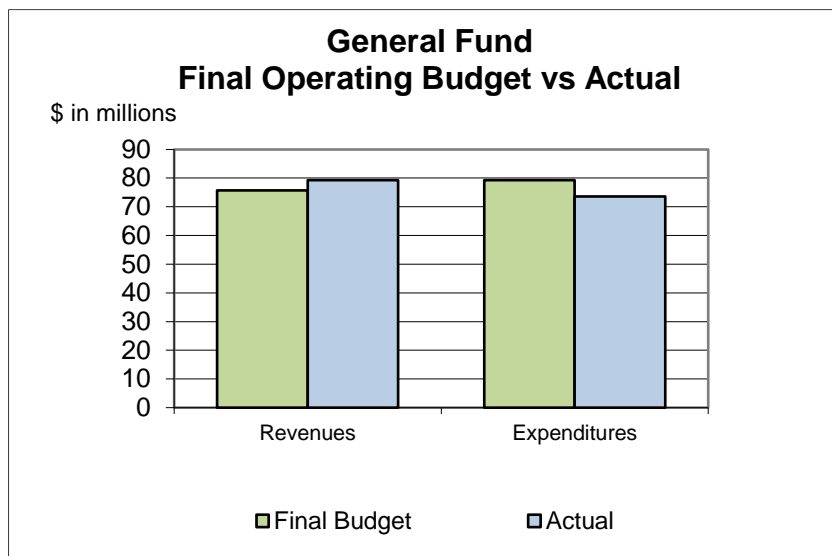
Year ended June 30, 2024

During the year, there were a net total of \$3.1 million additional appropriations approved by the City Council. In October 2023, the City Council approved a \$1.3 million appropriation for the Crucero Park Playground Rehabilitation, a \$0.9 million additional appropriation as a legal contingency, \$0.2 million to fund an increase in health benefits to employees and \$0.2 million for the Jeronimo Road slope rehabilitation. In March 2024, \$0.1 million was appropriated as additional resources for audio/visual equipment in the Sycamore Room at the NPM Community Center. Included in the mid-year appropriations were net increases in appropriations of \$1.0 million, including \$0.4 million for general and special counsel litigation legal services and lawsuit payouts and \$0.5 million for environmental review and objective design standard consultants. The Infrastructure Maintenance program area was also increased across various programs by \$0.5 million to provide additional resources for maintenance and supplies for landscape and facility repair needs. All mid-year increases were offset by a decrease in the Orange County Sheriff's Department (OCSA) budget by \$0.7 million as the final MOU approved for deputies resulted in a lower cost to the City during FY 2023/24 than anticipated when the budget was adopted. The recreation department also increased appropriations by \$0.3 million during the mid-year review for additional personnel costs, contract instructors and other miscellaneous operating needs, however, these increases were offset with increases to the revenue budget. The Cultural Services budget was also increased by \$0.1 million with the largest component for contract instructors and Pacific Symphony events.

Final budget compared to actual results. Actual revenues for the year were \$3.6 million more than revised budget projections. Actual revenues for property taxes, franchise fees and recreation and cultural services charges for services fees exceeded projections by \$0.5 million each. Intergovernmental actuals exceeded projections by \$0.5 million as the city received a Local Early Action Planning grant of \$0.3 million during the year. Investment earnings exceeded projections by \$1.2 million, with half that amount from unrealized gains.

Actual operating expenditures were \$5.7 million less than the final appropriations budget. All seven

program areas underspent their budgets. The CIP budget came in \$7.9 million under budget with the largest unspent CIP budget for the Core Area Vision Plan project in the amount of \$5.5 million. Although these appropriations were not spent during FY 2023-24, \$13.2 million has been carried over for continued use in FY 2024-25 for ongoing active projects, including: \$0.2 million for the parking structure feasibility study, \$0.1 million for executive management consulting, \$0.3 million for various IT projects,



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\$0.1 million for core area project technical studies, \$0.1 million for landscaping needs, \$0.2 million for various facility maintenance projects, \$3.0 million for the Oso Creek Water Reclamation Plan project agreement, \$0.5 million for the La Paz Bridge Rehabilitation and Road Widening project, \$0.3 million for the World Cup Soccer Fields Security Lighting project, \$1.3 million for the Crucero Park playground rehabilitation project and \$5.5 million for the Core Area Vision Plan project.

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, 2024, amounts to \$686.0 million, net of accumulated depreciation. This investment in assets includes land, buildings, machinery, equipment, vehicles, library materials, subscription arrangements and infrastructure. The total increase in capital assets for the current fiscal year was \$6.3 million, or 0.9%.

Capital Assets, Net of Depreciation (in millions)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2023	2024	2023	2024	2023	2023-2024
	Land	\$ 57.4	\$ 57.3	\$ 11.1	\$ 11.1	\$ 68.5	\$ 68.4
Rights of way	243.9	243.9	-	-	243.9	243.9	0.0%
Buildings and Improvements	53.3	56.8	2.0	2.1	55.3	58.9	-6.1%
Park improvements	6.2	6.8	0.4	0.5	6.6	7.3	-9.6%
Machinery, equipment and furniture	1.1	1.1	0.2	0.2	1.3	1.3	0.0%
Vehicles	0.1	0.2	0.1	-	0.2	0.2	0.0%
Lease equipment, furniture and vehicles	0.6	0.2	0.2	0.3	0.8	0.5	60.0%
Library materials	0.4	0.2	-	-	0.4	0.2	100.0%
Subscription arrangements	0.7	0.3	-	-	0.7	0.3	133.3%
Infrastructure	288.1	290.1	-	-	288.1	290.1	-0.7%
Water rights	0.6	0.7	-	-	0.6	0.7	-14.3%
Construction in progress	19.3	7.9	0.3	-	19.6	7.9	148.1%
Total	\$ 671.7	\$ 665.5	\$ 14.3	\$ 14.2	\$ 686.0	\$ 679.7	0.9%

Governmental activities. Total capital asset additions are \$13.9 million. Land increased by \$0.1 million for the Lower Curtis Park site. Buildings and improvements increased \$0.6 million and included \$0.4 million for the library roof underlay, \$0.1 million for library door modifications and \$0.1 million for ADA restroom improvements at NPM community center. Equipment, computers and furniture increased by \$0.4 million for new audio/visual system in the Sycamore Room at the NPM community center. Three new vehicles were purchased. One new pool vehicle, one Public Services Department

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truck and one utility vehicle for \$0.9 million. Library collection materials were added for \$0.3 million, \$0.5 million was added for the library software subscription arrangement and total infrastructure assets increased \$0.3 million for the installation of catch basin debris screens. Construction in progress increased \$11.4 million. Projects started but not completed during FY 2023-24 included the World Cup Security Lighting project, the Crucero Park playground rehabilitation and the Olympiad Road/Lake Mission Viejo ped crossing project. These projects are expected to be completed during FY 2024-25. Projects continuing from the prior year and are on-going include the La Paz Bridge Rehabilitation and Road Widening, Felipe Road and Oso Parkway intersection improvement project, the Oso Parkway and I-5 freeway on ramp improvement project, I-5 Sound Wall project, Lower Curtis Park pad development project, Madrid Fore playground rehabilitation project and the Core Area Vision Plan project. Projects completed during FY 2023-24 include the Library Roof underlay project, and a catch basin debris screen 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. There were \$0.2 million in deletions of fully depreciated assets, including IT equipment and five vehicles. Total asset additions were offset by current year depreciation of \$7.7 million, resulting in a net increase in governmental activities capital assets of \$6.2 million.

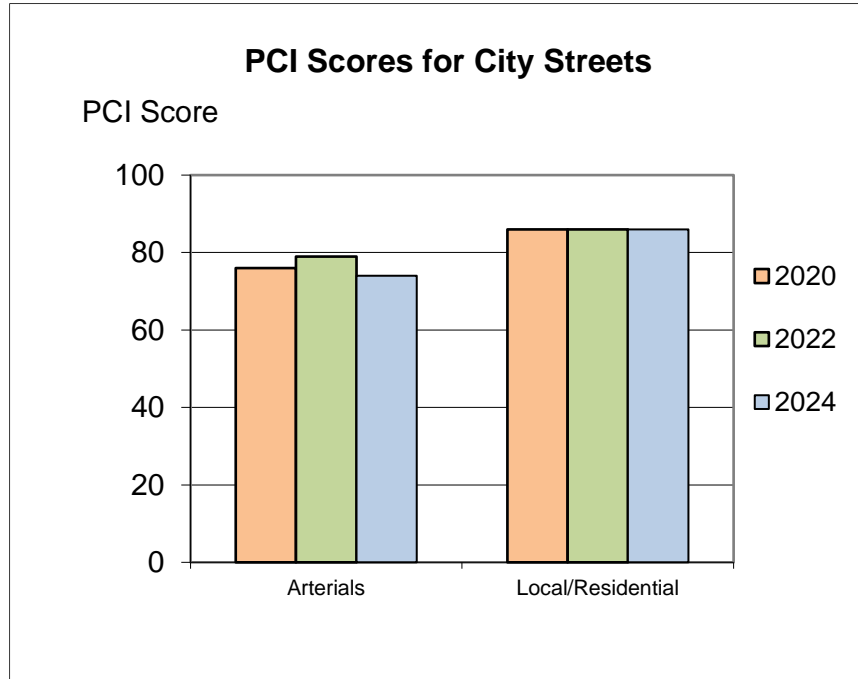
The City funded a grant in the amount of \$1.0 million to Santa Margarita Water District to provide financial assistance for the construction of the Lake Mission Viejo Advanced Purified Water Treatment Facility. As part of that agreement, the City has the right to reduced water rates from the water district over a twenty-year period. This asset will be amortized at \$50,000 per year over twenty years. FY 2023-24 is the eighth year of amortization.

Business-type activities. Overall, capital assets increased \$0.1 million. Total additions of \$0.5 million included \$48,000 under equipment, computers, and furniture and included \$21,000 for golf clubhouse beverage cart and \$27,000 for a golf course irrigation controllers. There was a vehicle addition for \$65,000 for the animal services operation and a leased equipment addition for new Dell personal computers for use in the animal services and Mission Viejo Television operation in the amount of \$39,000. Construction in progress increased \$0.3 million as construction for the golf course event structure was started but not completed during the fiscal year. Capital asset additions were offset by current year depreciation of \$0.4 million.

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.

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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 2023-24, indicated that arterial roadways were in "fair" condition with a PCI score of 74 and local/residential streets were in "very good" condition with a PCI score of 86. The current citywide weighted average Pavement Condition Index is 82, which is a decrease of two PCI points since the 2022 assessment. The city has 74.5% of its streets reported in the "Very Good" and "Good" categories, with 15.2% reported in the "Fair" category and 10.3% of its streets reported in the "Poor" and "Very Poor" categories.

For the last five fiscal years, total actual maintenance fell below total projected preservation needs by \$3.9 million. For FY 2023-24, actual expenditures fell below projected needs by \$0.7 million. On June 30, 2024, the city had \$2.0 million of unspent appropriations for arterial highway and residential street resurfacing projects that were carried over to FY 2024-25. 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 area receive the 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 68-71 of this report and Note 2 of the Notes to Required Supplementary Information on pages 115-117.

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Long-Term Debt. At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$69.3 million, decreasing \$1.4 million from the prior year balance of \$70.7 million.

Long-Term Liabilities (in millions)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2023	2024	2023	2024	2023	2023-2024
	Revenue bonds	\$ 37.7	\$ 40.8	\$ -	\$ -	\$ 37.7	\$ 40.8
Bond Premium	1.1	1.3	-	-	1.1	1.3	-15.4%
Subtotal-bonds payable	38.8	42.1	-	-	38.8	42.1	-7.8%
Net pension liability	23.2	21.7	3.3	3.2	26.5	24.9	6.4%
Net OPEB liability	0.1	0.4	-	-	0.1	0.4	-75.0%
Leases	0.5	0.2	0.3	0.4	0.8	0.6	33.3%
Subscription arrangement	0.7	0.3	-	-	0.7	0.3	133.3%
Compensated absences	2.2	2.2	0.2	0.2	2.4	2.4	0.0%
Total	\$ 65.5	\$ 66.9	\$ 3.8	\$ 3.8	\$ 69.3	\$ 70.7	-2.0%

Total principal on all bond debt issued decreased by \$3.1 million because of principal payments made during the fiscal year. The net pension liability increased \$1.5 million from the prior year as actual investment returns of 5.8% fell below the assumed rate of 6.8% during fiscal year 2022-23. The retiree healthcare liability declined by \$0.2 million during fiscal year 2022-23 due to a gain reported in the plan from experience gains from the difference between actual experience and that expected based upon actuarial assumptions. The city has ten leases on June 30, 2024. For governmental activities, three vehicle leases are for 2021 Ford Explorers used for public safety operations, three vehicle leases are for 2023 Chevrolet Silverado trucks used for Public Services Department operations, one Dodge Ram truck used for Public Services Department operations and one lease for Dell personal computer equipment for all City staff. The Dodge Ram lease and the computer lease were both executed in the current fiscal year. Principal payments in the amount of \$152,000 were made during the year and the addition of new leases added \$468,000 to the liability, resulting in a year-end balance of \$519,000 for all governmental activities leases. Liabilities for subscription arrangements increased \$0.4 million. A subscription arrangement for library software was added in the current year for \$0.5 million, offset by principal payments of \$0.2 million. For business-type activities, the City has existing leases for golf course maintenance equipment and golf carts and a share of the Dell personal computer equipment lease was assumed by the Animal Services and Mission Viejo Television Fund. Additions to leases were \$39,000, with principal payments of \$100,000, resulting in a year-end balance of \$290,000 for business-type leases.

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 \$807.6 million at June 30, 2024. The City has no general obligation bond debt outstanding.

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Additional information on the City's long-term liabilities can be found in Note 8 of the Notes to Basic Financial Statements on pages 72-79 of this report. Additional information on the City's pension liability can be found in Note 18 on pages 88-94 of this report. Additional information on the City's OPEB liability can be found in Note 20 on pages 95-100 of this report.

Next Year's Budget, Tax Rates and Fee Levels

The fiscal year 2024-25 City budget was adopted in June 2024. This budget was prepared conservatively with property tax and sales tax estimates projected with conservative growth from the previous fiscal year. The total operating and capital improvement program budget were approved for \$90.6 million and \$7.1 million respectively. Prior to the adoption of the 2024-25 budget, City Council approved increases to golf course operation green fees. The purpose of this increase was to provide additional revenue to offset increases in operation costs due to inflation and fund future improvement projects at the golf course. The City Council also approved one fee under the animal services operation. The purpose of this fee increase was to increase cost recovery for the issuance of replacement tags. Fees were also increased for certain day use fees at recreation centers and pickleball memberships to address disparities in membership fees between tennis and pickleball players and to encourage drop in players to purchase memberships. The animal service and golf course operation fee changes were effective July 1, 2024. All recreation fees changes were effective August 1, 2024. The General Fund budget was adopted without the use of reserves, except for accumulated General Fund reserves restricted for environmental purposes, which will be used to subsidize costs in the Library Fund and Animal Services Fund for energy efficiency upgrades. 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>.

Requests for Information

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



Basic Financial Statements

CITY OF MISSION VIEJO

BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2024

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, 2024 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 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, Debt Service and Capital Projects) 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, 2024 (With Comparative Totals as of June 30, 2023)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2024	2023
ASSETS				
Cash and investments (note 2)	\$ 54,767,919	\$ 9,347,479	\$ 64,115,398	\$ 61,700,690
Accounts receivable	461,710	8,220	469,930	499,397
Taxes receivable	5,866,082	88,578	5,954,660	5,787,486
Loans receivable	1,927,054	-	1,927,054	2,024,638
Interest receivable	452,287	2,716	455,003	346,078
Prepaid items	84,889	115	85,004	32,563
Inventories	-	-	-	52,287
Deposits	430	-	430	430
Intergovernmental receivable	7,525,404	-	7,525,404	7,836,603
Notes receivable (note 4)	1,958,702	-	1,958,702	2,097,003
Interfund balances (note 3)	47,931	(47,931)	-	-
Interfund note balances (note 7)	837,441	(837,441)	-	-
Due from developers (note 5)	1,932,513	-	1,932,513	2,110,738
Land held for resale	10,245,000	-	10,245,000	6,900,000
Restricted cash and investments for pensions (note 2)	4,279,697	-	4,279,697	3,825,236
Restricted cash and investments with fiscal agent (note 2)	8,791,950	-	8,791,950	8,638,151
Lease receivable (note 9)	-	358,479	358,479	367,596
Capital assets not being depreciated (note 6)	522,444,250	11,419,699	533,863,949	522,080,520
Capital assets, net of depreciation (note 6)	149,273,729	2,893,049	152,166,778	157,597,557
Total assets	770,896,988	23,232,963	794,129,951	781,896,973
DEFERRED OUTFLOWS OF RESOURCES				
Pension related (note 18)	8,697,508	1,245,911	9,943,419	10,095,840
OPEB related (note 20)	1,159,404	53,010	1,212,414	1,183,990
Deferred refunding charge	457,112	-	457,112	522,414
Total deferred outflows of resources	10,314,024	1,298,921	11,612,945	11,802,244
Total assets and deferred outflows of resources	781,211,012	24,531,884	805,742,896	793,699,217
LIABILITIES				
Accounts payable	5,319,826	614,813	5,934,639	5,492,227
Accrued payroll	697,358	95,115	792,473	593,957
Accrued interest payable	892,619	13,385	906,004	668,073
Unearned revenues	3,148,594	17,879	3,166,473	4,504,350
Deposits payable	1,250,888	11,049	1,261,937	1,172,900
Intergovernmental payable	7,735	21,874	29,609	291,258
Other liabilities	19,800	-	19,800	12,894
Retainage payable	1,029,874	-	1,029,874	345,182
Noncurrent liabilities:				
Due within one year (note 8)	5,107,659	268,947	5,376,606	5,001,835
Due in more than one year (note 8)	37,118,609	233,144	37,351,753	40,388,520
Net pension liability	23,156,951	3,317,213	26,474,164	24,941,935
Net OPEB liability	107,750	4,885	112,635	371,787
Total liabilities	77,857,663	4,598,304	82,455,967	83,784,918
DEFERRED INFLOWS OF RESOURCES				
Lease related (note 9)	-	358,479	358,479	367,596
Pension related (note 18)	266,206	38,133	304,339	622,174
OPEB related (note 20)	542,768	24,912	567,680	101,464
Total deferred inflows of resources	808,974	421,524	1,230,498	1,091,234
Total liabilities and deferred inflows of resources	78,666,637	5,019,828	83,686,465	84,876,152
NET POSITION				
Net investment in capital assets	644,389,117	14,022,978	658,412,095	649,548,172
Restricted for:				
Community development	10,282,626	-	10,282,626	11,210,316
Engineering and transportation	9,137,579	-	9,137,579	11,139,696
Infrastructure maintenance	529,391	-	529,391	509,073
Library operations	1,049,295	-	1,049,295	1,697,511
Public safety	302,453	-	302,453	210,567
Recreation	600,247	-	600,247	629,975
Debt service	2,273,984	-	2,273,984	2,247,644
Pensions	7,093,992	-	7,093,992	6,828,533
Unrestricted	26,885,691	5,489,078	32,374,769	24,801,578
Total net position	\$ 702,544,375	\$ 19,512,056	\$ 722,056,431	\$ 708,823,065

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Statement of Activities

For the Year Ended June 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Primary government:			
Governmental activities:			
General Government-Legislative	\$ 2,174,383	\$ -	\$ -
General Govt-Mgmt and Support	13,510,291	838,032	1,065,605
Public Safety	25,073,492	485,203	952,625
Community Development	5,003,225	4,133,130	572,286
Engineering & Transportation	11,161,665	798,149	8,286,722
Infrastructure Maintenance	27,938,118	488,945	1,487,661
Rec/Community/Library Services	11,623,596	3,587,088	365,580
Interest expense	1,203,921	-	-
Total governmental activities	97,688,691	10,330,547	12,730,479
Business-type activities:			
Mission Viejo Television Fund	246,750	373,300	-
Golf Operations Fund	4,555,381	4,966,006	-
Animal Services Fund	3,940,102	2,882,223	719,049
Total business-type activities	8,742,233	8,221,529	719,049
Total primary government	\$ 106,430,924	\$ 18,552,076	\$ 13,449,528

General revenues:

- Property taxes
- Sales and use taxes
- Franchise taxes
- Property transfer taxes
- Transient occupancy tax
- Unrestricted motor vehicle in lieu fees
- Investment earnings
- Gain (loss) on disposal of capital assets
- Other

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position - beginning

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	
			2024	2023
\$ -	\$ (2,174,383)	\$ -	\$ (2,174,383)	\$ (1,597,281)
-	(11,606,654)	-	(11,606,654)	(10,390,820)
-	(23,635,664)	-	(23,635,664)	(23,218,735)
-	(297,809)	-	(297,809)	1,287,225
8,897,276	6,820,482	-	6,820,482	3,309,353
37,448	(25,924,064)	-	(25,924,064)	(22,035,461)
-	(7,670,928)	-	(7,670,928)	(6,723,298)
-	(1,203,921)	-	(1,203,921)	(1,222,448)
<u>8,934,724</u>	<u>(65,692,941)</u>	<u>-</u>	<u>(65,692,941)</u>	<u>(60,591,465)</u>
-	-	126,550	126,550	118,902
-	-	410,625	410,625	210,929
-	-	(338,830)	(338,830)	(751,275)
-	-	198,345	198,345	(421,444)
<u>\$ 8,934,724</u>	<u>(65,692,941)</u>	<u>198,345</u>	<u>(65,494,596)</u>	<u>(61,012,909)</u>
	45,328,614	-	45,328,614	43,709,642
	20,853,891	-	20,853,891	20,680,397
	3,834,082	-	3,834,082	3,718,009
	659,429	-	659,429	719,381
	1,393,578	-	1,393,578	1,347,653
	115,696	-	115,696	96,009
	2,347,497	346,720	2,694,217	893,140
	3,350,968	4,169	3,355,137	14,006
	493,318	-	493,318	240,935
	(761,136)	761,136	-	-
	<u>77,615,937</u>	<u>1,112,025</u>	<u>78,727,962</u>	<u>71,419,172</u>
	11,922,996	1,310,370	13,233,366	10,406,263
	690,621,379	18,201,686	708,823,065	698,416,802
	<u>\$ 702,544,375</u>	<u>\$ 19,512,056</u>	<u>\$ 722,056,431</u>	<u>\$ 708,823,065</u>

CITY OF MISSION VIEJO

BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2024

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.

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 programs, 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.

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.

CAPITAL PROJECTS – This 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

BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2024

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 and Debt Service Funds of the City.

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 fully or partially funded by fees and charges.

MAJOR ENTERPRISE FUNDS:

GOLF COURSE – To account for the operation of the Oso Creek Golf Course, which includes the golf course, clubhouse, maintenance yard, and slopes surrounding the golf course. Funded by user fees, merchandise, event revenue, 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, 2024 (With Comparative Totals as of June 30, 2023)

	General Fund	Developer Fees Fund	Grants Fund	Capital Projects Fund
ASSETS				
Cash and investments	\$ 41,805,482	\$ 28,567	\$ 621,089	\$ 1,833,443
Accounts receivable	461,710	-	-	-
Taxes receivable	5,422,267	-	26,829	335,504
Loans receivable	2,217	-	1,819,854	-
Interest receivable	446,970	-	-	-
Prepaid items	77,151	-	-	-
Deposits	430	-	-	-
Intergovernmental receivable	24,359	232,581	95,141	5,121,928
Interfund receivables (note 3)	5,635,306	-	-	-
Notes receivable (note 4)	1,958,702	-	-	-
Interfund note receivable (note 7)	5,755,441	-	-	-
Due from developers (note 5)	-	-	-	-
Land held for resale	-	-	-	-
Restricted Assets:				
Cash and investment for pensions	4,279,697	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 65,869,732	\$ 261,148	\$ 2,562,913	\$ 7,290,875
LIABILITIES				
Accounts payable	\$ 4,418,078	\$ 23,313	\$ 86,652	\$ 343,722
Accrued payroll	592,457	288	1,029	952
Unearned revenues	228,902	-	-	-
Deposits payable	1,250,888	-	-	-
Intergovernmental payable	5,955	-	-	-
Interfund payable (note 3)	-	208,981	52,847	4,227,224
Other liabilities	19,800	-	-	-
Retainage payable	57,076	-	-	715,773
Interfund note payable (note 7)	-	-	-	-
Total liabilities	6,573,156	232,582	140,528	5,287,671
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	5,163,907	232,581	1,878,756	1,612,265
Total deferred inflows of resources	5,163,907	232,581	1,878,756	1,612,265
Total liabilities and deferred inflows of resources	11,737,063	465,163	2,019,284	6,899,936
FUND BALANCES (DEFICITS)				
Nonspendable	79,798	-	-	-
Restricted				
Community development	-	-	-	-
Core Area Vision Plan capital project	-	-	-	-
Debt service	-	-	-	-
Engineering and transportation	867,038	-	-	390,939
Library services	-	-	-	-
Public safety	-	-	1,905	-
Recreation	-	-	600,247	-
Pensions	7,093,992	-	-	-
Assigned	10,000,000	-	-	-
Unassigned	36,091,841	(204,015)	(58,523)	-
Total fund balances (deficits)	54,132,669	(204,015)	543,629	390,939
Total liabilities, deferred inflows and fund balances	\$ 65,869,732	\$ 261,148	\$ 2,562,913	\$ 7,290,875

See accompanying notes to basic financial statements.

Mission Viejo Housing Authority Fund	ARPA Fund	Total Nonmajor Funds	Totals	
			2024	2023
\$ 525,856	\$ 2,919,692	\$ 7,033,790	\$ 54,767,919	\$ 53,733,053
-	-	-	461,710	489,142
-	-	81,482	5,866,082	5,693,844
104,983	-	-	1,927,054	2,024,638
5,317	-	-	452,287	346,078
-	-	7,738	84,889	29,568
-	-	-	430	430
-	-	2,051,395	7,525,404	7,775,565
37,959	-	-	5,673,265	5,598,104
-	-	-	1,958,702	2,097,003
-	-	-	5,755,441	2,452,599
1,932,513	-	-	1,932,513	2,110,738
10,245,000	-	-	10,245,000	6,900,000
-	-	-	4,279,697	3,825,236
-	-	8,791,950	8,791,950	8,638,150
<u>\$ 12,851,628</u>	<u>\$ 2,919,692</u>	<u>\$ 17,966,355</u>	<u>\$ 109,722,343</u>	<u>\$ 101,714,148</u>
\$ 3,826	\$ -	\$ 444,235	\$ 5,319,826	\$ 5,008,945
-	-	102,632	697,358	521,810
-	2,919,692	-	3,148,594	4,499,709
-	-	-	1,250,888	1,134,677
-	-	1,780	7,735	193,826
1,073	-	1,135,209	5,625,334	5,558,243
-	-	-	19,800	12,894
-	-	257,025	1,029,874	345,183
4,918,000	-	-	4,918,000	1,573,000
<u>4,922,899</u>	<u>2,919,692</u>	<u>1,940,881</u>	<u>22,017,409</u>	<u>18,848,287</u>
<u>1,932,514</u>	<u>-</u>	<u>1,163,345</u>	<u>11,983,368</u>	<u>9,795,985</u>
<u>1,932,514</u>	<u>-</u>	<u>1,163,345</u>	<u>11,983,368</u>	<u>9,795,985</u>
<u>6,855,413</u>	<u>2,919,692</u>	<u>3,104,226</u>	<u>34,000,777</u>	<u>28,644,272</u>
-	-	7,738	87,536	31,116
5,996,215	-	1,246	5,997,461	6,310,788
-	-	6,517,966	6,517,966	6,390,506
-	-	2,273,984	2,273,984	2,247,644
-	-	5,874,697	7,132,674	8,579,820
-	-	1,049,295	1,049,295	1,697,511
-	-	300,548	302,453	210,567
-	-	-	600,247	629,975
-	-	-	7,093,992	6,828,533
-	-	-	10,000,000	10,000,000
-	-	(1,163,345)	34,665,958	30,143,416
<u>5,996,215</u>	<u>-</u>	<u>14,862,129</u>	<u>75,721,566</u>	<u>73,069,876</u>
<u>\$ 12,851,628</u>	<u>\$ 2,919,692</u>	<u>\$ 17,966,355</u>	<u>\$ 109,722,343</u>	<u>\$ 101,714,148</u>

City of Mission Viejo

Reconciliation of Balance Sheet to the Statement of Net Position June 30, 2024

Fund balances of governmental funds	\$ 75,721,566
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	671,717,979
Long-term debt, leases, and compensated absences that have not been included in the governmental fund activity:	
Net pension liability	(23,156,951)
OPEB liability	(107,750)
Long-term liabilities	(38,847,636)
Lease liabilities	(519,223)
Subscription liabilities	(633,477)
Deferred refunding charge	457,112
Compensated absences	(2,225,932)
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	8,697,508
Deferred inflows of resources-pension related	(266,206)
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	1,159,404
Deferred inflows of resources-OPEB related	(542,768)
Accrued interest payable for the current portion of interest due on bonds that has not been reported in the governmental funds	(892,619)
Receivables that are measurable, but not available, are recorded as a deferred inflow of resources under the modified accrual basis of accounting	<u>11,983,368</u>
Net position of governmental activities	<u><u>\$ 702,544,375</u></u>

See accompanying notes to basic financial statements.



MISSION VIEJO

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CITY OF MISSION VIEJO

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

	General Fund	Developer Fees Fund	Grants Fund	Capital Projects Fund
REVENUES				
Taxes	\$ 65,420,963	\$ -	\$ -	\$ -
Licenses and permits	2,605,937	-	-	-
Intergovernmental	1,210,025	-	1,100,588	10,335,382
Charges for services	5,794,639	-	-	-
Investment earnings	2,347,496	789	17,710	126,251
Fines and forfeitures	736,147	-	-	-
Developer fees	-	1,451,799	-	-
Other	1,491,917	-	-	-
Total revenues	79,607,124	1,452,588	1,118,298	10,461,633
EXPENDITURES				
Current:				
General Government-Legislative	2,128,044	-	-	-
General Govt-Mgmt and Support	10,811,162	-	8,039	-
Public Safety	24,528,090	-	-	-
Community Development	3,388,144	-	172,036	-
Engineering & Transportation	2,453,587	-	-	32,503
Infrastructure Maintenance	23,786,502	-	59,705	-
Rec/Community/Library Services	6,499,930	-	195,405	-
Debt service:				
Principal retirement	345,752	-	-	-
Interest	30,578	-	-	-
Capital outlay:				
Engineering & Transportation	429,197	222,637	-	12,344,169
Infrastructure Maintenance	1,985,545	-	58,755	3,250
Rec/Community/Library Services	-	-	-	-
Total expenditures	76,386,531	222,637	493,940	12,379,922
Excess (deficiency) of revenues over expenditures	3,220,593	1,229,951	624,358	(1,918,289)
OTHER FINANCING SOURCES (USES)				
Transfers in (note 12)	2,747,674	-	-	-
Transfers out (note 12)	(3,224,617)	-	(692,825)	-
Acquisition of leases and subscriptions	345,116	-	-	-
Sales of City property	5,968	-	-	-
Total other financing sources (uses)	(125,859)	-	(692,825)	-
Net change in fund balances	3,094,734	1,229,951	(68,467)	(1,918,289)
Fund balances (deficits) - beginning	51,037,935	(1,433,966)	612,096	2,309,228
Fund balances (deficits) - ending	\$ 54,132,669	\$ (204,015)	\$ 543,629	\$ 390,939

See accompanying notes to basic financial statements.

Mission Viejo Housing Authority Fund	ARPA Fund	Total Nonmajor Funds	Totals	
			2024	2023
\$ -	\$ -	\$ 4,460,829	\$ 69,881,792	\$ 67,737,872
-	-	-	2,605,937	2,524,878
-	1,312,425	8,453,928	22,412,348	18,736,887
-	-	199,871	5,994,510	5,652,884
40,666	-	736,567	3,269,479	1,205,802
-	-	9,264	745,411	638,490
-	-	-	1,451,799	388,800
299,624	-	26,655	1,818,196	1,981,068
<u>340,290</u>	<u>1,312,425</u>	<u>13,887,114</u>	<u>108,179,472</u>	<u>98,866,681</u>
-	-	-	2,128,044	1,593,255
-	-	741,284	11,560,485	9,895,812
-	-	468,054	24,996,144	24,072,101
1,321,106	-	8,637	4,889,923	3,853,958
-	-	966,569	3,452,659	3,345,536
-	-	812,657	24,658,864	23,413,394
-	-	3,439,803	10,135,138	8,997,519
-	-	3,205,832	3,551,584	3,320,756
-	-	1,028,290	1,058,868	1,108,426
-	-	3,899,015	16,895,018	8,977,707
-	-	-	2,047,550	3,325,925
-	-	366,000	366,000	15,072
<u>1,321,106</u>	<u>-</u>	<u>14,936,141</u>	<u>105,740,277</u>	<u>91,919,461</u>
<u>(980,816)</u>	<u>1,312,425</u>	<u>(1,049,027)</u>	<u>2,439,195</u>	<u>6,947,220</u>
667,643	-	3,502,616	6,917,933	9,328,661
-	(1,312,425)	(2,449,202)	(7,679,069)	(10,104,787)
-	-	622,547	967,663	165,608
-	-	-	5,968	213,418
<u>667,643</u>	<u>(1,312,425)</u>	<u>1,675,961</u>	<u>212,495</u>	<u>(397,100)</u>
(313,173)	-	626,934	2,651,690	6,550,120
6,309,388	-	14,235,195	73,069,876	66,519,756
<u>\$ 5,996,215</u>	<u>\$ -</u>	<u>\$ 14,862,129</u>	<u>\$ 75,721,566</u>	<u>\$ 73,069,876</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, 2024

Net change in fund balances - total governmental funds	\$ 2,651,690
Amounts reported for governmental activities in the statement of activities are different different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	
Capital asset expenditures	13,898,270
Disposition of capital assets	(433)
Depreciation expense	(7,662,340)
Long-term debt and leases that have not been included in governmental fund activity	
Issuance of new debt	(967,663)
Principal payments	3,483,084
Premium and deferred refunding charge amortization	45,219
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds	
Current year interest expense	(238,583)
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.	
	(33,088)
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	(1,269,802)
OPEB related net adjustments	(170,740)
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>2,187,382</u>
Change in net position of governmental activities	<u>\$ 11,922,996</u>

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Proprietary Funds

Statement of Fund Net Position

June 30, 2024 (With Comparative Totals as of June 30, 2023)

	Business-type Activities			Totals	
	Golf Operations	Animal Services	Nonmajor	2024	2023
	Fund	Fund	Mission Viejo Television Fund		
ASSETS					
Current assets:					
Cash and investments	\$ 1,193,695	\$ 5,729,981	\$ 2,423,803	\$ 9,347,479	\$ 7,967,638
Accounts receivable	8,220	-	-	8,220	10,255
Taxes receivable	-	-	88,578	88,578	93,642
Interest receivable	2,716	-	-	2,716	-
Prepaid items	115	-	-	115	2,995
Intergovernmental receivable	-	-	-	-	61,037
Interfund receivables (note 3)	-	11,870	-	11,870	-
Inventories	-	-	-	-	52,287
Total current assets	1,204,746	5,741,851	2,512,381	9,458,978	8,187,854
Noncurrent assets:					
Lease receivable (note 9)	-	358,479	-	358,479	367,596
Capital assets, not depreciated (note 6)	10,858,322	561,377	-	11,419,699	11,083,377
Capital assets, depreciated, net (note 6)	1,442,645	1,438,068	12,336	2,893,049	3,112,218
Total noncurrent assets	12,300,967	2,357,924	12,336	14,671,227	14,563,191
Total assets	13,505,713	8,099,775	2,524,717	24,130,205	22,751,045
DEFERRED OUTFLOWS OF RESOURCES					
Pension related (note 18)	-	1,218,069	27,842	1,245,911	1,313,469
OPEB related (note 20)	-	50,565	2,445	53,010	51,813
Total deferred outflows of resources	-	1,268,634	30,287	1,298,921	1,365,282
Total assets and deferred outflows of resources	13,505,713	9,368,409	2,555,004	25,429,126	24,116,327
LIABILITIES					
Current liabilities:					
Accounts payable	539,402	68,844	6,567	614,813	483,254
Accrued payroll	-	94,826	289	95,115	72,176
Unearned revenues	15,771	2,108	-	17,879	4,638
Interest payable	13,385	-	-	13,385	14,037
Deposits payable	-	11,049	-	11,049	10,143
Intergovernmental payable	29	21,845	-	21,874	125,512
Interfund payable (note 3)	11,870	-	47,931	59,801	39,861
Interfund note payable (note 7)	837,441	-	-	837,441	879,599
Compensated absences payable - current (note 8)	-	161,241	5,992	167,233	156,292
Leases payable - current (note 8)	94,755	6,560	399	101,714	91,741
Total current liabilities	1,512,653	366,473	61,178	1,940,304	1,877,253
Noncurrent liabilities:					
Compensated absences payable (note 8)	-	45,088	-	45,088	63,492
Leases payable (note 8)	164,955	21,776	1,325	188,056	259,709
Net pension liability (note 18)	-	3,243,085	74,128	3,317,213	3,244,946
Net OPEB Liability (note 20)	-	4,665	220	4,885	16,271
Total noncurrent liabilities	164,955	3,314,614	75,673	3,555,242	3,584,418
Total liabilities	1,677,608	3,681,087	136,851	5,495,546	5,461,671
DEFERRED INFLOWS OF RESOURCES					
Lease related (note 9)	-	358,479	-	358,479	367,596
Pension related (note 18)	-	37,281	852	38,133	80,945
OPEB related (note 20)	-	23,748	1,164	24,912	4,429
Total deferred inflows of resources	-	419,508	2,016	421,524	452,970
Total liabilities and deferred inflows of resources	1,677,608	4,100,595	138,867	5,917,070	5,914,641
NET POSITION					
Net investment in capital assets	12,041,257	1,971,109	10,612	14,022,978	13,476,549
Unrestricted	(213,152)	3,296,705	2,405,525	5,489,078	4,725,137
Total net position	\$ 11,828,105	\$ 5,267,814	\$ 2,416,137	\$ 19,512,056	\$ 18,201,686

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Proprietary Funds

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

For the Year Ended June 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

	Business-type Activities			Totals	
	Golf Operations	Animal Services	Nonmajor	2024	2023
	Fund	Fund	Mission Viejo Television Fund		
OPERATING REVENUES					
Licenses and permits	\$ -	\$ 872,910	\$ -	\$ 872,910	\$ 867,853
Charges for services	4,966,006	1,931,211	13,322	6,910,539	6,172,287
Franchise fees	-	-	359,978	359,978	398,911
Fines and forfeitures	-	74,416	-	74,416	124,726
Other	-	722,735	-	722,735	92,885
Total operating revenues	4,966,006	3,601,272	373,300	8,940,578	7,656,662
OPERATING EXPENSES					
Personnel services	-	2,859,611	20,853	2,880,464	2,731,499
Supplies	1,086,496	245,775	17,208	1,349,479	1,297,279
Utilities	210,919	157,478	43,892	412,289	311,365
Contractual services	2,961,852	531,646	135,912	3,629,410	3,267,782
Rent	6,613	3,153	-	9,766	20,484
Depreciation (note 6)	214,810	126,997	28,374	370,181	346,270
Other expenses	42,222	15,442	511	58,175	67,026
Total operating expenses	4,522,912	3,940,102	246,750	8,709,764	8,041,705
Operating income (loss)	443,094	(338,830)	126,550	230,814	(385,043)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	12,987	233,518	100,215	346,720	103,327
Interest expense	(32,469)	-	-	(32,469)	(36,401)
Gain on disposal of property	4,169	-	-	4,169	588
Total nonoperating revenues (expenses)	(15,313)	233,518	100,215	318,420	67,514
Income (loss) before contributions and transfers	427,781	(105,312)	226,765	549,234	(317,529)
Transfers in (note 12)	-	761,136	-	761,136	974,834
Transfers out (note 12)	-	-	-	-	(198,708)
Change in net position	427,781	655,824	226,765	1,310,370	458,597
Total net position - beginning	11,400,324	4,611,990	2,189,372	18,201,686	17,743,089
Total net position - ending	\$ 11,828,105	\$ 5,267,814	\$ 2,416,137	\$ 19,512,056	\$ 18,201,686

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Proprietary Funds
Statement of Cash Flows

For the Year Ended June 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

	Business-type Activities - Enterprise Funds			Totals	
	Golf Operations	Animal Services	Nonmajor	2024	2023
	Fund	Fund	Mission Viejo Television Fund		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 4,981,201	\$ 3,572,627	\$ 378,364	\$ 8,932,192	\$ 7,634,852
Payments to suppliers	(4,145,829)	(941,718)	(189,745)	(5,277,292)	(5,443,219)
Payments to employees	-	(2,731,039)	(29,036)	(2,760,075)	(2,787,934)
Net cash provided (used) by operating activities	<u>835,372</u>	<u>(100,130)</u>	<u>159,583</u>	<u>894,825</u>	<u>(596,301)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers in	-	761,136	-	761,136	974,834
Cash transfers out	-	-	-	-	(198,708)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>761,136</u>	<u>-</u>	<u>761,136</u>	<u>776,126</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(383,900)	(101,220)	(2,214)	(487,334)	(493,775)
Proceeds on lease debt	-	36,395	2,214	38,609	-
Principal on debt paid	(133,898)	(8,059)	(490)	(142,447)	(129,961)
Interest on debt paid	(33,121)	-	-	(33,121)	(37,058)
Disposal of capital assets	4,169	-	-	4,169	588
Net cash provided (used) by capital and related financing activities	<u>(546,750)</u>	<u>(72,884)</u>	<u>(490)</u>	<u>(620,124)</u>	<u>(660,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	10,271	233,518	100,215	344,004	103,327
Net cash provided (used) by investing activities	<u>10,271</u>	<u>233,518</u>	<u>100,215</u>	<u>344,004</u>	<u>103,327</u>
Net increase (decrease) in cash and cash equivalents	<u>298,893</u>	<u>821,640</u>	<u>259,308</u>	<u>1,379,841</u>	<u>(377,054)</u>
Balances - beginning of year	894,802	4,908,341	2,164,495	7,967,638	8,344,692
Balances - end of the year	<u>\$ 1,193,695</u>	<u>\$ 5,729,981</u>	<u>\$ 2,423,803</u>	<u>\$ 9,347,479</u>	<u>\$ 7,967,638</u>

See accompanying notes to basic financial statements.

(Continued)

CITY OF MISSION VIEJO

Proprietary Funds
Statement of Cash Flows

For the Year Ended June 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

	Business-type Activities - Enterprise Funds			Totals	
	Golf Operations Fund	Animal Services Fund	Nonmajor Mission Viejo Television Fund	2024	2023
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income	\$ 443,094	\$ (338,830)	\$ 126,550	\$ 230,814	\$ (385,043)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	214,810	126,997	28,374	370,181	346,270
Changes in assets and liabilities:					
Deferred outflows-pension related	-	63,093	4,465	67,558	(898,550)
Deferred outflows-OPEB related	-	(1,151)	(46)	(1,197)	(35,785)
Deferred inflows-pension related	-	(41,673)	(1,139)	(42,812)	(1,090,707)
Deferred inflows-OPEB related	-	19,524	959	20,483	(62,192)
Deferred inflows-lease related	-	(9,117)	-	(9,117)	(8,821)
Net pension liability	-	77,953	(5,686)	72,267	1,990,916
Accounts receivable	2,035	-	-	2,035	36,922
Taxes Receivable	-	-	5,064	5,064	15,469
Intergovernmental receivable	-	61,037	-	61,037	(30,051)
Interfund receivable	-	(11,870)	-	(11,870)	650
Prepaid	(115)	2,995	-	2,880	242
Inventories	52,287	-	-	52,287	(24,101)
Lease receivable	-	9,117	-	9,117	8,821
Accounts payable	112,106	19,745	(292)	131,559	(504,477)
Accrued payroll	-	24,086	(1,147)	22,939	(70,077)
Deposits payable	-	906	-	906	(100)
Intergovernmental payable	(13,875)	(89,763)	-	(103,638)	(34,884)
Interfund payable	11,870	-	8,070	19,940	34,599
Unearned revenues	13,160	81	-	13,241	4,638
Accrued compensated absences	-	(2,407)	(5,056)	(7,463)	201
Net OPEB liability	-	(10,853)	(533)	(11,386)	109,759
Net cash provided (used) by operating activities	<u>\$ 835,372</u>	<u>\$ (100,130)</u>	<u>\$ 159,583</u>	<u>\$ 894,825</u>	<u>\$ (596,301)</u>

There are no significant noncash investing, capital or financing activities for the years June 30, 2024 and 2023.

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Fiduciary Fund

Statement of Fiduciary Net Position

June 30, 2024 (With Comparative Totals as of June 30, 2023)

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private-purpose Trust Fund	
	2024	2023
ASSETS		
Cash and investments	\$ 971,593	\$ 1,211,447
Prepaid items	13,810	15,190
Total assets	<u>985,403</u>	<u>1,226,637</u>
LIABILITIES		
Accounts payable	6,048	828
Intergovernmental payable-City	-	172,011
Total liabilities	<u>6,048</u>	<u>172,839</u>
NET POSITION		
Held in trust for former redevelopment obligations	979,355	1,053,798
Total net position	<u>\$ 979,355</u>	<u>\$ 1,053,798</u>

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

Fiduciary Fund

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private-purpose Trust Fund	
	2024	2023
ADDITIONS		
Revenues		
Taxes	\$ 1,869,421	\$ 1,964,392
Total additions	<u>1,869,421</u>	<u>1,964,392</u>
DEDUCTIONS		
Administrative expenses	191,712	234,084
Contribution to other governments	1,724,799	1,721,976
Other expenses	27,353	22,996
Total deductions	<u>1,943,864</u>	<u>1,979,056</u>
Change in net position	(74,443)	(14,664)
Net Position -- beginning of the year	1,053,798	1,068,462
Net Position -- end of the year	<u>\$ 979,355</u>	<u>\$ 1,053,798</u>

See accompanying notes to basic financial statements.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(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, the 2016 Lease Revenue Refunding Bonds and the 2021 Core Area Lease Revenue 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, 2024

(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, 2024

(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 balance, 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, 2024

(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, 2024

(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, 2024

(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, 2024. 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 programs and capital improvement projects.

Capital Projects Fund - This 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 transportation funds for road and bridge 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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

(c) Fund Classifications, (continued)

Mission Viejo Housing Authority Fund, (continued)

Additional resources are provided by the repayment of loans made for affordable housing construction and improvements.

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, which includes the golf course, clubhouse, maintenance yard, and slopes surrounding the golf course. Activities are funded by user fees, merchandise, event revenue 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 twelve special revenue funds: three major special revenue funds discussed above and nine nonmajor special revenue funds. The other funds account for financial resources related to gas tax, library operations, law enforcement grants, air quality, Project V, Building Homes & Jobs Act (SB2), Accessibility Compliance CASp, Federal Opioid Settlement and Coronavirus Aid, Relief, and Economic Security (CARES) Act Assistance. These specific revenues are legally restricted and expended for specific purposes.

Debt Service Funds - The City maintains a total of four nonmajor debt service funds. These funds account for the resources accumulated and payments made on long-term debt held by the Financing Authority.

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

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 providers.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

(c) Fund Classifications, (continued)

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.

(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 service, 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 quarterly 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 assets 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 liability. 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 assets 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

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

(e) Deferred Outflows/Inflows of Resources, (continued)

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 liability. The fourth item, lease related, is associated with the lease receivable from a ground lease agreement reported in the Animal Services Fund.

(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. Capital asset purchases are capitalized if they have an expected useful life of 2 years or more and based on the following thresholds:

<u>Asset Type</u>	<u>Cost</u>
Governmental Activities:	
Vehicles and library collection	\$25,000
Equipment, software, furniture	\$50,000
Buildings, building and park improvements, infrastructure, intangibles, SBITAs, land and rights of way	\$100,000

Capital asset purchases in Enterprise Funds are capitalized if acquisition cost is \$20,000 or greater.

Infrastructure assets are long-lived assets that normally are stationary and can be preserved for significantly more years than other capital assets. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, medians, parkways, trees and traffic signals. Intangible assets are assets that are not in physical form, including water rights. SBITA stands for Subscription Based Information Technology Arrangements.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method to depreciate all assets except land, rights of way, street infrastructure network and certain library materials. Land, rights of way and certain library materials are not depreciated. For the street infrastructure network, the City has elected to use the modified approach for recording capital assets. Under the modified approach, infrastructure assets that are part of a network or subsystem of a network are not required

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

(g) Capital Assets, (continued)

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 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.

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>Asset Type</u>	<u>Useful Life</u>
Buildings and improvements	32 years
Park improvements	15 years
Equipment, computers, furniture	5-7 years
Vehicles	3-5 years
Library Collection – Media	5 years
Library Collection – Print/Genealogy	10 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

(h) Compensated Absences

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

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

(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.

(j) Prepaid Items and Inventory

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.

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and the cost of such inventories is recorded as expenses when consumed rather than when purchased.

(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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

(l) Pension Plan, (continued)

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, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

(m) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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.

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, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

(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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

(n) Fair Value Measurements, (continued)

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.

(2) Cash and Investments

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 64,115,398
Restricted assets:	
Cash and cash investments for pensions	4,279,697
Cash and cash investments with fiscal agent	8,791,950
Fiduciary Fund Statement of Fiduciary Net Position:	
Cash and investments	971,593
Total cash and investments	<u>\$ 78,158,638</u>

Cash and investments at June 30, 2024, consisted of the following:

Cash on hand	\$ 6,556
Deposits with financial institutions	1,727,787
Investments	76,424,295
Total cash and investments	<u>\$ 78,158,638</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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(2) Cash and Investments, (continued)

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, 2024. 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:

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
Banker's Acceptances	180 days	40%	5% of total portfolio
Federally Insured Time Deposits	5 years	20%	Maximum covered under federal insurance
Collateralized Time Deposits	5 years	20%	N/A
Negotiable Certificates of Deposit	5 years	30%	5% of total portfolio
Certificate of Deposit Placement Service	5 years	30%	N/A
Repurchase Agreements	1 year	100%	N/A
Commercial Paper	270 days	25%	5% of total portfolio
Local Agency Investment Fund	N/A	\$65 million	N/A
Orange County Investment Pool	N/A	10%	N/A
California Asset Management Pool	5 years	15%	5% of market value of total assets in investment pool
Mutual Funds & Money Market Mutual Funds	N/A	20%	10% of total portfolio
Municipal Securities	5 years	30%	5% of total portfolio
Supranationals	5 years	30%	10% of total portfolio
Corporate Medium Term Notes	5 years	30%	5% 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, 2024

(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

CDA 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, 2024

(2) Cash and Investments, (continued)

Investments Authorized by Debt Agreements, (continued)

2021 Series A – Lease Revenue Bonds (Taxable), 2021 Series B – Lease Revenue Bonds (Tax-Exempt):

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Obligations	None	100%	None
Federal Housing Administration debentures	None	100%	None
U.S. Government Sponsored Entities (Farm Credit Banks, FHLB, FNMA, FHLMC FICO, REFCORP)	None	100%	None
Federal Funds, Certificates of Deposit, Time Deposits, Banker's Acceptances	30 Days	100%	None
Deposits (FDIC insured)	None	100%	None
Commercial Paper	270 Days	100%	None
Money Market Mutual Funds	None	100%	None
State Obligations	None	100%	None
Local Agency Investment Fund	N/A	100%	N/A
Repurchase Agreements	None	100%	None
Pre-refunded municipal obligations	None	100%	None
Investments Authorized in the City of Mission Viejo Investment Policy	None	100%	None

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 short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow 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. At June 30, 2024, the average modified duration of the City's portfolio was 1.34 compared to the Benchmark Index of 1.08.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(2) Cash and Investments, (continued)

Interest Rate Risk, (continued)

City of Mission Viejo:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
U.S. Treasury Notes/Bills	\$16,745,998	1.58
U.S. Government Sponsored Entities	3,921,547	1.75
Supranational Securities	734,434	1.08
Corporate Notes	11,485,548	2.11
Asset Backed Securities	3,933,556	1.43
Collateralized Mortgage Obligations	3,682,542	3.01
Municipal Bonds	410,440	3.72
Commercial Paper	535,855	0.46
Government Money Market Funds	831,606	-
Local Agency Investment Fund	13,889,099	-
California Asset Management Pool	7,077,419	-
	<u>\$63,248,044</u>	1.21

Section 115 Pension Trust:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
Municipal Bonds	\$1,387,580	1.59
Certificate of Deposit	2,500,000	0.33
	<u>\$3,887,580</u>	

Mission Viejo Housing Authority:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
Local Agency Investment Fund	\$496,721	-
	<u>\$496,721</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	\$8,791,950	-
	<u>\$8,791,950</u>	-

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(2) Cash and Investments, (continued)

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).

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/ A-1+*	Not Rated
U.S. Treasury Notes/Bills	\$16,745,998	N/A	\$16,396,203	\$ -	\$ -	\$349,795	\$ -
U.S. Government Sponsored Entities	3,921,547	N/A	3,921,547	-	-	-	-
Supranational Securities	734,434	AA	734,434	-	-	-	-
Corporate Notes	11,485,548	A	565,621	2,644,596	8,275,331	-	-
Asset Backed Securities	3,933,556	AA	3,933,556	-	-	-	-
Collateralized Mortgage Obligations	3,682,542	AA	3,682,542	-	-	-	-
Government Money Market Funds	831,606	AAA	831,606	-	-	-	-
Commercial Paper	535,855	A	-	-	535,855	-	-
Municipal Bonds	1,798,020	A	-	1,798,020	-	-	-
Certificate of Deposit	2,500,000	N/A	-	-	-	-	2,500,000
LAIF pool	14,385,820	N/A	-	-	-	-	14,385,820
CAMP pool	7,077,419	N/A	7,077,419	-	-	-	-
Held by Trustee:							
Government Money Market Funds	8,791,950	AAA	8,791,950	-	-	-	-
Total	\$76,424,295		\$45,934,878	\$4,442,616	\$8,811,186	\$349,795	\$16,885,820

* Aaa, Aa1, Aa2, Aa3, A1, A2 and A3 - Moody's Rating Service
AAA Standards & Poor Rating Service and Fitch Rating Service
A-1, 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, federal agency securities and external investment pools) that represent 5% or more of total portfolio investments (excluding investments held by trustee) at June 30, 2024.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(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. Policy requirements that would limit the exposure to custodial risk for deposits or investments, are 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, 2024, all 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 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 \$3.09 billion, which represent 1.74% of the total LAIF portfolio of \$178 billion as of June 30, 2024. 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 217 days.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(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 38 days at June 30,2024.

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, 2024:

Fair Value Hierarchy

	Investments not Subject to Fair Value Hierarchy	Level 1	Level 2	Level 3	Total
US Treasury Notes	\$ -	\$ -	\$16,745,998	\$ -	\$16,745,998
US Government Sponsored Entities	-	-	3,921,547	-	3,921,547
Supranationals	-	-	734,434	-	734,434
Corporate Notes	-	-	11,485,548	-	11,485,548
Asset Backed Securities	-	-	3,933,556	-	3,933,556
Collateralized Mortgage Obligations	-	-	3,682,542	-	3,682,542
Commercial Paper	-	-	535,855	-	535,855
Municipal Bonds	-	-	1,798,020	-	1,798,020
Certificate of Deposit	-	-	2,500,000	-	2,500,000
Government Money Market Funds	9,623,556	-	-	-	9,623,556
CAMP Pool	7,077,419	-	-	-	7,077,419
LAIF Pool	14,385,820	-	-	-	14,385,820
Total investments	\$31,086,795	\$ -	\$45,337,500	\$ -	\$76,424,295

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(3) Interfund Balances

Interfund balances at June 30, 2024 consisted of the following:

Payable Fund	Receivable Funds			Totals
	General	Housing Authority	Animal Services	
Developer Fees	\$ 208,981	\$ -	\$ -	\$ 208,981
Grants	14,888	37,959	-	52,847
Capital Projects	4,227,224	-	-	4,227,224
Housing Authority	1,073	-	-	1,073
Other Governmental	1,135,209	-	-	1,135,209
Golf Operations	-	-	11,870	11,870
Nonmajor MV Television	47,931	-	-	47,931
Totals	\$5,635,306	\$37,959	\$11,870	\$5,685,135

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 cash balance 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, 2024 was \$1,958,702. 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 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 was 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, 2024, 15 of these loans are still outstanding for a total balance of \$1,932,513 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, 2024

(6) Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Governmental activities:				
Capital assets, not depreciated/amortized:				
Land	\$ 57,328,277	\$ 58,798	\$ -	\$ 57,387,075
Library Collection				
Local History Collection	569	214	-	783
Rights of way	243,875,306	-	-	243,875,306
Construction in progress	7,943,612	11,402,945	(14,850)	19,331,707
Infrastructure - Street network:				
Streets	201,849,379	-	-	201,849,379
Total capital assets, not depreciated/amortized	510,997,143	11,461,957	(14,850)	522,444,250
Capital assets, being depreciated/amortized:				
Buildings and improvements	133,736,513	596,824	-	134,333,337
Park improvements	8,905,886	-	-	8,905,886
Equipment, Computers, Furniture	11,238,649	358,835	(29,425)	11,568,059
Vehicles	1,112,548	37,003	(117,844)	1,031,707
Lease Equipment, Furniture, Vehicles	290,424	473,492	(17,994)	745,922
Library Collection				
Media	36,869	25,358	(15)	62,212
Print	177,933	235,788	(472)	413,249
Special	-	2,190	-	2,190
Subscription arrangements (SBITAs)	469,873	499,888	-	969,761
Infrastructure - Street network:				
Curbs and gutters	34,198,184	-	-	34,198,184
Sidewalks	31,154,180	-	-	31,154,180
Roadway bridges	6,289,000	-	-	6,289,000
Traffic signals	11,497,859	-	-	11,497,859
Infrastructure - Medians Parkways network:				
Medians, Parkways, Trees	38,535,185	-	-	38,535,185
Infrastructure - Storm Drains network:				
Storm Drains	41,577,903	221,785	-	41,799,688
Water Rights	1,000,000	-	-	1,000,000
Total capital assets, being depreciated/amortized	\$ 320,221,006	\$ 2,451,163	\$(165,750)	\$322,506,419

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(6) Capital Assets, (continued)

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Governmental activities:				
Less accumulated depreciation/amortization for:				
Buildings and improvements	\$ (76,966,885)	\$ (4,087,867)	\$ -	\$ (81,054,752)
Park improvements	(2,145,202)	(589,553)	-	(2,734,755)
Equipment, Computers, Furniture	(10,120,013)	(401,943)	29,425	(10,492,531)
Vehicles	(944,085)	(50,114)	117,844	(876,355)
Lease Equipment, Furniture, Vehicles	(75,294)	(75,929)	17,994	(133,229)
Library Collection				
Media	(614)	(7,796)	3	(8,407)
Print	(1,483)	(19,758)	51	(21,190)
Special	-	(18)	-	(18)
Subscription arrangement (SBITA)	(125,304)	(175,290)	-	(300,594)
Infrastructure - Street network:				
Curbs and gutters	(14,872,451)	(456,823)	-	(15,329,274)
Sidewalks	(13,936,844)	(415,863)	-	(14,352,707)
Roadway bridges	(2,920,671)	(83,853)	-	(3,004,524)
Traffic signals	(9,835,171)	(134,630)	-	(9,969,801)
Infrastructure - Medians Parkways network:				
Medians, Parkways, Trees	(15,016,277)	(513,806)	-	(15,530,083)
Infrastructure - Storm Drains network:				
Storm Drains	(18,425,373)	(599,097)	-	(19,024,470)
Water Rights	(350,000)	(50,000)	-	(400,000)
Total accumulated depreciation/amortization	(165,735,667)	(7,662,340)	165,317	(173,232,690)
Total capital assets being depreciated/amortized, net	154,485,339	(5,211,177)	(433)	149,273,729
Governmental activities				
Capital assets, net	\$ 665,482,482	\$ 6,250,780	\$ (15,283)	\$ 671,717,979

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(6) Capital Assets, (continued)

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Business-type activities:				
Capital assets, not depreciated/amortized:				
Land	\$ 11,083,377	\$ -	\$ -	\$ 11,083,377
Construction in Progress	-	336,322	-	336,322
Total capital assets, not depreciated/amortized	11,083,377	336,322	-	11,419,699
Capital assets, being depreciated/amortized:				
Buildings	3,085,536	-	-	3,085,536
Improvements other than buildings	1,115,240	-	-	1,115,240
Park Improvements	606,505	-	-	606,505
Equipment, Computers, Furniture	650,654	47,576	(10,768)	687,462
Vehicles	486,114	64,825	-	550,939
Lease Equipment, Furniture and Vehicles	620,157	38,609	-	658,766
Total capital assets, being depreciated/amortized	6,564,206	151,010	(10,768)	6,704,448
Less accumulated depreciation/amortization for:				
Buildings	(1,620,113)	(96,105)	-	(1,716,218)
Improvements other than buildings	(438,380)	(37,732)	-	(476,112)
Park Improvements	(132,191)	(40,434)	-	(172,625)
Equipment, Computers, Furniture	(459,029)	(57,856)	10,768	(506,117)
Vehicles	(459,942)	(13,379)	-	(473,321)
Lease Equipment, Furniture and Vehicles	(342,331)	(124,675)	-	(467,006)
Total accumulated depreciation/amortization	(3,451,986)	(370,181)	10,768	(3,811,399)
Total capital assets being depreciated/amortized, net	3,112,220	(219,171)	-	2,893,049
Business-type activities				
Capital assets, net	\$ 4,195,597	\$ 117,151	\$ -	\$ 14,312,748

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(6) Capital Assets, (continued)

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

General Government – Management and Support	\$ 1,782,411
Public Safety	58,915
Engineering and Transportation	346,695
Infrastructure Maintenance	3,665,274
Recreation, Community and Library Services	<u>1,809,045</u>
Total	<u>\$ 7,662,340</u>

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

Golf Operations	\$ 214,810
Animal Services	126,997
Mission Viejo Television	<u>28,374</u>
Total	<u>\$ 370,181</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 Housing Authorities law and Redevelopment 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. The balance of the note at June 30, 2023 was \$1,573,000. On March 26, 2024 council approved the first amendment to the cooperation, purchase and sale agreement between the City and the Mission Viejo Housing Authority and the first amendment to promissory note related to the configuration of the Site C parcel and adjacent parcels. This first amendment replaces the 8.5 acres Site C parcel with the 12.62 acres Site 3 parcel and adjusted the original purchase price of \$6,900,000 to \$10,240,000 based on the increase in land purchased. The first amendment to the note modified the note amount due by the MVHA to the City by \$3,345,000. As of June 30, 2024, the loan balance is \$4,918,000.

On November 8, 2019, the City of Mission Viejo entered into an agreement to loan the Golf Operation 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 is secured by a deed of trust executed on October 22, 2019. The deed irrevocably grants, transfers and assigns all rights, title and interest now owned or later acquired in the real property in conjunction with rents, issues and profits. The loan will be repaid with 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, 2024 was \$837,441. 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, 2024

(8) Long-Term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2024 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	\$ 8,585,000	\$ -	\$(1,450,000)	\$7,135,000	\$1,495,000	\$5,640,000
1999 Series B bonds	7,347,326	-	-	7,347,326	-	7,347,326
2016 Refunding bonds	7,380,000	-	(905,000)	6,475,000	935,000	5,540,000
2016 Bond premium	590,832	-	(73,854)	516,978	73,854	443,124
2021 Series A Taxable bonds	12,530,000	-	(785,000)	11,745,000	795,000	10,950,000
2021 Series B Tax-exempt bonds	5,005,000	-	-	5,005,000	-	5,005,000
2021 Bond premium	659,999	-	(36,667)	623,332	36,667	586,665
Total bonds payable	<u>42,098,157</u>	<u>-</u>	<u>(3,250,521)</u>	<u>38,847,636</u>	<u>3,335,521</u>	<u>35,512,115</u>
Other liabilities:						
Net pension liability	21,696,989	1,459,962	-	23,156,951	-	23,156,951
Net OPEB Liability	355,516	-	(247,766)	107,750	-	107,750
Leases	203,242	467,775	(151,794)	519,223	136,524	382,699
Subscription arrangement (SBITA)	324,878	499,888	(191,289)	633,477	274,083	359,394
Compensated absences	2,192,844	1,575,489	(1,542,401)	2,225,932	1,361,531	864,401
Total other liabilities	<u>24,773,469</u>	<u>4,003,114</u>	<u>(2,133,250)</u>	<u>26,643,333</u>	<u>1,772,138</u>	<u>24,871,195</u>
Governmental activities						
Total Long-term liabilities	<u>\$66,871,626</u>	<u>\$4,003,114</u>	<u>\$(5,383,771)</u>	<u>\$65,490,969</u>	<u>\$5,107,659</u>	<u>\$60,383,310</u>
<u>Business-type Activities:</u>						
Other liabilities:						
Net pension liability	\$3,244,946	\$72,267	\$ -	\$3,317,213	\$ -	\$3,317,213
Net OPEB liability	16,271	-	(11,386)	4,885	-	4,885
Leases	351,451	38,609	(100,290)	289,770	101,714	188,056
Compensated absences	219,783	196,746	(204,208)	212,321	167,233	45,088
Business-type Activities						
Total Long-term liabilities	<u>\$3,832,451</u>	<u>\$307,622</u>	<u>\$(315,884)</u>	<u>\$3,824,189</u>	<u>\$268,947</u>	<u>\$3,555,242</u>

For governmental activities, compensated absences, net pension liability and 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, 2024

(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 former 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 Pacific Premier 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 \$735,000 to \$840,000. The amount of principal outstanding at June 30, 2024 is \$7,135,000.

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>
2025	\$ 1,495,000	\$ 226,035	\$ 1,721,035
2026	1,550,000	175,684	1,725,684
2027	1,595,000	123,497	1,718,497
2028	1,655,000	69,722	1,724,722
2029	<u>840,000</u>	<u>14,028</u>	<u>854,028</u>
	<u>\$ 7,135,000</u>	<u>\$ 608,966</u>	<u>\$ 7,743,966</u>

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(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 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. The amount of principal outstanding at June 30, 2024 is \$7,347,326. 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, 2024, the outstanding principal is \$7,347,326 and the unpaid interest is \$702,023.

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, 2024.

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, 2024

(8) Long-Term Liabilities, (continued)

Bonds, (continued)

CDFA 2016 Lease Revenue Refunding Bonds, (continued)

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

Year ending June 30,	Principal	Interest	Totals
2025	\$ 935,000	\$ 202,813	\$ 1,137,813
2026	970,000	165,412	1,135,412
2027	1,015,000	126,613	1,141,613
2028	850,000	97,613	947,613
2029	870,000	80,613	950,613
2030 - 2031	<u>1,835,000</u>	<u>66,737</u>	<u>1,901,737</u>
	<u>\$ 6,475,000</u>	<u>\$ 739,801</u>	<u>\$ 7,214,801</u>

2021 Series A Taxable Lease Revenue Bonds

On December 22, 2021, the Mission Viejo Community Development Financing Authority (Financing Authority) issued \$13,590,000 of 2021 Series A Taxable Lease Revenue Bonds to finance the costs of acquisition of real property located at 25282 Margarite Parkway in Mission Viejo and the costs of design and demolition and/or reconfiguration of the purchased real property as part of the Core Area Vision Plan Project.

On December 1, 2021 the Financing Authority and the City of Mission Viejo (City) entered into a lease agreement obligating the City to make base rental payments in consideration of the City's right to use and occupy the City's Library and the Montanoso Recreation and Fitness Center, which were used to secure the bonds. These base rental payments will be used to pay annual debt service. The interest rate on the bonds range from 0.679% to 3.233% and will mature on May 1, 2041. Principal payments are due every May 1 in amounts ranging from \$280,000 to \$825,000.

The amount of principal outstanding at June 30, 2024 is \$11,745,000.

Debt service requirements to maturity of the 2021 Series A Taxable Lease Revenue Bonds are as follows:

Year ending June 30,	Principal	Interest	Totals
2025	\$ 795,000	\$ 308,636	\$ 1,103,636
2026	805,000	297,387	1,102,387
2027	565,000	284,386	849,386
2028	575,000	274,227	849,227
2029	585,000	262,739	847,739
2030 - 2034	3,160,000	1,098,458	4,258,458
2035 - 2039	3,635,000	616,262	4,251,262
2040 - 2041	<u>1,625,000</u>	<u>79,208</u>	<u>1,704,208</u>
	<u>\$ 11,745,000</u>	<u>\$ 3,221,303</u>	<u>\$ 14,966,303</u>

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(8) Long-Term Liabilities, (continued)

Bonds, (continued)

2021 Series B Tax-Exempt Lease Revenue Bonds

On December 22, 2021, the Mission Viejo Community Development Financing Authority (Financing Authority) issued \$5,005,000 of 2021 Series B Tax-Exempt Lease Revenue Bonds to finance the costs of acquisition of real property located at 25282 Margarite Parkway in Mission Viejo and the costs of design and demolition and/or reconfiguration of the purchased real property as part of the Core Area Vision Plan Project.

On December 1, 2021 the Financing Authority and the City of Mission Viejo (City) entered into a lease agreement obligating the City to make base rental payments in consideration of the City's right to use and occupy the City's Library and the Montanoso Recreation and Fitness Center, which were used to secure the bonds. These base rental payments will be used to pay annual debt service. The interest rate on the bonds range from 3% to 4% and will mature on May 1, 2041. Principal payments are due every May 1 beginning May 1, 2027 in amounts ranging from \$255,000 to \$415,000.

The amount of principal outstanding at June 30, 2024 is \$5,005,000.

Debt service requirements to maturity of the 2021 Series B Tax Exempt Lease Revenue Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ -	\$ 176,950	\$ 176,950
2026	-	176,950	176,950
2027	255,000	176,950	431,950
2028	265,000	166,750	431,750
2029	275,000	156,150	431,150
2030 - 2034	1,540,000	607,550	2,147,550
2035 - 2039	1,850,000	296,550	2,146,550
2040 - 2041	<u>820,000</u>	<u>37,050</u>	<u>857,050</u>
	<u>\$ 5,005,000</u>	<u>\$ 1,794,900</u>	<u>\$ 6,799,900</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, 2024 that amount was \$807,614,556. As of June 30, 2024, the total outstanding debt applicable to the limit was \$0.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(8) Long-Term Liabilities, (continued)

Leases

Governmental Activities

On January 29, 2021, the City entered into a four-year lease agreement for three vehicles. The original lease liability for the vehicles was \$90,578. As of June 30, 2024, the value of the lease liability is \$21,646. The City is required to make monthly principal and interest payments of \$2,044. The value of the right-to-use-assets is \$90,578 and had an accumulated amortization of \$69,821 as of June 30, 2024.

On March 31, 2023, the City entered into a five-year lease agreement for a Chevrolet Silverado Truck. The original lease liability was \$56,967. As of June 30, 2024, the value of the lease liability is \$43,558. The City is required to make monthly principal and interest payments of \$1,109. The value of the right-to-use asset is \$61,809 and had an accumulated amortization of \$16,482 as of June 30, 2024.

On April 12, 2023, the City entered into a five-year lease agreement for a Chevrolet Silverado Truck. The original lease liability was \$54,666. As of June 30, 2024, the value of the lease liability is \$43,159. The City is required to make monthly principal and interest payments of \$1,084. The value of the right-to-use asset is \$59,997 and had an accumulated amortization of \$14,999 as of June 30, 2024.

On April 20, 2023, the City entered into a five-year lease agreement for a Chevrolet Silverado Truck. The original lease liability was \$54,715. As of June 30, 2023, the value of the lease liability is \$43,404. The City is required to make monthly principal and interest payments of \$1,085. The value of the right-to-use asset is \$60,047 and had an accumulated amortization of \$15,012 as of June 30, 2024.

On August 01, 2023, the City entered into a five-year lease agreement for a Dodge Ram Truck. The original lease liability was \$48,415. As of June 30, 2024, the value of the lease liability is \$40,653. The City is required to make monthly principal and interest payments of \$976. The value of the right-to-use asset is \$54,132 and had an accumulated amortization of \$9,924 as of June 30, 2024.

On February 28, 2024, the City entered into a five year lease agreement for the acquisition of personal computer equipment. The original lease liability was \$419,359 at 5.2% interest. The equipment has a five year estimated useful life and is pledged 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. As of June 30, 2024, the value of the lease liability is \$326,803. The value of the right-to use asset is \$419,359 and had accumulated amortization of \$6,989 as of June 30, 2024.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(8) Long-Term Liabilities, (continued)

Leases, (continued)

Governmental Activities, (continued)

The future principal and interest lease payments as of June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$136,524	\$30,225	\$166,749
2026	122,391	21,436	143,827
2027	129,553	14,010	143,563
2028	129,786	6,139	135,925
2029	969	6	975
Totals	<u>\$519,223</u>	<u>\$71,816</u>	<u>\$591,039</u>

Subscription-Based Information Technology Arrangements (SBITAs)

On April 1, 2021 the City entered into a five year non-cancellable subscription arrangement with Microsoft Enterprises for the right to use various Microsoft software applications with a liability value of \$469,873. The subscription term is from April 1, 2021 through March 31, 2026. Payments are to be made April 1 of each year. As of June 30, 2024, the subscription liability is \$172,257. The value of the right-to-use the asset is \$469,873 and had an accumulated amortization of \$250,608 as of June 30, 2024.

On January 1, 2024 the City entered into a five year non-cancellable subscription agreement with SirSiDynix for the right to use their software application with liability value of \$499,888. The subscription term is from January 1, 2024 through December 31, 2028. Payments are to be made January 1 of each year. As of June 30, 2024, the subscription liability is \$461,220. The value of the right-to-use the asset is \$499,888 and had an accumulated amortization of \$49,986 as of June 30, 2024.

The future principal and interest lease payments as of June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 274,083	\$ 23,793	\$ 297,876
2026	110,450	14,016	124,466
2027	119,623	9,709	129,332
2028	129,321	5,044	134,365
Totals	<u>\$ 633,477</u>	<u>\$ 52,562</u>	<u>\$ 686,039</u>

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(8) Long-Term Liabilities, (continued)

Leases, (continued)

Business-type Activities

On 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, 2024, the value of the lease liability is \$223,163. The City is required to make monthly principal and interest payments of \$6,107. The value of the right to-use-asset is \$474,058 and had an accumulated amortization of \$363,443 as of June 30, 2024.

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. 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, 2024, the value of the lease liability is \$36,547. The City is required to make quarterly principal and interest payments of \$7,396. The value of the right to-use-asset is \$146,099 and had an accumulated amortization of \$102,920 as of June 30, 2024.

On February 28, 2024, the City entered into a five year lease agreement for the acquisition of personal computer equipment. The original lease liability was \$38,609 at 5.2% interest. The equipment has a five year estimated useful life and is pledged 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. As of June 30, 2024, the value of the lease liability is \$30,060. The value of the right-to use asset is \$38,609 and had accumulated amortization of \$643 as of June 30, 2024.

The future minimum payment obligations and the net present value of these minimum payments for business-type activities as of June 30, 2024, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 101,714	\$ 9,681	\$ 111,395
2026	172,277	3,215	175,492
2027	7,702	822	8,524
2028	8,077	421	8,498
Totals	<u>\$ 289,770</u>	<u>\$ 14,139</u>	<u>\$ 303,909</u>

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(9) 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. On January 31, 2022 South Orange County Emergency Veterinary Group, Inc. assigned this lease to Pathways Vet Alliance LLC. The general terms and conditions will remain the same. The annual base rent is \$12,000 and is adjusted by CPI each year not to exceed 7% of annual rent. A discount rate of 3.36% is used to calculate the net present value of the lease receivable. The City recognized \$9,117 in lease revenue and \$17,558 in interest revenue during FY 2023/24 related to this lease. As of June 30, 2024, the City's receivable for lease payments is \$358,479.

Year ending June 30,	Principal	Interest	Totals
2025	\$ 9,423	\$ 12,045	\$ 21,468
2026	9,740	11,728	21,468
2027	10,067	11,401	21,468
2028	10,405	11,063	21,468
2029	10,755	10,713	21,468
2030 - 2034	59,444	47,896	107,340
2035 - 2039	70,123	37,217	107,340
2040 - 2044	82,724	24,616	107,340
2045 - 2049	<u>95,798</u>	<u>9,753</u>	<u>105,551</u>
	<u>\$ 358,479</u>	<u>\$ 176,432</u>	<u>\$ 534,911</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, 2024, 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, 2024

(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 includes deposits, prepaid items and long-term receivables since these amounts are in non-spendable form. Other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments would also be reported in this category.

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, 2024.

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, 2024 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 \$25 million.

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

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(11) Fund Balances, (continued)

Fund Balance Classifications:

Fund balances in the governmental funds at June 30, 2024 have been classified as follows:

	General	Developer Fees	Grants	Capital Projects	MV Housing	Nonmajor	Total Governmental Funds
Non Spendable:							
Prepaid items	\$ 77,151	\$ -	\$ -	\$ -	\$ -	\$ 7,738	\$ 84,889
Long term receivables	2,217	-	-	-	-	-	2,217
Deposits	430	-	-	-	-	-	430
Subtotal	79,798	-	-	-	-	7,738	87,536
Restricted for:							
Community development	-	-	-	-	5,996,215	1,246	5,997,461
Core Area Vision Plan project	-	-	-	-	-	6,517,966	6,517,966
Debt service	-	-	-	-	-	2,273,984	2,273,984
Engineering and transportation	867,038	-	-	390,939	-	5,874,697	7,132,674
Library operations	-	-	-	-	-	1,049,295	1,049,295
Public safety	-	-	1,905	-	-	300,548	302,453
Recreation	-	-	600,247	-	-	-	600,247
Pensions	7,093,992	-	-	-	-	-	7,093,992
Subtotal	7,961,030	-	602,152	390,939	5,996,215	16,017,736	30,968,072
Assigned to:							
Debt liabilities	3,200,000	-	-	-	-	-	3,200,000
Extreme events/disasters	4,400,000	-	-	-	-	-	4,400,000
Capital asset replacement	1,400,000	-	-	-	-	-	1,400,000
Capital projects	1,000,000	-	-	-	-	-	1,000,000
Subtotal	10,000,000	-	-	-	-	-	10,000,000
Unassigned	36,091,841	(204,015)	(58,523)	-	-	(1,163,345)	34,665,958
Totals	\$54,132,669	\$(204,015)	\$543,629	\$390,939	\$5,996,215	\$14,862,129	\$75,721,566

In May 2023, the City Council established the General Fund target reserve level at \$35 million for the 2023-25 budget cycle or 49 percent of 2022-23 projected General Fund revenues. The minimum level reserve was set at \$31.5 million and 44 percent. Reserves for the purpose of this calculation include amounts reported under assigned and unassigned fund balance.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(12) Interfund Transfers

Interfund transfers for the year ended June 30, 2024 consisted of the following:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$1,410,067
General Fund	Grants Fund	25,182
General Fund	American Rescue Plan Act Fund	1,312,425
Housing Authority	Grants Fund	667,643
Other Governmental Funds	General Fund	2,463,481
Other Governmental Funds	Other Governmental Funds	1,039,135
Animal Services Enterprise Fund	General Fund	761,136
		\$7,679,069

Transfers included in the accompanying financial statements are described as follows:

Transfers to Major Funds

Of the \$1,410,067 transferred out of Other Governmental Funds to the General Fund, \$1,122,606 was from the CDFA 1999 Mall Bonds Debt Service Fund for release of rolling reserves, \$201,476 was from the CDFA 2021 Lease Revenue Bonds Fund to fund Core Area project costs and \$85,806 was transferred from the Building Homes and Jobs Act (SB2) Fund to fund housing related activities expended in the General Fund but funded with SB2 resources. The balance of \$179 was a return of excess resources from the CDFA 2016 Lease Revenue Refunding Bonds trustee.

The \$25,182 transferred out of the Grants Fund to the General Fund was to fund indirect personnel costs expended in the General Fund for the Senior Transportation grant program.

Transfers of \$1,312,425 were made from the American Rescue Plan Act (ARPA) Fund to the General Fund to fund approved programs and projects using ARPA resources. The largest expenditures were used toward the Madrid Fore Playground Rehabilitation project.

The transfer of \$667,643 between the Grants Fund to the Housing Authority Fund was to transfer of CDBG grant resources to fund the purchase of an affordable housing property through an agreement with Families Forward.

Transfers of \$761,136 were made from General Fund to the Animal Services Fund representing Mission Viejo’s proportionate share of the net costs of the Animal Services operations.

Transfers to Nonmajor Funds

Of the \$2,463,481 transferred from the General Fund to Other Governmental Funds, \$1,143,762 was transferred to the CDFA 2016 Lease Revenue Refunding Bonds Fund and \$1,279,257 to the CDFA 2021 Core Area Lease Revenue Bonds Fund for payment of debt service, \$15,000 was transferred to the Library Operations Fund to provide funding to replace and upgrade facility components for energy efficiency and \$25,462 was transferred to the Federal Opioid Settlement Fund to reimburse non-eligible expenditures incurred in the prior year.

The \$1,039,135 transfer was made from the Mall Parking Lease Fund to the CDFA 1999 Mall Bonds Fund for debt service payments.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(13) Fund Deficits and Expenditures in Excess of Appropriations

The following funds reported deficits in fund balance as of June 30, 2024:

	<u>Deficit Balances</u>
Major Governmental Fund:	
Capital Projects Fund:	
Developer Fees Fund	\$(204,015)
Total	<u>\$(204,015)</u>
Non-major Governmental Funds:	
Special Revenue Funds:	
Project V	\$ (160,058)
Building Homes & Jobs Act (SB2)	(530,714)
CARES Act Assistance Fund	<u>(472,573)</u>
Total	<u>\$(1,163,345)</u>

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

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

The City of Mission Viejo is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 126 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. 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.

Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

Liability Program, (continued)

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$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 2023-24 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 through reinsurance policies, 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.

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 \$155,764,415. 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 \$84,425,648. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

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 2023-24.

(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 and Placentia has withdrawn. 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, Santa Ana 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, Santa Ana 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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(16) Construction and Other Significant Commitments

Construction and Other Project Commitments

The City has active construction projects as of June 30, 2024. The projects include various road and bridge improvements, improvements to park recreational facilities, water quality related improvements, and a project in coordination with the Santa Margarita Water District. At year end, the City commitments with contractors are as follows:

<u>Projects</u>	<u>Commitment</u>
La Paz Bridge Rehabilitation project	\$3,318,729
Oso Creek Water Reclamation Plan project	3,000,000
Lower Curtis Park	893,324
Marguerite Parkway Signal Synchronization	592,233
Core Area Vision Reinvestment	351,393
Felipe/Oso Intersection Improvement	324,837
World Cup Soccer Fields Security Lighting	324,725
Audible Pedestrian Push Button System	225,105

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$5,056,270
Developer Fees Capital Projects Fund	347,407
Grants Special Revenue Fund	258,377
Capital Projects Fund	4,387,903
Mission Viejo Housing Authority Fund	2,831
Nonmajor Governmental Funds	1,237,168
Golf Operations Fund	485
Animal Services Fund	102,359
Total	<u>\$11,392,800</u>

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(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 the maximum IRS limits, established at \$23,000 for 2024, until future years. Employees over age 50 may elect to defer up to an additional \$7,500 annually. Deferred compensation balances are not available to employees until termination, retirement, death, or unforeseeable emergency.

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, 2021 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 and the annual actuarial report can be found on the City's 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, 2024**

(18) Defined Benefit Pension Plan, (continued)

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

Benefits Provided, (continued)

The Plan’s provisions and benefits in effect at June 30, 2022 (valuation 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	52 – 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%	9.0%

Employees Covered

At June 30, 2022 (valuation date), the following employees were covered by the benefit terms:

	Miscellaneous
Retired members and beneficiaries	133
Transferred and terminated members	128
Active employees	150
	<u>411</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, 2024**

(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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the *2021 CalPERS Experience Study and Review of Actuarial Assumptions*. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Change of Assumptions

There were no significant changes in actuarial assumptions or policies in the 2022 actuarial valuation.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(18) Defined Benefit Pension Plan (continued)

B. Net Pension Liability, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

<u>Asset Class</u> ¹	<u>Current Target Allocation</u>	Real Return ^{1,2}
Global Equity – Cap-weighted	30.0%	4.54%
Global Equity – Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)
Total	<u>100.0%</u>	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2001 Asset Liability Management study.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(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: 06/30/2022	\$111,941,844	\$86,999,909	\$24,941,935
Changes Recognized for the Measurement Period:			
• Service Cost	2,341,003	-	2,341,003
• Interest on the Total Pension Liability	7,726,223	-	7,726,223
• Changes of Benefit Terms	93,326	-	93,326
• Changes of Assumptions	-	-	-
• Differences between Expected and Actual Experience	1,168,105	-	1,168,105
• Net Plan to Plan Resource Movement	-	-	-
• Contributions – Employer	-	3,317,621	(3,317,621)
• Contributions – Employees	-	1,159,967	(1,159,967)
• Net Investment Income	-	5,382,816	(5,382,816)
• Benefit Payments, including Refunds of Employee Contributions	(4,799,037)	(4,799,037)	-
• Administrative Expense	-	(63,976)	63,976
• Other Miscellaneous Income	-	-	-
Net changes during 2022-23	\$6,529,620	\$4,997,391	\$1,532,229
Balance at: 06/30/2023	\$118,471,464	\$91,997,300	\$26,474,164

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Miscellaneous Plan's Net Pension Liability/(Asset)	\$41,991,488	\$26,474,164	\$13,605,619

Subsequent Events

During the time period between the valuation date and the publication of this report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost of living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, CalPERS continues to believe the long-term price inflation assumption of 2.3% per annum is appropriate.

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 expected average remaining service lifetime (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, 2023 is 3.7 years, which was obtained by dividing the total service years of 1,521 (the sum of remaining service lifetimes of the active employees) by 411 (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, 2024**

(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, 2024, the City recognized pension expense of \$4,800,223.

The following table presents the deferred outflows and deferred inflows of resources related to pensions as of June 30, 2024.

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$1,437,607	\$ -
Difference between expected and actual experience	866,937	(304,339)
Contributions made after the measurement date	3,433,408	-
Net difference between projected and actual earnings on pension plan investments	4,205,467	-
Total	\$9,943,419	(\$304,339)

The City reported \$3,433,408 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, 2025.

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
2024	\$1,767,270
2025	1,239,887
2026	3,078,144
2027	120,371
Thereafter	-

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

(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, 2024, 131 active employees were eligible to participate in this plan. Required employer contributions were made during the year in the amount of \$104,641 and required employee contributions totaled \$117,660. At June 30, 2024, there is one retiree eligible to receive the City's contributions under this plan and there are twelve active employees enrolled in the plan who have attained 15 years of service.

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, 2024**

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

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

Employees Covered

As of the June 30, 2023 valuation date, the following current and former employees were covered by the benefit terms under the RIP plan:

Inactive employee or beneficiaries currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	-
Active plan members	142
	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 was overfunded through the June 30, 2021 valuation date and therefore, there were no cash contributions to the plan during fiscal years ended June 30, 2023. However, the valuation for June 30, 2023 reflects that the plan is underfunded, with assets less than the total OPEB liability by \$112,635. The City made a contribution to the plan during fiscal year ended June 30, 2024 in amount of \$224,000.

B. Net OPEB Liability

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age actuarial cost method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	6.75%
Mortality Rate Table	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Healthcare Trend Rate	4%

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.

CITY OF MISSION VIEJO

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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

B. Net OPEB Liability, (continued)

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

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

Asset Class	STRATEGY 1	
	% of Portfolio	Assumed Gross Return
All Equities	59.0%	7.545%
All Fixed Income	25.0%	4.250%
Real Estate Investment Trusts	8.0%	7.250%
Treasury Inflation Protected Securities	5.0%	3.000%
All Commodities	3.0%	7.545%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. 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 liability.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

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

B. Net OPEB Liability, (continued)

Change in the OPEB Liability

The changes in the net OPEB liability 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, 2022 <i>(Measurement Date)</i>	\$10,825,547	\$10,453,760	\$371,787
Changes recognized for the measurement period:			
Service cost	229,741	-	229,741
Interest on total OPEB liability	715,354	-	715,354
Expected investment income	-	685,895	(685,895)
Employer contributions	-	-	-
Benefit payments	(581,725)	(581,725)	-
Expected minus actual benefit payments	(103,440)	-	(103,440)
Experience gains/losses	(324,080)	-	(324,080)
Change in assumptions	(122,624)	-	(122,624)
Investment gains/(Losses)	-	(\$28,801)	28,801
Administrative expenses	-	(\$2,991)	2,991
Net Changes	(186,774)	72,378	(259,152)
Balance at June 30, 2023 <i>(Valuation and Measurement Date)</i>	\$10,638,773	\$10,526,138	\$112,635

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

The following presents the net OPEB liability 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, 2023:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability (Asset)	\$1,132,465	\$112,635	(\$759,454)

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

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

B. Net OPEB Liability, (continued)

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

The following presents the net OPEB liability 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, 2023:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	(\$40,244)	\$112,635	\$311,855

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 liability 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 remaining service lifetime (EARS�) of plan participants. Terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARS� quite short.

CITY OF MISSION VIEJO

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

(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, 2024, the City recognized OPEB expense of \$402,641. As of fiscal year ended June 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$153,993	(\$460,011)
Change in assumptions	97,842	(107,669)
Contributions made after the measurement date	224,000	-
Net difference between projected and actual earnings on OPEB plan investments	736,579	-
Total	\$1,212,414	(\$567,680)

The City reported \$244,000 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

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
2024	\$122,880
2025	52,664
2026	475,202
2027	(20,941)
2028	(51,395)
Thereafter	(157,676)



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	2022-23	2021-22
TOTAL PENSION LIABILITY		
Service Cost	\$ 2,341,003	\$ 2,362,197
Interest	7,726,223	7,291,393
Changes of Benefit Terms	93,326	-
Difference Between Expected and Actual Experience	1,168,105	(662,383)
Changes of Assumptions	-	3,128,909
Contributions	(4,799,037)	(4,405,980)
Net Change in Total Pension Liability	6,529,620	7,714,136
Total Pension Liability - Beginning	111,941,844	104,227,708
Total Pension Liability - Ending (a)	\$ 118,471,464	\$ 111,941,844
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 3,317,621	\$ 2,983,253
Contributions - Employee Paid Member Contributions	-	-
Contributions - Employee	1,159,967	1,072,896
Net Investment Income	5,382,816	(7,177,127)
Benefit Payments, Including Refunds of Employee Contributions	(4,799,037)	(4,405,980)
Net plan to plan resource movement	-	-
Administrative Expense	(63,976)	(58,921)
Other miscellaneous income/(expense)	-	-
Net Change in Fiduciary Net Position	4,997,391	(7,585,879)
Plan Fiduciary Net Position - Beginning	86,999,909	94,585,788
Plan Fiduciary Net Position - Ending (b)	\$ 91,997,300	\$ 86,999,909
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 26,474,164	\$ 24,941,935
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.65%	77.72%
Covered Payroll	\$ 12,748,436	\$ 11,507,609
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	207.67%	216.74%

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 Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefits terms.

Changes of Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
\$	2,143,848	\$ 2,131,318	\$ 2,097,550	\$ 2,057,205	\$ 2,034,934	\$ 1,906,461	\$ 1,891,776	\$ 2,063,288
	7,015,775	6,651,250	6,341,861	5,944,295	5,695,055	5,419,496	5,062,617	4,692,063
	-	-	-	-	-	-	-	-
	87,211	(733,731)	599,798	(732,035)	(914,327)	(96,499)	97,537	-
	-	-	-	(782,124)	4,804,274	-	(1,279,571)	-
	(3,965,403)	(3,590,210)	(3,200,691)	(2,921,541)	(2,560,608)	(2,383,616)	(2,016,686)	(1,724,113)
	5,281,431	4,458,627	5,838,518	3,565,800	9,059,328	4,845,842	3,755,673	5,031,238
	98,946,277	94,487,650	88,649,132	85,083,332	76,024,004	71,178,162	67,422,489	62,391,251
\$	104,227,708	\$ 98,946,277	\$ 94,487,650	\$ 88,649,132	\$ 85,083,332	\$ 76,024,004	\$ 71,178,162	\$ 67,422,489
\$	2,925,917	\$ 2,701,238	\$ 2,399,958	\$ 2,237,131	\$ 2,241,112	\$ 1,903,477	\$ 3,419,577	\$ 1,817,494
	-	-	-	-	-	-	-	231,856
	1,090,808	1,075,002	1,041,607	926,703	875,578	849,550	844,477	603,514
	17,503,543	3,673,367	4,510,644	5,343,289	6,319,062	321,400	1,182,775	7,701,208
	(3,965,403)	(3,590,210)	(3,200,691)	(2,921,541)	(2,560,608)	(2,383,616)	(2,016,686)	(1,724,113)
	-	-	-	(159)	-	-	-	-
	(77,026)	(103,408)	(48,990)	(98,717)	(83,505)	(34,069)	(62,955)	-
	-	-	159	(187,465)	-	-	-	-
	17,477,839	3,755,989	4,702,687	5,299,241	6,791,639	656,742	3,367,188	8,629,959
	77,107,949	73,351,960	68,649,273	63,350,032	56,558,393	55,901,651	52,534,463	43,904,504
\$	94,585,788	\$ 77,107,949	\$ 73,351,960	\$ 68,649,273	\$ 63,350,032	\$ 56,558,393	\$ 55,901,651	\$ 52,534,463
\$	9,641,920	\$ 21,838,328	\$ 21,135,690	\$ 19,999,859	\$ 21,733,300	\$ 19,465,611	\$ 15,276,511	\$ 14,888,026
	90.75%	77.93%	77.63%	77.44%	74.46%	74.40%	78.54%	77.92%
\$	11,671,149	\$ 11,849,760	\$ 11,453,278	\$ 10,903,806	\$ 10,655,987	\$ 10,308,528	\$ 10,342,493	\$ 10,114,661
	82.61%	184.29%	184.54%	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 2023-24	Fiscal Year 2022-23	Fiscal Year 2021-22
Actuarially Determined Contribution	\$ 3,422,667	\$ 3,320,082	\$ 2,988,806
Contributions in Relation to the Actuarially Determined Contribution	(3,422,667)	(3,320,082)	(2,988,806)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 13,619,410	\$ 12,748,436	\$ 11,507,609
Contributions as a Percentage of Covered Payroll	25.13%	26.04%	25.97%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were from the June 30, 2021 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method/Period	For details, see June 30, 2021 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
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. Mortality rates include 15 years of projected 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 2020-21	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
\$ 2,928,168	\$ 2,704,061	\$ 2,401,838	\$ 2,237,110	\$ 2,154,078	\$ 1,909,220	\$ 1,917,929
(2,928,168)	(2,704,061)	(2,401,838)	(2,237,110)	(2,154,078)	(1,909,220)	(3,417,929)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,500,000)
\$ 11,671,149	\$ 11,849,760	\$ 11,453,278	\$ 10,903,806	\$ 10,655,987	\$ 10,308,528	\$ 10,342,493
25.09%	22.82%	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	2022-23	2021-22
TOTAL OPEB LIABILITY/(ASSET)		
Service Cost	\$ 229,741	\$ 223,592
Interest	715,354	697,140
Experience Gain/Losses	(427,520)	(60,505)
Benefit Payments	(581,725)	(562,279)
Changes in Assumptions	(122,624)	-
Difference between actual and expected benefit payments	-	-
Net Change in Total OPEB Liability/(Asset)	(186,774)	297,948
Total OPEB Liability/(Asset) - Beginning	10,825,547	10,527,599
Total OPEB Liability/(Asset) - Ending (a)	<u>\$ 10,638,773</u>	<u>\$ 10,825,547</u>
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ -	\$ -
Net Investment Income	(28,801)	(2,480,669)
Expected investment income	685,895	835,745
Benefit Payments, Including Refunds of Employee Contributions	(581,725)	(562,279)
Actual minus expected benefit payments	-	-
Administrative Expense	(2,991)	(3,177)
Net Change in Fiduciary Net Position	72,378	(2,210,380)
Plan Fiduciary Net Position - Beginning	10,453,760	12,664,140
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,526,138</u>	<u>\$ 10,453,760</u>
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 112,635</u>	<u>\$ 371,787</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	98.94%	96.57%
Covered Employee Payroll	\$ 12,748,436	\$ 11,507,609
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	0.88%	3.23%
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 seven years are shown.

	2020-21	2019-20	2018-19	2017-18	2016-17
\$	133,207	\$ 129,642	\$ 139,782	\$ 136,041	\$ 132,400
	674,158	653,351	636,264	614,138	594,854
	249,995	-	(68,925)	-	-
	(508,938)	(466,507)	(440,130)	(427,689)	(496,836)
	164,556	-	-	-	-
	(8,142)	8,506	(17,769)	13,681	-
	704,836	324,992	249,222	336,171	230,418
	9,822,763	9,497,771	9,248,549	8,912,378	8,681,960
\$	10,527,599	\$ 9,822,763	\$ 9,497,771	\$ 9,248,549	\$ 8,912,378
\$	-	\$ -	\$ -	\$ 170,250	\$ 347,000
	2,112,695	(351,092)	(87,835)	102,004	946,200
	707,056	715,967	704,767	675,022	-
	(508,938)	(466,507)	(440,130)	(427,689)	(496,836)
	-	-	-	13,681	-
	(3,872)	(5,051)	(2,178)	(18,135)	(4,804)
	2,306,941	(106,683)	174,624	515,133	791,560
	10,357,199	10,463,882	10,289,258	9,774,125	8,982,565
\$	12,664,140	\$ 10,357,199	\$ 10,463,882	\$ 10,289,258	\$ 9,774,125
\$	(2,136,541)	\$ (534,436)	\$ (966,111)	\$ (1,040,709)	\$ (861,747)
	120.29%	105.44%	110.17%	111.25%	109.67%
\$	11,671,149	\$ 11,849,760	\$ 11,453,278	\$ 10,903,806	\$ 10,655,987
	-18.31%	-4.51%	-8.44%	-9.54%	-8.09%

CITY OF MISSION VIEJO

Required Supplementary Information Schedule of OPEB Contributions Last 10 Years*

	Fiscal Year 2023-24	Fiscal Year 2022-23
Actuarially Determined Contribution	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	224,000	-
Contribution Deficiency (Excess)	<u>\$ 224,000</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 13,619,410	\$ 12,748,436
Contributions as a Percentage of Covered Employee Payroll	-1.64%	0.00%

Notes to Schedule:

The actuarial methods and assumptions used to set contributions for Fiscal Year 2023-24 were from the June 30, 2022 actuarial valuation.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Asset. For details, see June 30, 2022 Funding Valuation Report.
Inflation	2.50%
Payroll Growth	2.75%
Investment Rate of Return	7% net of pension plan investment and administrative expenses; includes inflation.
Healthcare cost-trend rates	4.00%
Retirement Age	The probabilities of retirement are based on 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. Mortality rates include 15 years of project mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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

Fiscal Year 2021-22	Fiscal Year 2020-21	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18
\$ -	\$ -	\$ -	\$ -	\$ 227,000
-	-	-	-	(170,250)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,750</u>
\$ 11,507,609	\$ 11,671,149	\$ 11,849,760	\$ 11,453,278	\$ 10,903,806
0.00%	0.00%	0.00%	0.00%	1.56%

CITY OF MISSION VIEJO

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 64,524,485	\$ 64,577,696	\$ 65,420,963	\$ 843,267
Licenses and permits	2,795,904	2,394,804	2,605,937	211,133
Intergovernmental	458,335	751,799	1,210,025	458,226
Charges for services	4,541,683	4,901,365	5,794,639	893,274
Investment earnings	486,356	899,956	2,081,975	1,182,019
Fines and forfeitures	372,000	561,000	736,147	175,147
Other	866,091	1,663,894	1,491,917	(171,977)
Total revenues	<u>74,044,854</u>	<u>75,750,514</u>	<u>79,341,603</u>	<u>3,591,089</u>
EXPENDITURES				
Current:				
General Government-Legislative	761,983	2,174,098	2,128,044	46,054
General Govt-Mgmt and Support	10,739,612	12,118,014	10,811,100	1,306,914
Public Safety	25,382,049	24,723,466	24,528,090	195,376
Community Development	3,695,759	3,761,524	3,388,144	373,380
Engineering & Transportation	2,425,584	2,637,892	2,453,587	184,305
Infrastructure Maintenance	22,878,369	27,217,364	23,786,502	3,430,862
Rec/Community/Library Services	6,050,190	6,653,603	6,499,930	153,673
Total current	<u>71,933,546</u>	<u>79,285,961</u>	<u>73,595,397</u>	<u>5,690,564</u>
Debt service:				
Principal retirement	326,718	389,639	345,752	43,887
Interest	-	16,813	30,578	(13,765)
Total debt service	<u>326,718</u>	<u>406,452</u>	<u>376,330</u>	<u>30,122</u>
Capital outlay:				
Engineering & Transportation				
01756 La Paz RR Bridge Widening	-	923,700	393,925	529,775
20245 Lower Curtis Park	-	102,433	13,174	89,259
21248 Site 3 Grading	-	145,941	22,098	123,843
Infrastructure Maintenance				
21327 Bicycle Corridor Improvement Progm	-	3,850	3,250	600
22336 Core Area Vision Reinvestment PH-1	-	6,122,796	605,391	5,517,405
23334 Madrid Fore Playground Rehab	-	1,327,026	1,244,380	82,646
24339 World Cup Soccer Fields Security Light	400,000	400,000	64,479	335,521
24340 Crucero Park Playground Rehab	-	1,321,000	68,045	1,252,955
Total capital outlay	<u>400,000</u>	<u>10,346,746</u>	<u>2,414,742</u>	<u>7,932,004</u>
Total expenditures	<u>72,660,264</u>	<u>90,039,159</u>	<u>76,386,469</u>	<u>13,652,690</u>
Excess (deficiency) of revenues over expenditures	<u>1,384,590</u>	<u>(14,288,645)</u>	<u>2,955,134</u>	<u>17,243,779</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,122,606	4,969,597	2,747,674	(2,221,923)
Transfers out	(3,200,212)	(3,225,425)	(3,224,617)	808
Proceeds of lease debt	-	295,328	345,116	49,788
Gain on disposal of property	-	-	5,968	5,968
Total other financing sources (uses)	<u>(2,077,606)</u>	<u>2,039,500</u>	<u>(125,859)</u>	<u>(2,165,359)</u>
Net change in fund balances	(693,016)	(12,249,145)	2,829,275	15,078,420
Fund balances - beginning	44,209,402	44,209,402	44,209,402	-
Fund balances - ending	<u>\$ 43,516,386</u>	<u>\$ 31,960,257</u>	<u>\$ 47,038,677</u>	<u>\$ 15,078,420</u>
Reconciliation from Budgetary Basis to GAAP Basis:				
Net change in fund balances (budgetary basis)			\$ 2,829,275	
Adjustments:				
Activity of other funds combined into the general fund			265,459	
Net change in fund balance (GAAP basis)			<u>\$ 3,094,734</u>	

See notes to required supplementary information.

CITY OF MISSION VIEJO

Grants Fund

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,499,195	\$ 1,928,999	\$ 1,100,588	\$ (828,411)
Investment earnings	4,997	10,697	17,710	7,013
Total revenues	<u>1,504,192</u>	<u>1,939,696</u>	<u>1,118,298</u>	<u>(821,398)</u>
EXPENDITURES				
Current:				
General Govt-Mgmt and Support	7,694	9,007	8,039	968
Community Development	324,744	289,293	172,036	117,257
Infrastructure Maintenance	-	59,705	59,705	-
Rec/Community/Library Services	110,678	220,587	195,405	25,182
Total current	<u>443,116</u>	<u>578,592</u>	<u>435,185</u>	<u>143,407</u>
Capital outlay:				
Engineering & Transportation				
22249 Civic Center EV Charging Stations	-	54,042	-	54,042
23255 Audible Ped Push Button System	-	248,200	-	248,200
24257 Enhanced Pedestrian Safety Imp	249,390	249,390	-	249,390
Infrastructure Maintenance				
21327 Bicycle Corridor Improvement Progm	-	67,799	58,755	9,044
Total capital outlay	<u>249,390</u>	<u>619,431</u>	<u>58,755</u>	<u>560,676</u>
Total expenditures	<u>692,506</u>	<u>1,198,023</u>	<u>493,940</u>	<u>704,083</u>
Excess (deficiency) of revenues over expenditures	<u>811,686</u>	<u>741,673</u>	<u>624,358</u>	<u>(117,315)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(738,997)	(710,354)	(692,825)	17,529
Total other financing sources (uses)	<u>(738,997)</u>	<u>(710,354)</u>	<u>(692,825)</u>	<u>17,529</u>
Net change in fund balances	72,689	31,319	(68,467)	(99,786)
Fund balances - beginning	612,096	612,096	612,096	-
Fund balances - ending	<u>\$ 684,785</u>	<u>\$ 643,415</u>	<u>\$ 543,629</u>	<u>\$ (99,786)</u>

See notes to required supplementary information.

CITY OF MISSION VIEJO

Mission Viejo Housing Authority
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 5,000	\$ 16,465	\$ 40,666	\$ 24,201
Other	-	-	299,624	299,624
Total revenues	<u>5,000</u>	<u>16,465</u>	<u>340,290</u>	<u>323,825</u>
EXPENDITURES				
Current:				
Community Development	1,261,000	1,321,108	1,321,106	2
Total current	<u>1,261,000</u>	<u>1,321,108</u>	<u>1,321,106</u>	<u>2</u>
Capital outlay:				
Engineering & Transportation				
21248 Site 3 Grading	-	7,299	-	7,299
Total capital outlay	<u>-</u>	<u>7,299</u>	<u>-</u>	<u>7,299</u>
Total expenditures	<u>1,261,000</u>	<u>1,328,407</u>	<u>1,321,106</u>	<u>7,301</u>
Excess (deficiency) of revenues over expenditures	(1,256,000)	(1,311,942)	(980,816)	331,126
OTHER FINANCING SOURCES (USES)				
Transfers in	639,000	667,643	667,643	-
Total other financing sources (uses)	<u>639,000</u>	<u>667,643</u>	<u>667,643</u>	<u>-</u>
Net change in fund balances	(617,000)	(644,299)	(313,173)	331,126
Fund balances - beginning	6,309,388	6,309,388	6,309,388	-
Fund balances - ending	<u>\$ 5,692,388</u>	<u>\$ 5,665,089</u>	<u>\$ 5,996,215</u>	<u>\$ 331,126</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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 3,780,091	\$ 1,312,425	\$ (2,467,666)
Total revenues	-	3,780,091	1,312,425	(2,467,666)
Excess (deficiency) of revenues over expenditures	-	3,780,091	1,312,425	(2,467,666)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,780,091)	(1,312,425)	2,467,666
Total other financing sources (uses)	-	(3,780,091)	(1,312,425)	2,467,666
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

CITY OF MISSION VIEJO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2024

(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 broad program areas of: General Government (Legislative & Management and Support combined); Public Safety; Community Development; Engineering & Transportation and Infrastructure Maintenance combined; Golf Operations; and Recreation, Community, Library Services. 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.

Budgetary Basis of Accounting

The budgetary basis for the General Fund represents the legally adopted budget for the General Fund and excludes the activities of other funds that are combined into the General Fund for GAAP reporting. The budgetary comparison schedule for the General Fund includes a reconciliation from the net change in fund balance on a budgetary basis to the net change in fund balance on a GAAP basis. The net changes in this reconciliation includes the activity of the Section 115 Pension Trust Fund. This fund contributed \$265,459 to the net change in fund balance under GAAP.

CITY OF MISSION VIEJO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2024

(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, 2024

(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:	2020 Study	2022 Study	2024 Study
Arterials (MPAH)	Good	Good	Fair
Local/Residential	Very Good	Very Good	Very Good

The June 2024 study indicated that the current citywide weighted average Pavement Condition Index (PCI) is 82, which shows a slight decrease of two PCI points since the last update in 2022. Overall, 74.5% (by area) of the City’s road network is in the “Very Good” and “Good” condition categories, approximately 15.2% of the streets are in the “Fair” category and 10.3% are in the “Poor” or “Very Poor” categories.

CITY OF MISSION VIEJO

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

(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>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Needed	\$3,600,000	\$3,600,000	\$4,280,000	\$6,050,000	\$6,040,000
Actual	<u>1,437,530</u>	<u>3,620,995</u>	<u>5,334,163</u>	<u>3,982,187</u>	<u>5,311,217</u>
Difference	<u>\$(2,162,470)</u>	<u>\$ 20,995</u>	<u>\$1,054,163</u>	<u>\$(2,067,813)</u>	<u>\$ (728,783)</u>



MISSION VIEJO

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Supplementary Schedules

CITY OF MISSION VIEJO

**General Fund
Combining Balance Sheet
June 30, 2024**

	General Fund	115 Pension Trust Fund	Total
Assets			
Cash and investments	\$ 41,805,482	\$ -	\$ 41,805,482
Accounts receivable	461,710	-	461,710
Taxes receivable	5,422,267	-	5,422,267
Loans receivable	2,217	-	2,217
Interest receivable	428,818	18,152	446,970
Prepaid items	77,151	-	77,151
Deposits	430	-	430
Intergovernmental receivable	24,359	-	24,359
Interfund receivables	5,635,306	-	5,635,306
Notes receivable	-	2,796,143	2,796,143
Interfund note receivable	4,918,000	-	4,918,000
Restricted Assets:			
Cash and investment for pensions	-	4,279,697	4,279,697
Total assets	<u>\$ 58,775,740</u>	<u>\$ 7,093,992</u>	<u>\$ 65,869,732</u>
Liabilities			
Accounts payable	\$ 4,418,078	\$ -	\$ 4,418,078
Accrued payroll	592,457	-	592,457
Unearned revenues	228,902	-	228,902
Deposits payable	1,250,888	-	1,250,888
Intergovernmental payable	5,955	-	5,955
Other liabilities	19,800	-	19,800
Retainage payable	57,076	-	57,076
Total liabilities	<u>6,573,156</u>	<u>-</u>	<u>6,573,156</u>
Deferred Inflows of Resources			
Unavailable revenue	5,163,907	-	5,163,907
Total deferred inflows of resources	<u>5,163,907</u>	<u>-</u>	<u>5,163,907</u>
Total liabilities and deferred inflows of resources	<u>11,737,063</u>	<u>-</u>	<u>11,737,063</u>
FUND BALANCES			
Nonspendable	79,798	-	79,798
Pensions	-	7,093,992	7,093,992
Public Works	867,038	-	867,038
Assigned	10,000,000	-	10,000,000
Unassigned	36,091,841	-	36,091,841
Total fund balances	<u>47,038,677</u>	<u>7,093,992</u>	<u>54,132,669</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,775,740</u>	<u>\$ 7,093,992</u>	<u>\$ 65,869,732</u>

CITY OF MISSION VIEJO

General Fund

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024**

	General Fund	115 Pension Trust Fund	Total
REVENUES			
Taxes	\$ 65,420,963	\$ -	\$ 65,420,963
Licenses and permits	2,605,937	-	2,605,937
Intergovernmental	1,210,025	-	1,210,025
Charges for services	5,794,639	-	5,794,639
Investment earnings	2,081,975	265,521	2,347,496
Fines and forfeitures	736,147	-	736,147
Other	1,491,917	-	1,491,917
Total revenues	79,341,603	265,521	79,607,124
EXPENDITURES			
Current:			
General Government-Legislative	2,128,044	-	2,128,044
General Govt-Mgmt and Support	10,811,100	62	10,811,162
Public Safety	24,528,090	-	24,528,090
Community Development	3,388,144	-	3,388,144
Engineering & Transportation	2,453,587	-	2,453,587
Infrastructure Maintenance	23,786,502	-	23,786,502
Rec/Community/Library Services	6,499,930	-	6,499,930
Debt service:			
Principal retirement	345,752	-	345,752
Interest	30,578	-	30,578
Capital outlay:			
Engineering & Transportation	429,197	-	429,197
Infrastructure Maintenance	1,985,545	-	1,985,545
Total expenditures	76,386,469	62	76,386,531
Excess (deficiency) of revenues over expenditures	2,955,134	265,459	3,220,593
OTHER FINANCING SOURCES (USES)			
Transfers in	2,747,674	-	2,747,674
Transfers out	(3,224,617)	-	(3,224,617)
Proceeds of lease debt	345,116	-	345,116
Gain on disposal of property	5,968	-	5,968
Total other financing sources (uses)	(125,859)	-	(125,859)
Net change in fund balances	2,829,275	265,459	3,094,734
Fund balances - beginning	44,209,402	6,828,533	51,037,935
Fund balances - ending	\$ 47,038,677	\$ 7,093,992	\$ 54,132,669

CITY OF MISSION VIEJO

**Nonmajor Governmental Funds
Combining Governmental Balance Sheet
June 30, 2024**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 7,033,790	\$ -	\$ 7,033,790
Taxes receivable	81,482	-	81,482
Prepaid items	7,738	-	7,738
Intergovernmental receivable	2,051,395	-	2,051,395
Restricted Assets:			
Cash and investments with fiscal agents	-	8,791,950	8,791,950
Total assets	<u>\$ 9,174,405</u>	<u>\$ 8,791,950</u>	<u>\$ 17,966,355</u>
LIABILITIES			
Accounts payable	\$ 444,235	\$ -	\$ 444,235
Accrued payroll	102,632	-	102,632
Intergovernmental payable	1,780	-	1,780
Interfund payable	1,135,209	-	1,135,209
Retainage payable	257,025	-	257,025
Total liabilities	<u>1,940,881</u>	<u>-</u>	<u>1,940,881</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,163,345	-	1,163,345
Total deferred inflows of resources	<u>1,163,345</u>	<u>-</u>	<u>1,163,345</u>
Total liabilities and deferred inflows of resources	<u>3,104,226</u>	<u>-</u>	<u>3,104,226</u>
FUND BALANCES (DEFICITS)			
Nonspendable	7,738	-	7,738
Restricted for:			
Community development	1,246	-	1,246
Core Area Vision Plan capital project	-	6,517,966	6,517,966
Debt service	-	2,273,984	2,273,984
Engineering and transportation	5,874,697	-	5,874,697
Library services	1,049,295	-	1,049,295
Public safety	300,548	-	300,548
Unassigned	(1,163,345)	-	(1,163,345)
Total fund balances	<u>6,070,179</u>	<u>8,791,950</u>	<u>14,862,129</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,174,405</u>	<u>\$ 8,791,950</u>	<u>\$ 17,966,355</u>

CITY OF MISSION VIEJO

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2024

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 3,421,694	\$ 1,039,135	\$ 4,460,829
Intergovernmental	6,729,129	1,724,799	8,453,928
Charges for services	199,871	-	199,871
Investment earnings	296,665	439,902	736,567
Fines and forfeitures	9,264	-	9,264
Other	26,655	-	26,655
Total revenues	10,683,278	3,203,836	13,887,114
EXPENDITURES			
Current:			
General Govt-Mgmt and Support	741,284	-	741,284
Public Safety	468,054	-	468,054
Community Development	8,637	-	8,637
Engineering & Transportation	966,569	-	966,569
Infrastructure Maintenance	812,657	-	812,657
Rec/Community/Library Services	3,439,803	-	3,439,803
Debt service:			
Principal retirement	65,832	3,140,000	3,205,832
Interest	19,496	1,008,794	1,028,290
Capital outlay:			
Engineering & Transportation	3,899,015	-	3,899,015
Rec/Community/Library Services	366,000	-	366,000
Total expenditures	10,787,347	4,148,794	14,936,141
Excess (deficiency) of revenues over expenditures	(104,069)	(944,958)	(1,049,027)
OTHER FINANCING SOURCES (USES)			
Transfers in	40,462	3,462,154	3,502,616
Transfers out	(85,806)	(2,363,396)	(2,449,202)
Proceeds of lease debt	622,547	-	622,547
Total other financing sources (uses)	577,203	1,098,758	1,675,961
Net change in fund balances	473,134	153,800	626,934
Fund balances - beginning	5,597,045	8,638,150	14,235,195
Fund balances - ending	\$ 6,070,179	\$ 8,791,950	\$ 14,862,129



MISSION VIEJO

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CITY OF MISSION VIEJO

NONMAJOR SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2024

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 2103, 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.

PROJECT V – This fund is used to account for funding provided by OCTA for the Community Based Transit Circulator Program for local transit services. These resources are used toward the operation of the Mission Viejo Shuttle.

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.

ACCESSIBILITY COMPLIANCE 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.

FEDERAL OPIOID SETTLEMENT – This fund is used to account for the settlement payments received under the national settlement agreements with opioid manufacturers and distributors. Funds are required to be used toward opioid remediation efforts.

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 and federal funding under the Federal Emergency Management Agency (FEMA).

CITY OF MISSION VIEJO

**Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2024**

	Gas Tax Fund	Library Operations Fund	Law Enforcement Grants Fund	Air Quality Fund
ASSETS				
Cash and investments	\$ 4,855,827	\$ 1,175,928	\$ 275,720	\$ 680,329
Taxes receivable	-	40,582	-	40,900
Prepaid items	-	7,738	-	-
Intergovernmental receivable	888,050	-	-	-
Total assets	<u>\$ 5,743,877</u>	<u>\$ 1,224,248</u>	<u>\$ 275,720</u>	<u>\$ 721,229</u>
LIABILITIES				
Accounts payable	\$ 332,184	\$ 65,783	\$ 18,128	\$ -
Accrued payroll	1,200	101,432	-	-
Intergovernmental payable	-	-	-	-
Interfund payable	-	-	-	-
Retainage payable	257,025	-	-	-
Total liabilities	<u>590,409</u>	<u>167,215</u>	<u>18,128</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>590,409</u>	<u>167,215</u>	<u>18,128</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	7,738	-	-
Restricted for:				
Community development	-	-	-	-
Engineering and transportation	5,153,468	-	-	721,229
Library services	-	1,049,295	-	-
Public safety	-	-	257,592	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>5,153,468</u>	<u>1,057,033</u>	<u>257,592</u>	<u>721,229</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,743,877</u>	<u>\$ 1,224,248</u>	<u>\$ 275,720</u>	<u>\$ 721,229</u>

Project V Fund	Building Homes & Jobs Act (SB2) Fund	Accessibility Compliance CASp Fund	Federal Opioid Settlement	CARES Act Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 3,030	\$ 42,956	\$ -	\$ 7,033,790
-	-	-	-	-	81,482
-	-	-	-	-	7,738
160,058	530,714	-	-	472,573	2,051,395
<u>\$ 160,058</u>	<u>\$ 530,714</u>	<u>\$ 3,030</u>	<u>\$ 42,956</u>	<u>\$ 472,573</u>	<u>\$ 9,174,405</u>
\$ -	\$ 28,136	\$ 4	\$ -	\$ -	\$ 444,235
-	-	-	-	-	102,632
-	-	1,780	-	-	1,780
160,058	502,578	-	-	472,573	1,135,209
-	-	-	-	-	257,025
<u>160,058</u>	<u>530,714</u>	<u>1,784</u>	<u>-</u>	<u>472,573</u>	<u>1,940,881</u>
<u>160,058</u>	<u>530,714</u>	<u>-</u>	<u>-</u>	<u>472,573</u>	<u>1,163,345</u>
<u>160,058</u>	<u>530,714</u>	<u>-</u>	<u>-</u>	<u>472,573</u>	<u>1,163,345</u>
<u>320,116</u>	<u>1,061,428</u>	<u>1,784</u>	<u>-</u>	<u>945,146</u>	<u>3,104,226</u>
-	-	-	-	-	7,738
-	-	1,246	-	-	1,246
-	-	-	-	-	5,874,697
-	-	-	-	-	1,049,295
-	-	-	42,956	-	300,548
(160,058)	(530,714)	-	-	(472,573)	(1,163,345)
<u>(160,058)</u>	<u>(530,714)</u>	<u>1,246</u>	<u>42,956</u>	<u>(472,573)</u>	<u>6,070,179</u>
<u>\$ 160,058</u>	<u>\$ 530,714</u>	<u>\$ 3,030</u>	<u>\$ 42,956</u>	<u>\$ 472,573</u>	<u>\$ 9,174,405</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, 2024

	Gas Tax Fund	Library Operations Fund	Law Enforcement Grants Fund	Air Quality Fund
REVENUES				
Taxes	\$ -	\$ 3,421,694	\$ -	\$ -
Intergovernmental	5,005,439	286,119	265,914	133,544
Charges for services	-	194,617	-	-
Investment earnings	204,521	67,864	7,401	16,680
Fines and forfeitures	-	9,264	-	-
Other	-	9,360	-	-
Total revenues	<u>5,209,960</u>	<u>3,988,918</u>	<u>273,315</u>	<u>150,224</u>
EXPENDITURES				
Current:				
General Govt-Mgmt and Support	1,829	708,538	-	1,527
Public Safety	66,430	-	224,436	-
Community Development	-	-	-	-
Engineering & Transportation	674,042	-	-	-
Infrastructure Maintenance	137,938	674,719	-	-
Rec/Community/Library Services	-	3,439,803	-	-
Debt service:				
Principal retirement	-	65,832	-	-
Interest	-	19,496	-	-
Capital outlay:				
Engineering & Transportation	3,899,015	-	-	-
Rec/Community/Library Services	-	366,000	-	-
Total expenditures	<u>4,779,254</u>	<u>5,274,388</u>	<u>224,436</u>	<u>1,527</u>
Excess (deficiency) of revenues over expenditures	<u>430,706</u>	<u>(1,285,470)</u>	<u>48,879</u>	<u>148,697</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,000	-	-
Transfers out	-	-	-	-
Acquisition of leases and subscriptions	-	622,547	-	-
Total other financing sources (uses)	<u>-</u>	<u>637,547</u>	<u>-</u>	<u>-</u>
Net change in fund balances	430,706	(647,923)	48,879	148,697
Fund balances (deficits) - beginning	4,722,762	1,704,956	208,713	572,532
Fund balances (deficits) - ending	<u>\$ 5,153,468</u>	<u>\$ 1,057,033</u>	<u>\$ 257,592</u>	<u>\$ 721,229</u>

Project V Fund	Building Homes & Jobs Act (SB2) Fund	Accessibility Compliance CASp Fund	Federal Opioid Settlement Fund	CARES Act Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,421,694
406,863	631,250	-	-	-	6,729,129
-	-	5,254	-	-	199,871
-	-	-	199	-	296,665
-	-	-	-	-	9,264
-	-	-	17,295	-	26,655
<u>406,863</u>	<u>631,250</u>	<u>5,254</u>	<u>17,494</u>	<u>-</u>	<u>10,683,278</u>
-	29,390	-	-	-	741,284
-	177,188	-	-	-	468,054
-	3,229	5,408	-	-	8,637
292,527	-	-	-	-	966,569
-	-	-	-	-	812,657
-	-	-	-	-	3,439,803
-	-	-	-	-	65,832
-	-	-	-	-	19,496
-	-	-	-	-	3,899,015
-	-	-	-	-	366,000
<u>292,527</u>	<u>209,807</u>	<u>5,408</u>	<u>-</u>	<u>-</u>	<u>10,787,347</u>
<u>114,336</u>	<u>421,443</u>	<u>(154)</u>	<u>17,494</u>	<u>-</u>	<u>(104,069)</u>
-	-	-	25,462	-	40,462
-	(85,806)	-	-	-	(85,806)
-	-	-	-	-	622,547
<u>-</u>	<u>(85,806)</u>	<u>-</u>	<u>25,462</u>	<u>-</u>	<u>577,203</u>
114,336	335,637	(154)	42,956	-	473,134
(274,394)	(866,351)	1,400	-	(472,573)	5,597,045
<u>\$ (160,058)</u>	<u>\$ (530,714)</u>	<u>\$ 1,246</u>	<u>\$ 42,956</u>	<u>\$ (472,573)</u>	<u>\$ 6,070,179</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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,988,867	\$ 4,787,941	\$ 5,005,439	\$ 217,498
Investment earnings	31,735	68,828	204,521	135,693
Total revenues	<u>5,020,602</u>	<u>4,856,769</u>	<u>5,209,960</u>	<u>353,191</u>
EXPENDITURES				
Current:				
General Govt-Mgmt and Support	2,414	2,414	1,829	585
Public Safety	66,430	66,430	66,430	-
Engineering & Transportation	717,000	718,362	674,042	44,320
Infrastructure Maintenance	-	150,000	137,938	12,062
Total current	<u>785,844</u>	<u>937,206</u>	<u>880,239</u>	<u>56,967</u>
Capital outlay:				
Engineering & Transportation				
01756 La Paz RR Bridge Widening	-	1,582,546	1,056,446	526,100
19240 Los Alisos TSSP	-	23,272	1,067	22,205
20241 Catch Basin Debris Screens	-	398	398	-
20242 I-5 Sound Wall Madrid Fore - MVHS	-	1,527,583	15,287	1,512,296
20245 Lower Curtis Park	-	592,883	38,687	554,196
22251 Via Escolar Pavement Rehab	-	3,813	3,813	-
24256 Catch Basin Debris Screens -N. El Toro	45,000	45,000	44,327	673
24836 Sidewalk Repair and Replacement	10,000	68,089	-	68,089
24837 23/24 Arterial Hwy	2,000,000	1,582,605	425,711	1,156,894
24838 23/24 Residential Resurfacing	1,601,367	2,761,027	2,313,279	447,748
Total capital outlay	<u>3,656,367</u>	<u>8,187,216</u>	<u>3,899,015</u>	<u>4,288,201</u>
Total expenditures	<u>4,442,211</u>	<u>9,124,422</u>	<u>4,779,254</u>	<u>4,345,168</u>
Net change in fund balances	578,391	(4,267,653)	430,706	4,698,359
Fund balances - beginning	4,722,762	4,722,762	4,722,762	-
Fund balances - ending	<u>\$ 5,301,153</u>	<u>\$ 455,109</u>	<u>\$ 5,153,468</u>	<u>\$ 4,698,359</u>

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,365,542	\$ 3,389,942	\$ 3,421,694	\$ 31,752
Intergovernmental	194,500	264,400	286,119	21,719
Charges for services	265,000	257,500	194,617	(62,883)
Investment earnings	14,745	17,500	67,864	50,364
Fines and forfeitures	-	9,000	9,264	264
Other	5,000	5,000	9,360	4,360
Total revenues	3,844,787	3,943,342	3,988,918	45,576
EXPENDITURES				
Current:				
General Govt-Mgmt and Support	213,515	719,018	708,538	10,480
Infrastructure Maintenance	516,801	674,719	674,719	-
Rec/Community/Library Services	3,360,705	3,450,603	3,439,803	10,800
Total current	4,091,021	4,844,340	4,823,060	21,280
Debt service:				
Principal retirement	-	65,832	65,832	-
Interest	-	19,496	19,496	-
Total debt service	-	85,328	85,328	-
Capital outlay:				
Rec/Community/Library Services				
23335 Library Roof underlay replacement	-	460,928	366,000	94,928
Total capital outlay	-	460,928	366,000	94,928
Total expenditures	4,091,021	5,390,596	5,274,388	116,208
Excess (deficiency) of revenues over expenditures	(246,234)	(1,447,254)	(1,285,470)	161,784
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	-
Issuance of lease debt	-	622,547	622,547	-
Total other financing sources (uses)	15,000	637,547	637,547	-
Net change in fund balances	(231,234)	(809,707)	(647,923)	161,784
Fund balances - beginning	1,704,956	1,704,956	1,704,956	-
Fund balances - ending	\$ 1,473,722	\$ 895,249	\$ 1,057,033	\$ 161,784

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 220,000	\$ 225,000	\$ 265,914	\$ 40,914
Investment earnings	1,861	1,861	7,401	5,540
Total revenues	<u>221,861</u>	<u>226,861</u>	<u>273,315</u>	<u>46,454</u>
EXPENDITURES				
Current:				
Public Safety	220,000	225,000	224,436	564
Total current	220,000	225,000	224,436	564
Total expenditures	<u>220,000</u>	<u>225,000</u>	<u>224,436</u>	<u>564</u>
Net change in fund balances	1,861	1,861	48,879	47,018
Fund balances - beginning	208,713	208,713	208,713	-
Fund balances - ending	<u>\$ 210,574</u>	<u>\$ 210,574</u>	<u>\$ 257,592</u>	<u>\$ 47,018</u>

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 133,544	\$ 13,544
Investment earnings	5,598	9,504	16,680	7,176
Total revenues	125,598	129,504	150,224	20,720
EXPENDITURES				
Current:				
General Govt-Mgmt and Support	1,650	1,650	1,527	123
Total current	1,650	1,650	1,527	123
Capital outlay:				
Engineering & Transportation				
22249 Civic Center EV Charging Stations	-	63,000	-	63,000
22251 Via Escolar Pavement Rehab	-	94,500	-	94,500
23254 Crown Valley Pkwy TSSP	-	174,450	-	174,450
24260 Marguerite Parkway Signal Synch	449,398	449,398	-	449,398
24261 Irvine Blvd/Trabuco Rd Signal Synch	25,020	25,020	-	25,020
Total capital outlay	474,418	806,368	-	806,368
Total expenditures	476,068	808,018	1,527	806,491
Net change in fund balances	(350,470)	(678,514)	148,697	827,211
Fund balances - beginning	572,532	572,532	572,532	-
Fund balances (deficit) - ending	\$ 222,062	\$ (105,982)	\$ 721,229	\$ 827,211

CITY OF MISSION VIEJO

Project V Fund

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 312,000	\$ 312,000	\$ 406,863	\$ 94,863
Total revenues	<u>312,000</u>	<u>312,000</u>	<u>406,863</u>	<u>94,863</u>
EXPENDITURES				
Current:				
Engineering & Transportation	312,000	312,000	292,527	19,473
Total current	<u>312,000</u>	<u>312,000</u>	<u>292,527</u>	<u>19,473</u>
Total expenditures	<u>312,000</u>	<u>312,000</u>	<u>292,527</u>	<u>19,473</u>
Net change in fund balances	-	-	114,336	114,336
Fund balances (deficits) - beginning	(274,394)	(274,394)	(274,394)	-
Fund balances (deficits) - ending	<u>\$ (274,394)</u>	<u>\$ (274,394)</u>	<u>\$ (160,058)</u>	<u>\$ 114,336</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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 353,526	\$ 353,526	\$ 631,250	\$ 277,724
Total revenues	<u>353,526</u>	<u>353,526</u>	<u>631,250</u>	<u>277,724</u>
EXPENDITURES				
Current:				
General Govt-Mgmt and Support	-	29,390	29,390	-
Public Safety	353,526	309,049	177,188	131,861
Community Development	-	3,229	3,229	-
Total current	<u>353,526</u>	<u>341,668</u>	<u>209,807</u>	<u>131,861</u>
Total expenditures	<u>353,526</u>	<u>341,668</u>	<u>209,807</u>	<u>131,861</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>11,858</u>	<u>421,443</u>	<u>409,585</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(85,806)	(85,806)	-
Total other financing sources (uses)	<u>-</u>	<u>(85,806)</u>	<u>(85,806)</u>	<u>-</u>
Net change in fund balances	-	(73,948)	335,637	409,585
Fund balances (deficits) - beginning	(866,351)	(866,351)	(866,351)	-
Fund balances (deficits) - ending	<u>\$ (866,351)</u>	<u>\$ (940,299)</u>	<u>\$ (530,714)</u>	<u>\$ 409,585</u>

CITY OF MISSION VIEJO

Accessibility Compliance CASp Fund

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 6,000	\$ 6,000	\$ 5,254	\$ (746)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>5,254</u>	<u>(746)</u>
EXPENDITURES				
Current:				
Community Development	-	5,408	5,408	-
Total current	-	5,408	5,408	-
Total expenditures	<u>-</u>	<u>5,408</u>	<u>5,408</u>	<u>-</u>
Net change in fund balances	6,000	592	(154)	(746)
Fund balances - beginning	\$ 1,400	\$ 1,400	\$ 1,400	\$ -
Fund balances - ending	<u>\$ 7,400</u>	<u>\$ 1,992</u>	<u>\$ 1,246</u>	<u>\$ (746)</u>

CITY OF MISSION VIEJO

Federal Opioid Settlement Fund

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 199	\$ 199
Other	23,303	23,303	17,295	(6,008)
Total revenues	<u>23,303</u>	<u>23,303</u>	<u>17,494</u>	<u>(5,809)</u>
EXPENDITURES				
Current:				
Public Safety	23,303	23,303	-	23,303
Total current	23,303	23,303	-	23,303
Total expenditures	<u>23,303</u>	<u>23,303</u>	<u>-</u>	<u>23,303</u>
Excess (deficiency) of revenues over expenditures	-	-	17,494	17,494
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,462	25,462
Total other financing sources (uses)	-	-	25,462	25,462
Net change in fund balances	-	-	42,956	42,956
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,956</u>	<u>\$ 42,956</u>

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances (deficits) - beginning	(472,573)	(472,573)	(472,573)	-
Fund balances (deficits) - ending	<u>\$ (472,573)</u>	<u>\$ (472,573)</u>	<u>\$ (472,573)</u>	<u>\$ -</u>

CITY OF MISSION VIEJO

NONMAJOR DEBT SERVICE FUNDS YEAR ENDED JUNE 30, 2024

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.

CDF 2021 CORE AREA LEASE REVENUE BONDS - To account for the resources from and the payment of the CDF 2021 Core Area Lease Revenue Bonds.

CITY OF MISSION VIEJO

**Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2024**

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	CDFA 2021 Lease Revenue Bonds Fund	Total Nonmajor Debt service funds
Assets					
Restricted Assets:					
Cash and investments with fiscal agents	\$ -	\$ 2,269,569	\$ 1,680	\$ 6,520,701	\$ 8,791,950
Total assets	<u>\$ -</u>	<u>\$ 2,269,569</u>	<u>\$ 1,680</u>	<u>\$ 6,520,701</u>	<u>\$ 8,791,950</u>
FUND BALANCES					
Restricted					
Core Area Vision Plan capital project	\$ -	\$ -	\$ -	\$ 6,517,966	\$ 6,517,966
Debt service	-	2,269,569	1,680	2,735	2,273,984
Total fund balances	<u>-</u>	<u>2,269,569</u>	<u>1,680</u>	<u>6,520,701</u>	<u>8,791,950</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 2,269,569</u>	<u>\$ 1,680</u>	<u>\$ 6,520,701</u>	<u>\$ 8,791,950</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, 2024

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	CDFA 2021 Lease Revenue Bonds Fund	Total Nonmajor Debt Service Funds
REVENUES					
Taxes	\$ 1,039,135	\$ -	\$ -	\$ -	\$ 1,039,135
Intergovernmental	-	1,724,799	-	-	1,724,799
Investment earnings	-	106,720	1,933	331,249	439,902
Total revenues	<u>1,039,135</u>	<u>1,831,519</u>	<u>1,933</u>	<u>331,249</u>	<u>3,203,836</u>
EXPENDITURES					
Debt service:					
Principal retirement	-	1,450,000	905,000	785,000	3,140,000
Interest	-	274,799	239,013	494,982	1,008,794
Total expenditures	<u>-</u>	<u>1,724,799</u>	<u>1,144,013</u>	<u>1,279,982</u>	<u>4,148,794</u>
Excess (deficiency) of revenues over expenditures	<u>1,039,135</u>	<u>106,720</u>	<u>(1,142,080)</u>	<u>(948,733)</u>	<u>(944,958)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,039,135	1,143,762	1,279,257	3,462,154
Transfers out	(1,039,135)	(1,122,606)	(179)	(201,476)	(2,363,396)
Total other financing sources (uses)	<u>(1,039,135)</u>	<u>(83,471)</u>	<u>1,143,583</u>	<u>1,077,781</u>	<u>1,098,758</u>
Net change in fund balances	-	23,249	1,503	129,048	153,800
Fund balances - beginning	-	2,246,320	177	6,391,653	8,638,150
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,269,569</u>	<u>\$ 1,680</u>	<u>\$ 6,520,701</u>	<u>\$ 8,791,950</u>

CITY OF MISSION VIEJO

MV Mall Parking Lease Fund

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 934,891	\$ 1,039,135	\$ 1,039,135	\$ -
Total revenues	<u>934,891</u>	<u>1,039,135</u>	<u>1,039,135</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>934,891</u>	<u>1,039,135</u>	<u>1,039,135</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(934,891)	(1,039,135)	(1,039,135)	-
Total other financing sources (uses)	<u>(934,891)</u>	<u>(1,039,135)</u>	<u>(1,039,135)</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MISSION VIEJO

CDFA 1999 Mall Bonds Fund

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,724,799	\$ 1,724,799	\$ 1,724,799	\$ -
Investment earnings	30,000	30,000	106,720	76,720
Total revenues	<u>1,754,799</u>	<u>1,754,799</u>	<u>1,831,519</u>	<u>76,720</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,450,000	1,450,000	1,450,000	-
Interest	274,799	274,799	274,799	-
Total debt service	<u>1,724,799</u>	<u>1,724,799</u>	<u>1,724,799</u>	<u>-</u>
Total expenditures	<u>1,724,799</u>	<u>1,724,799</u>	<u>1,724,799</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>30,000</u>	<u>30,000</u>	<u>106,720</u>	<u>76,720</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	934,891	934,891	1,039,135	104,244
Transfers out	<u>(1,122,606)</u>	<u>(1,122,606)</u>	<u>(1,122,606)</u>	<u>-</u>
Total other financing sources (uses)	<u>(187,715)</u>	<u>(187,715)</u>	<u>(83,471)</u>	<u>104,244</u>
Net change in fund balances	(157,715)	(157,715)	23,249	180,964
Fund balances - beginning	<u>2,246,320</u>	<u>2,246,320</u>	<u>2,246,320</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,088,605</u>	<u>\$ 2,088,605</u>	<u>\$ 2,269,569</u>	<u>\$ 180,964</u>

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 100	\$ 100	\$ 1,933	\$ 1,833
Total revenues	<u>100</u>	<u>100</u>	<u>1,933</u>	<u>1,833</u>
EXPENDITURES				
Debt service:				
Principal retirement	905,000	905,000	905,000	-
Interest	239,013	239,013	239,013	-
Total debt service	<u>1,144,013</u>	<u>1,144,013</u>	<u>1,144,013</u>	<u>-</u>
Total expenditures	<u>1,144,013</u>	<u>1,144,013</u>	<u>1,144,013</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,143,913)</u>	<u>(1,143,913)</u>	<u>(1,142,080)</u>	<u>1,833</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,144,013	1,144,013	1,143,762	(251)
Transfers out	-	-	(179)	(179)
Total other financing sources (uses)	<u>1,144,013</u>	<u>1,144,013</u>	<u>1,143,583</u>	<u>(430)</u>
Net change in fund balances	100	100	1,503	1,403
Fund balances - beginning	177	177	177	-
Fund balances - ending	<u>\$ 277</u>	<u>\$ 277</u>	<u>\$ 1,680</u>	<u>\$ 1,403</u>

CITY OF MISSION VIEJO

CDFA 2021 Lease Revenue Bonds Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 176,570	\$ 176,570	\$ 331,249	\$ 154,679
Total revenues	176,570	176,570	331,249	154,679
EXPENDITURES				
Debt service:				
Principal retirement	785,000	785,000	785,000	-
Interest	494,982	494,982	494,982	-
Total debt service	1,279,982	1,279,982	1,279,982	-
Total expenditures	1,279,982	1,279,982	1,279,982	-
Excess (deficiency) of revenues over expenditures	(1,103,412)	(1,103,412)	(948,733)	154,679
OTHER FINANCING SOURCES (USES)				
Transfers in	1,279,982	1,279,982	1,279,257	(725)
Transfers out	(893,000)	(893,000)	(201,476)	691,524
Total other financing sources (uses)	386,982	386,982	1,077,781	690,799
Net change in fund balances	(716,430)	(716,430)	129,048	845,478
Fund balances - beginning	6,391,653	6,391,653	6,391,653	-
Fund balances - ending	\$ 5,675,223	\$ 5,675,223	\$ 6,520,701	\$ 845,478

CITY OF MISSION VIEJO

CAPITAL PROJECTS FUNDS YEAR ENDED JUNE 30, 2024

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.

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 425	\$ 15	\$ 789	\$ 774
Developer fees	-	6,802,944	1,451,799	(5,351,145)
Total revenues	<u>425</u>	<u>6,802,959</u>	<u>1,452,588</u>	<u>(5,350,371)</u>
EXPENDITURES				
Capital outlay:				
Engineering & Transportation				
16224 Felipe/Oso Intersection Improvement	-	2,495,520	162,796	2,332,724
16226 Oso/I-5 On Ramp Improvement	-	2,845,681	59,841	2,785,840
Infrastructure Maintenance				
24340 Crucero Park Playground Rehab	-	26,120	-	26,120
Total capital outlay	-	5,367,321	222,637	5,144,684
Total expenditures	<u>-</u>	<u>5,367,321</u>	<u>222,637</u>	<u>5,144,684</u>
Net change in fund balances	425	1,435,638	1,229,951	(205,687)
Fund balances (deficits) - beginning	(1,433,966)	(1,433,966)	(1,433,966)	-
Fund balances (deficits) - ending	<u>\$ (1,433,541)</u>	<u>\$ 1,672</u>	<u>\$ (204,015)</u>	<u>\$ (205,687)</u>

CITY OF MISSION VIEJO

Capital Projects Fund

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,146,415	\$ 20,424,227	\$ 10,335,382	\$ (10,088,845)
Investment earnings	27,826	61,072	126,251	65,179
Total revenues	<u>5,174,241</u>	<u>20,485,299</u>	<u>10,461,633</u>	<u>(10,023,666)</u>
EXPENDITURES				
Current:				
Engineering & Transportation	34,000	34,000	32,503	1,497
Total current	<u>34,000</u>	<u>34,000</u>	<u>32,503</u>	<u>1,497</u>
Capital outlay:				
Engineering & Transportation				
01756 La Paz RR Bridge Widening	-	13,172,642	9,819,835	3,352,807
19240 Los Alisos TSSP	-	246	246	-
20242 I-5 Sound Wall Madrid Fore - MVHS	-	2,200,000	-	2,200,000
20245 Lower Curtis Park	-	340,000	-	340,000
23253 Catch Basin Northerly Area	-	151	30	121
23254 Crown Valley Pkwy TSSP	-	333	-	333
24256 Catch Basin Debris Screens -N. El Toro	180,000	180,000	177,428	2,572
24257 Enhanced Pedestrian Safety Imp	27,710	27,710	-	27,710
24258 Felipe/Olympiad Signal Synch	880,113	880,113	16,974	863,139
24259 Olympiad Rd Pedestrian Crossing	75,000	72,600	43,945	28,655
24260 Marguerite Parkway Signal Synch	1,985,430	1,985,430	51,505	1,933,925
24261 Irvine Blvd/Trabuco Rd Signal Synch	-	2,400	-	2,400
24836 Sidewalk Repair and Replacement	15,000	20,851	-	20,851
24837 23/24 Arterial Hwy	-	409,285	328,675	80,610
24838 23/24 Residential Resurfacing	2,098,633	2,250,845	1,905,531	345,314
Infrastructure Maintenance				
21327 Bicycle Corridor Improvement Progm	-	22,281	-	22,281
22333 North Oso Creek Bike/Ped Open Space	-	63,876	3,250	60,626
Total capital outlay	<u>5,261,886</u>	<u>21,628,763</u>	<u>12,347,419</u>	<u>9,281,344</u>
Total expenditures	<u>5,295,886</u>	<u>21,662,763</u>	<u>12,379,922</u>	<u>9,282,841</u>
Excess (deficiency) of revenues over expenditures	<u>(121,645)</u>	<u>(1,177,464)</u>	<u>(1,918,289)</u>	<u>(740,825)</u>
Net change in fund balances	(121,645)	(1,177,464)	(1,918,289)	(740,825)
Fund balances - beginning	2,309,228	2,309,228	2,309,228	-
Fund balances - ending	<u>\$ 2,187,583</u>	<u>\$ 1,131,764</u>	<u>\$ 390,939</u>	<u>\$ (740,825)</u>

CITY OF MISSION VIEJO

STATISTICAL TABLES AND OTHER SCHEDULES YEAR ENDED JUNE 30, 2024

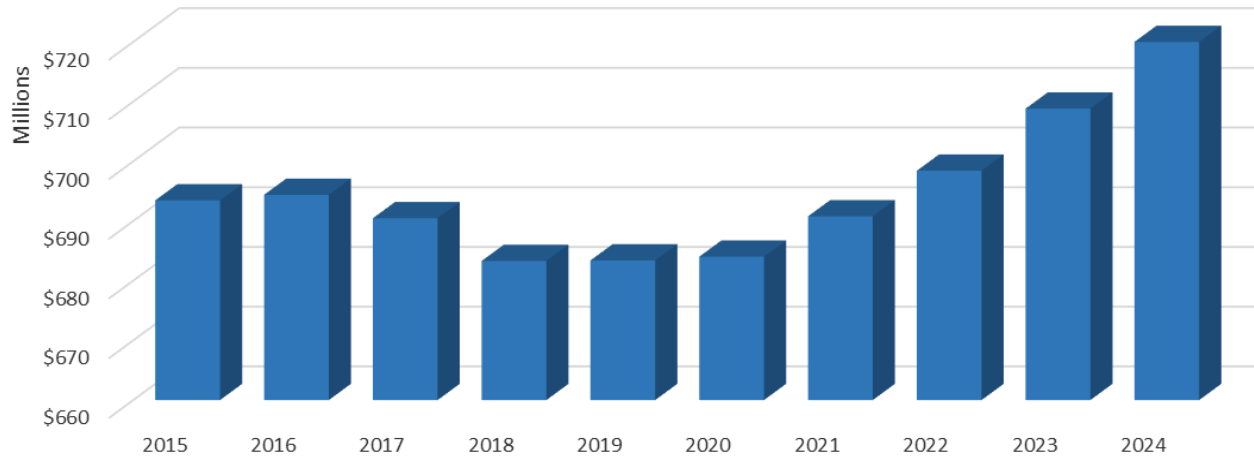
STATISTICAL SECTION

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 638,065,270	\$ 639,179,582	\$ 639,548,835	\$ 639,309,161	\$ 634,921,382	\$ 633,138,918	\$ 628,884,527	\$ 633,007,131 ³	\$ 636,071,623	\$ 646,776,755
Restricted	31,261,374	26,061,848	25,041,749	20,909,550	21,937,662	21,200,381	28,227,969	28,893,200	34,473,315	31,269,567
Unrestricted	19,843,910	24,062,008	20,367,268	17,421,479 ¹	20,610,321	12,914,255 ²	16,558,712	18,773,382	20,076,441	24,498,053
Total governmental net position	<u>689,170,554</u>	<u>689,303,438</u>	<u>684,957,852</u>	<u>677,640,190</u>	<u>677,469,365</u>	<u>667,253,554</u>	<u>673,671,208</u>	<u>680,673,713</u>	<u>690,621,379</u>	<u>702,544,375</u>
Business-type activities										
Net investment in capital assets	1,997,334	1,961,624	2,749,214	2,779,607	2,589,938	12,949,140 ²	12,796,065	13,231,390	13,476,549	14,022,978
Unrestricted	2,296,870	3,117,861	2,752,807	2,888,252	3,333,070	3,815,125	4,316,057	4,511,699	4,725,137	5,489,078
Total business-type net position	<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>	<u>17,112,122</u>	<u>17,743,089</u>	<u>18,201,686</u>	<u>19,512,056</u>
Primary governmental										
Net investment in capital assets	640,062,604	641,141,206	642,298,049	642,088,768	637,511,320	646,088,058	641,680,592	646,238,521	649,548,172	660,799,733
Restricted	31,261,374	26,061,848	25,041,749	20,909,550	21,937,662	21,200,381	28,227,969	28,893,200	34,473,315	31,269,567
Unrestricted	22,140,780	27,179,869	23,120,075	20,309,731	23,943,391	16,729,380	20,874,769	23,285,081	24,801,578	29,987,131
Total primary government net position	<u>693,464,758</u>	<u>694,382,923</u>	<u>690,459,873</u>	<u>683,308,049</u>	<u>683,392,373</u>	<u>684,017,819</u>	<u>690,783,330</u>	<u>698,416,802</u>	<u>708,823,065</u>	<u>722,056,431</u>

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

² 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.

³ Change due to purchase of real property at the Village Center for the Core Area Vision Plan project.

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

Source: Statement of Net Position

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General Government-Legislative	\$ 1,391,939	\$ 1,254,587	\$ 1,953,252	\$ 1,891,424	\$ 1,402,416	\$ 683,637	\$ 773,250	\$ 641,846	\$ 1,603,125	\$ 2,174,383
General Govt-Mgmt and Support	8,023,803	7,984,424	9,617,474	9,214,038	9,477,436	10,337,098	10,493,428	11,146,905	11,538,198	13,510,291
Public Safety	18,091,816	18,853,188	20,111,045	20,410,021	21,171,371	21,808,631	21,638,415	22,269,118	24,006,168	25,073,492
Community Development	3,266,884	3,171,164	4,743,210	3,368,119	3,139,741	3,670,408	5,777,919	3,954,292	3,842,016	5,003,225
Engineering & Transportation	2,837,220	5,478,851	6,924,142	8,133,213	8,651,747	5,407,856	7,251,280	8,644,433	9,267,318	11,161,665
Infrastructure Maintenance	32,520,271 ¹	20,725,795	20,358,759	24,466,949	20,952,619	20,802,296	22,416,828	23,627,061	26,357,338	27,938,118
Rec/Community/Library Services	9,495,628	10,352,676	11,137,331	10,240,895	10,481,960	10,155,677	8,776,995	8,571,082	10,574,207	11,623,596
Interest and fiscal charges	1,171,629	968,120	1,085,677	1,079,976	1,025,169	1,086,716	1,019,131	1,238,333	1,222,448	1,203,921
Total governmental activities expenses	76,799,190	68,788,805	75,930,890	78,804,635	76,302,459	73,952,319	78,147,246	80,093,070	88,410,818	97,688,691
Business-type activities:										
Golf Course	-	-	-	-	-	1,202,126	2,963,896	3,578,214	4,165,035	4,555,381
Animal Services	1,928,620	2,165,119	3,128,506	2,779,573	3,158,185	3,125,415	3,122,662	2,999,619	3,623,597	3,940,102
Mission Viejo Television	317,566	298,856	445,614	598,697	328,099	315,679	280,216	217,098	289,474	246,750
Total business-type activities expenses	2,246,186	2,463,975	3,574,120	3,378,270	3,486,284	4,643,220	6,366,774	6,794,931	8,078,106	8,742,233
Total primary government expenses	79,045,376	71,252,780	79,505,010	82,182,905	79,788,743	78,595,539	84,514,020	86,888,001	96,488,924	106,430,924
Program revenues										
Governmental activities:										
Charges for services										
General Government-Legislative	1,320	1,935	779	4,305	5,538	-	6,234	-	5,844	-
General Govt-Mgmt and Support	88,836	35,946	32,450	136,434	150,718	-	663,347	697,984	738,931	838,032
Public Safety	590,904	558,417	412,881	420,317	423,894	370,809	341,346	403,030	485,203	485,203
Community Development	2,501,057	2,529,804	2,942,021	3,131,388	2,564,613	3,301,820	3,809,115	4,330,548	4,149,554	4,133,130
Engineering & Transportation	526,963	524,837	622,602	679,171	927,931	1,422,160	1,285,698	1,047,078	790,902	798,149
Infrastructure Maintenance	41,992	51,941	51,353	167,412	300,800	302,021	214,058	370,406	398,013	488,945
Rec/Community/Library Services	2,242,589	2,255,657	2,212,519	2,108,549	2,219,695	1,720,755	794,082	2,285,781	3,192,177	3,587,088
Operating grants and contributions	8,318,977	4,130,294	5,721,395	6,700,659	7,394,760	7,448,987	9,058,711	10,356,638	13,498,327	12,730,479
Capital grants and contributions	4,277,263	3,227,117	1,838,621	1,188,079	756,472	642,927	5,260,927	1,577,577	4,642,575	8,934,724
Total governmental activities program revenues	18,589,901	13,315,948	13,834,621	14,536,314	14,744,421	15,209,479	21,345,786	21,007,358	27,819,353	31,995,750
Business-type activities:										
Charges for services										
Golf Course	-	-	-	-	-	1,218,186	3,244,872	3,803,662	4,375,964	4,966,006
Animal Services	1,364,502	1,452,532	2,810,457	2,275,983	2,328,939	2,352,191	2,320,480	2,599,033	2,805,353	2,882,223
Mission Viejo Television	440	500	529,645	532,816	532,447	499,984	476,051	438,441	408,376	373,300
Operating grants and contributions	686,790	823,279	143,106	98,892	160,341	65,413	106,177	98,692	66,969	719,049
Capital grants and contributions	-	9,200	-	-	-	-	-	-	-	-
Total business-type activities revenues	2,051,732	2,285,511	3,483,208	2,907,691	3,021,727	4,135,774	6,147,580	6,939,828	7,656,662	8,940,578
Total primary government revenues	20,641,633	15,601,459	17,317,829	17,444,005	17,766,148	19,345,253	27,493,366	27,947,186	35,476,015	40,936,328
Net (Expense) Revenue										
Government activities	(58,209,289)	(55,472,857)	(62,096,269)	(64,268,321)	(61,558,038)	(58,742,840)	(56,801,460)	(59,085,712)	(60,591,465)	(65,692,941)
Business-type activities	(194,454)	(178,464)	(90,912)	(470,579)	(464,557)	(507,446)	(219,194)	144,897	(421,444)	198,345
Total primary government net expense	(58,403,743)	(55,651,321)	(62,187,181)	(64,738,900)	(62,022,595)	(59,250,286)	(57,020,654)	(58,940,815)	(61,012,909)	(65,494,596)

Continued

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	30,436,445	32,317,084	33,102,624	34,828,754	36,537,581	37,609,454	39,548,716	40,759,998	43,709,642	45,328,614
Sales and use taxes	12,721,842	15,218,225	17,186,469	16,732,687	19,735,853	17,004,623	17,905,482	20,550,900	20,853,891	
Franchise fees	-	-	-	-	-	-	2,860,600	3,639,190	3,718,009	3,834,082
Property transfer taxes	-	-	-	-	-	-	-	929,992	1,001,546	659,429
Transient occupancy tax	-	-	-	-	-	-	-	635,204	1,171,247	1,393,578
Property taxes in lieu of sales/use taxes	4,211,353	3,324,689	-	-	-	-	-	-	-	
Other taxes	4,560,678	4,417,528	4,175,375	4,563,624	4,500,794	4,129,818	-	-	-	
Unrestricted motor vehicle in lieu fees	41,278	38,997	43,321	50,911	46,074	76,323	69,142	108,731	96,009	115,696
Investment earnings	242,695	390,182	98,250	247,029	1,022,224	780,708	114,416	(781,000)	789,813	2,347,497
Other	1,540,212	521,251	664,063	329,825	127,686	102,179	309,023	216,943	240,935	3,350,968
Gain/(loss) on disposal of capital asset	-	271,129	1,021	-	-	-	-	1,077	13,418	493,318
Gain on sale of land reclassified for resale	6,672,066	-	-	-	-	-	-	-	-	-
Transfers	(549,409)	(893,344)	(520,440)	(540,447)	(582,999)	(11,176,076)	(549,250)	(580,415)	(776,126)	(761,136)
Total governmental activities	<u>59,877,160</u>	<u>55,605,741</u>	<u>54,750,683</u>	<u>56,212,383</u>	<u>61,387,213</u>	<u>48,527,029</u>	<u>61,823,325</u>	<u>66,088,217</u>	<u>70,539,131</u>	<u>77,615,937</u>
Business-type activities:										
Investment earnings	17,194	38,129	8,175	34,441	127,677	163,224	16,717	(94,345)	103,327	346,720
Other	-	-	9,219	9,200	9,030	9,405	1,084	-	-	-
Transfers	549,409	893,344	520,440	540,447	582,999	11,176,076	549,250	580,415	776,126	761,136
Gain/loss on sale/disposal of cap assets	-	-	(24,386)	-	-	-	-	-	588	4,169
Total business-type activities	<u>566,603</u>	<u>931,473</u>	<u>513,448</u>	<u>584,088</u>	<u>719,706</u>	<u>11,348,705</u>	<u>567,051</u>	<u>486,070</u>	<u>880,041</u>	<u>1,112,025</u>
Total primary government	<u>60,443,763</u>	<u>56,537,214</u>	<u>55,264,131</u>	<u>56,796,471</u>	<u>62,106,919</u>	<u>59,875,734</u>	<u>62,390,376</u>	<u>66,574,287</u>	<u>71,419,172</u>	<u>78,727,962</u>
Change in Net Position										
Government activities	1,667,871	132,884	(7,345,586)	(8,055,938)	(170,825)	(10,215,811)	5,021,865	7,002,505	9,947,666	11,922,996
Business-type activities	372,149	753,009	422,536	113,509	255,149	10,841,259	347,857	630,967	458,597	1,310,370
Total primary government	<u>2,040,020</u>	<u>885,893</u>	<u>(6,923,050)</u>	<u>(7,942,429)</u>	<u>84,324</u>	<u>625,448</u>	<u>5,369,722</u>	<u>7,633,472</u>	<u>10,406,263</u>	<u>13,233,366</u>

Continued

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

1	Increase in street infrastructure expenditures which are not capitalized and adjustments to construction in progress resulting in higher than normal expense recognition.
2	Operating costs and revenue increased due to providing the Cities of Laguna Hills and Rancho Santa Margarita with animal services beginning January 2017.
3	MVTV franchise taxes reported as Operating Grants and Contributions in previous years.
4	Property taxes in lieu of sales and use taxes reverted back to Sales and use taxes due to Proposition 57 "triple-flip" ending.
5	Approximately \$1.0 million of revenue recognized in 2019 was 2018 revenue not received within 60 day availability period due to CDTFA reporting issues.
6	Department reorganization of Community Relations/City Clerk department, to move Community Relations to Management and Support while retaining City Clerk under Legislative.
7	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.
8	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.
9	Decline is due to closures of recreation facilities due to the COVID-19 pandemic.
10	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.
11	Amounts include allocations received from CARES ACT and ARPA funds in response to the COVID-19 pandemic.
12	Began breaking out Other taxes into more specific categories of Franchise fees, Property transfer taxes, and Transient occupancy tax
13	Site 3 land purchase between the City and Housing Authority was re-configured from 8.5 acres to 12.62 acres resulting in an increase to the sales price of the land and amount owed to the City by \$3.345 million.

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

Source: Statement of Activities

Concluded

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 569,023	\$ 597,668	\$ 606,885	\$ 36,014 ¹	\$ 33,361	\$ 15,307	\$ 63,765	\$ 13,216	\$ 23,671	\$ 79,798
Restricted	440,319	366,193	3,056,060 ²	3,249,861	3,568,710	4,075,151	4,519,281	5,956,329	7,803,831	7,961,030
Assigned	16,942,850	18,275,290	4,500,000	4,500,000	6,100,000	6,100,000	9,600,000	9,600,000	10,000,000	10,000,000
Unassigned	15,097,438	13,477,307	26,519,396	24,985,180	28,224,486	21,814,398 ⁴	23,834,703	29,658,955	33,210,433	36,091,841
Total general fund	<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>	<u>38,017,749</u>	<u>45,228,500</u>	<u>51,037,935</u>	<u>54,132,669</u>
All other governmental funds										
Nonspendable	75	-	-	-	-	-	-	350	7,445	7,738
Restricted	16,058,970	16,745,326	18,771,464	13,201,408 ³	11,325,133	14,410,120	17,417,173	23,454,813 ⁵	22,782,285 ⁵	23,007,042 ⁵
Unassigned	(3,597,725)	(873,939)	(63,579)	(658,376)	(1,056,053)	(3,218,036)	(966,358)	(2,163,907)	(3,067,017)	(1,425,883)
Total other governmental funds	<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>	<u>21,291,256</u>	<u>19,722,713</u>	<u>21,588,897</u>

¹ Decrease a result of the repayment of the former redevelopment agency loan due the City General Fund.

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.

⁵ The unspent balance of 2021 bond proceeds in the amount of \$6.8 million has been restricted for Core Area Vision Plan project costs.

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

Source: Governmental Funds Balance Sheet

CITY OF MISSION VIEJO

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Taxes	\$ 50,440,362	\$ 53,480,709	\$ 53,079,452	\$ 54,637,638	\$ 59,268,076	\$ 57,278,729	\$ 59,851,422	\$ 65,095,887	\$ 67,737,872	\$ 69,881,792
Licenses and permits	1,775,273	1,899,432	2,132,053	2,386,051	1,816,832	2,383,271	2,494,557	2,790,943	2,524,878	2,605,937
Intergovernmental	7,824,560	9,703,408	9,950,436	7,337,040	9,159,427	9,530,521	12,205,910 ⁸	12,096,844	18,736,887	22,412,348 ¹¹
Charges for services	3,453,513	3,278,467	3,563,912	3,462,740	3,559,567	3,891,698	3,080,859	4,865,817	5,652,884	5,994,510
Investment earnings	367,070	470,299	161,556	427,381	1,187,184	974,622	142,157	(876,316)	1,205,802	3,269,479
Fines and forfeitures	1,041,542	813,287	507,538	664,077	586,407	992,564	385,795	552,520	638,490	745,411
Developer fees	-	1,000,000	4,069,104	64,958	-	448,975	4,455,000	-	388,800	1,451,799
Other	1,445,204	1,794,735	1,415,390	773,483	1,157,365	1,279,086	1,474,612	1,506,500	1,981,068	1,818,196
Total revenues	66,347,524	72,440,337	74,879,441	69,753,368	76,734,858	76,779,466	84,090,312	86,032,195	98,866,681	108,179,472
EXPENDITURES										
Current:										
General Government-Legislative	1,399,352	1,370,524	1,725,169	1,848,205	1,376,002	645,764 ²	734,109	755,253	1,593,255	2,128,044
General Govt-Mgmt and Support	10,044,693 ⁴	7,819,648	7,672,599	7,446,415	7,840,657	8,651,868 ²	8,384,797	9,553,900	9,895,812	11,560,485
Public Safety	18,092,654	19,184,846	19,949,598	20,322,682	21,127,439	21,744,459	21,667,545	22,231,612	24,072,101	24,996,144
Community Development	3,280,456	3,409,459	4,348,923	3,280,501	3,088,784	3,543,893	5,668,460 ⁹	4,246,811	3,853,958	4,889,923
Engineering & Transportation	2,378,539	2,913,831	2,688,907	2,559,113	2,648,580	3,094,329	2,644,632	3,247,922	3,345,536	3,452,659
Infrastructure Maintenance	14,823,913	16,110,507	16,463,740	17,685,584	17,658,855	18,664,252	18,978,723	20,896,644	23,413,394	24,658,864
Rec/Community/Library Services	7,875,459	8,811,348	7,671,084	8,046,601	8,478,370	7,870,394	6,474,648	7,912,491	8,997,519	10,135,138
Capital Outlay	14,426,925 ⁵	6,427,322	7,973,171	13,424,143	6,466,992	3,443,179	5,165,679	20,204,427 ¹⁰	12,318,704	19,308,568 ¹²
Debt service:										
Principal retirement	1,740,000	1,770,000	2,060,000 ⁶	1,970,000	4,139,000	2,154,000	2,235,966	2,671,932	3,320,756	3,551,584
Interest	724,173	689,158	378,893 ⁶	533,671	743,019	795,599	727,340	847,155	1,108,426	1,058,868
Bond issuance costs	-	-	-	-	-	-	-	313,851 ³	-	-
Administrative charges	370,447	141,250	503,316 ⁶	179,820	146,336	-	-	-	-	-
Payment to bond escrow agent	-	-	1,363,981 ⁶	-	-	-	-	-	-	-
Total expenditures	75,156,611	68,647,893	72,799,381	77,296,735	73,714,034	70,607,737	72,681,899	92,881,998	91,919,461	105,740,277
Excess (deficiency) of revenues over expenditures	(8,809,087)	3,792,444	2,080,060	(7,543,367)	3,020,824	6,171,729	11,408,413	(6,849,803)	6,947,220	2,439,195
OTHER FINANCING SOURCES (USES)										
Transfers in	4,198,196	5,371,184	5,829,812	4,273,297	3,853,667	4,667,616	4,683,997	18,150,654 ¹⁰	9,328,661	6,917,933
Transfers out	(4,747,605)	(6,264,528)	(6,350,253)	(4,813,744)	(4,436,666)	(15,843,692) ⁷	(5,233,247)	(18,731,069) ¹⁰	(10,104,787)	(7,679,069)
Proceeds of bonds	-	-	13,150,000 ⁶	-	-	-	-	18,595,000 ³	-	-
Premium on bonds	-	-	1,107,810 ⁶	-	-	-	-	733,333 ³	-	-
Payment to bond escrow agent	-	-	(14,016,069) ⁶	-	-	-	-	-	-	-
Proceeds of lease	-	-	-	-	420,000 ¹	-	118,962 ¹	-	165,608 ¹	967,663 ¹
Sale of City property	27,782	1,365	1,021	7,675	23,725	5,650	203,798	153,077	213,418	5,968
Sale of land	2,600,000	-	-	-	-	-	-	-	-	-
Proceeds from housing loan payoff	186,481	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,264,854	(891,979)	(277,679)	(532,772)	(139,274)	(11,170,426)	(226,490)	18,900,995	(397,100)	212,495
Net change in fund balances	(6,544,233)	2,900,465	1,802,381	(8,076,139)	2,881,550	(4,998,697)	11,181,923	12,051,192	6,550,120	2,651,690
Fund balances - beginning	52,055,189	45,687,380	51,587,845	53,390,226	45,314,087	48,195,637	43,286,641	54,468,564	66,519,756	73,069,876
Fund balances - ending	\$ 45,510,956	\$ 48,587,845	\$ 53,390,226	\$ 45,314,087	\$ 48,195,637	\$ 43,196,940	\$ 54,468,564	\$ 66,519,756	\$ 73,069,876	\$ 75,721,566
Debt service as a percentage of noncapital expenditures ¹³	3.28%	3.74%	3.64%	3.47%	6.74%	4.40%	4.14%	4.52%	5.27%	5.02%

CITY OF MISSION VIEJO

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

¹ 2019 is for new five-year computer equipment lease. 2021 is for 5 vehicle leases. 2023 is for 3 vehicle leases. 2024 is for a five-year computer equipment lease, one vehicle lease and one SBITA agreement.

² Department reorganization in 2020 of Community Relations/City Clerk department, to move Community Relations to Management and Support while retaining City Clerk under Legislative.

³ Issue 2021A and B Lease Revenue Bonds to fund Phase I of the Core Area Vision Plan project.

⁴ Increase due to additional contributions of \$2.1M for other post employment retirement benefit health costs, and \$1.5M in pension costs.

⁵ Increase due to the commencement of work on Oso Parkway widening, and increased spending on city-wide pavement projects.

⁶ Changes due to Refunding 2016 Lease Revenue Bonds.

⁷ 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.

⁸ Amount includes allocations received from CARES Act and ARPA funds due to the COVID-19 pandemic.

⁹ 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.

¹⁰ Includes \$11.9M for the purchase real property in the Village enter as part of the Core Area Vision Plan project. Transfers in/out include bond proceeds transferred from debt services funds to the General Fund to fund property purchase.

¹¹ Recognized over \$7.8 million in grant funding for the La Paz Bridge and Road Widening project.

¹² Expended over \$11.2 million toward the La Paz Bridge and Road Widening project.

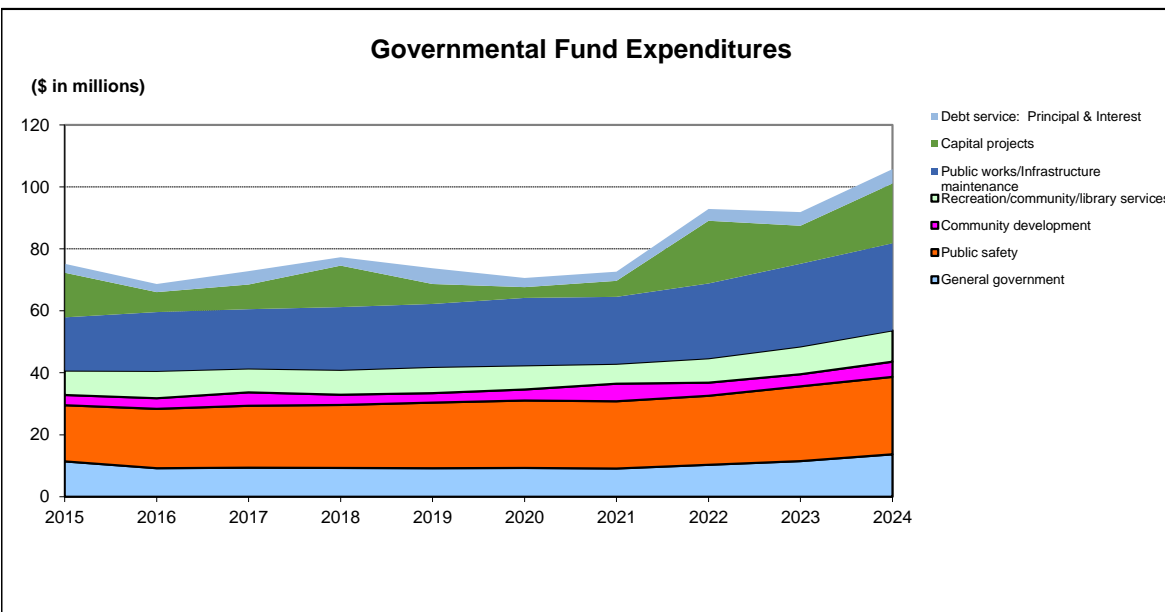
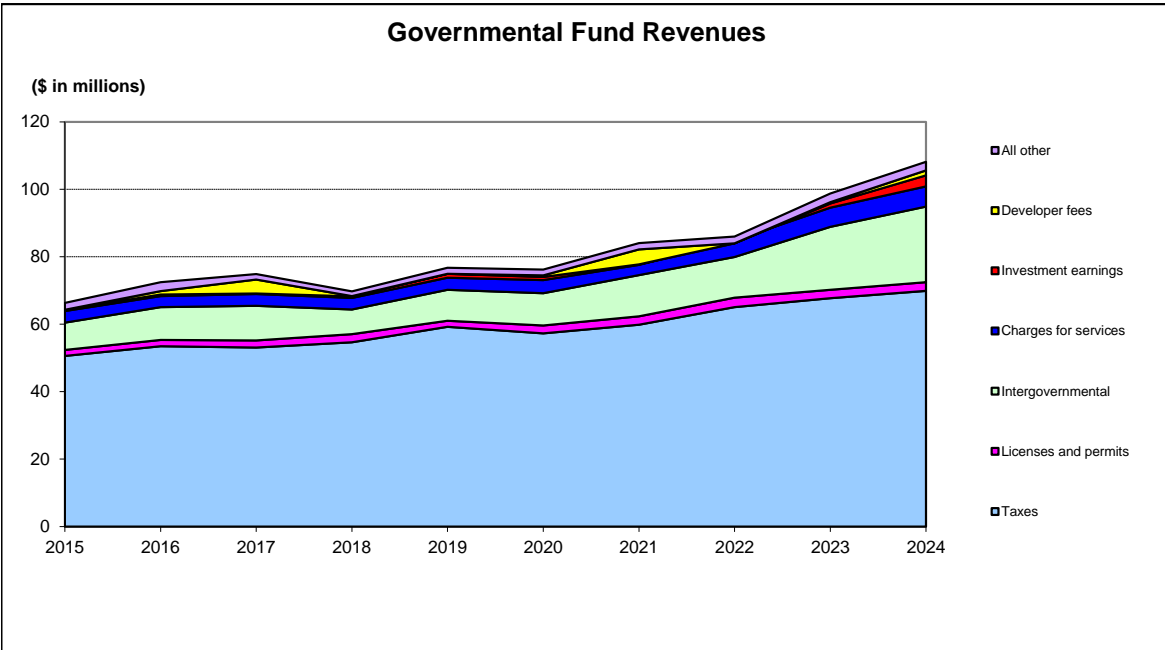
¹³ Capital asset expenditures for this calculation are from the Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities.

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

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

CITY OF MISSION VIEJO

Governmental Fund 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	Successor Agency ¹					
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 ²	56,958,628
2019	35,031,429	1,241,942	19,735,853 ³	3,241,863	570,352	1,220,925	61,042,364
2020	36,144,288	1,561,846	17,004,623 ⁴	3,128,176	602,031	899,256 ⁴	59,340,220
2021	37,520,144	1,643,111	17,905,482	3,336,451	929,992	635,204 ⁴	61,970,384
2022	38,733,004	1,776,665	20,550,900 ⁵	4,077,591 ⁶	1,001,546	1,171,247 ⁵	67,310,953
2023	41,272,432	1,964,392	20,680,397	4,116,919	719,381	1,347,653 ⁵	70,101,175
2024	43,140,812	1,869,421	20,853,891	4,194,060	659,429	1,393,578	72,111,191

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

² Increase due to the opening of a Hampton Inn on 9/15/17.

³ 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.

⁴ Decreases due to Coronavirus pandemic, closure of non-essential business resulted in drop in sales tax and reduced travel

⁵ Increase due to the economic recovery after the Coronavirus pandemic, businesses reopening increased sales tax revenue and increase in travel increased TOT Tax.

⁶ Effective January 1, 2021, the franchise fee under the waste management contract increased from 6% to 8%. Remittances for this increase were not received until FY 2021-22.

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 Utility	Unsecured	Taxable Assessed Value ¹	Secured	Public Utility	Unsecured	Incremental Valuation	
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%
2022	19,071,125	-	296,655	19,367,780	1,079,120	-	41,606	1,120,726	0.1647%
2023	20,144,619	-	307,625	20,452,244	1,141,898	-	36,944	1,178,842	0.1647%
2024	21,170,105	-	366,284	21,536,389	1,158,639	-	71,808	1,230,447	0.1647%

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

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**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Capistrano Unified School District 1999 Bond 2001 B	0.00470	0.00445	0.00439	0.00417	0.00409	0.00388	0.00394	0.00378	0.00367	0.00335
Capistrano Unified School District 1999 EL, 2012 Ref	0.00430	0.00400	0.00404	0.00383	0.00377	0.00357	0.00362	0.00349	0.00324	0.00298
Total School & Water District Overlapping Tax Rates	<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>	<u>0.01077</u>	<u>0.01041</u>	<u>0.00983</u>
Total Direct and Overlapping Rates	<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>	<u>1.01077</u>	<u>1.01041</u>	<u>1.00983</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.

Source: Orange County Auditor-Controller
HdL Coren & Cone

CITY OF MISSION VIEJO

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2024			2015		
	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	\$ 262,541,545	1	1.22%	\$ 166,851,233	1	1.15%
Providence Mission Hospital	135,351,755	2	0.63%	124,556,986	2	0.86%
Sullivan Mission Medical LLC	134,411,223	3	0.62%	-	-	-
Idyllwillow LP	130,983,005	4	0.61%	-	-	-
OC Los Alisos 2015 LLC	91,210,131	5	0.42%	-	-	-
EQR-Del Lago Vistas Inc	74,383,171	6	0.35%	62,960,056	6	0.43%
UDR Pacific Los Alisos LP	66,628,374	7	0.31%	-	-	-
Vista Real Apartments MV LLC	66,391,533	8	0.31%	-	-	-
Trust Mission Ridge LLC	64,509,815	9	0.30%	54,750,000	7	0.38%
Oasis-California Inc	62,832,053	10	0.29%	53,335,566	8	0.37%
Innovative Institute LLC	-	-	-	73,784,777	3	0.51%
MG Promenade Apt LLC	-	-	-	73,604,349	4	0.51%
Essex Madrid LP	-	-	-	64,482,797	5	0.44%
Laguna Cabot Road Business Park LP	-	-	-	51,532,902	9	0.35%
MV Universal LLC	-	-	-	48,751,104	10	0.34%
	<u>\$ 1,089,242,605</u>		<u>5.06%</u>	<u>\$ 774,609,770</u>		<u>5.33%</u>

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

Source: 2024 - HdL Coren & Cone.
2015 - FY 14/15 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
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% ⁴
2017	23,328,704	23,172,592	99.33%	196,616	23,369,208	100.17% ⁴
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%	270,042	27,635,319	102.09% ⁴
2022	28,219,815	28,275,845	100.20%	243,211	28,519,056	101.06% ⁴
2023	30,320,956	30,670,571	101.15%	305,828	30,976,399	102.16% ⁴
2024	31,370,317	31,647,345	100.88%	-	31,647,345	100.88% 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			
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%
2022	27,931,352 ⁴	-	0.35%	301.91	0.14%
2023	26,165,831	-	0.32%	284.89	0.13%
2024	24,365,310	-	0.30%	266.86	0.11%

Fiscal Year	Other Governmental Activities Debt			Total Primary Government ²	Percentage of Personal Income ¹	Per Capita ¹
	Revenue Bonds	SBITA Payable	Leases Payable			
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	-	294,817	28,830,683	0.38%	306.32
2022	17,332,326	-	175,672	45,439,350	0.57%	491.16
2023	15,932,326	324,878	203,242	42,626,277	0.52%	464.11
2024	14,482,326	633,477	519,223	40,000,336	0.49%	438.10

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 2021 Core Area Lease Revenue Bonds issued during FY 2021-22.

Sources: City of Mission Viejo Administrative Services Department
Orange County Auditor-Controller
California Department of Finance
Cal State Fullerton Economic Forecast

CITY OF MISSION VIEJO

Direct and Overlapping Debt
as of June 30, 2024

	Debt Outstanding	Estimate Percentage Applicable ¹	Estimated Share of Overlapping Debt
Overlapping tax and assessment debt:			
Metropolitan Water District	\$ 18,210,000	0.556%	\$ 101,248
Capistrano Unified School District School Facilities Improvement District No. 1	6,712,860	10.435%	700,487
Saddleback Valley Unified School District	74,370,000	17.458%	12,983,515
Santa Margarita Water District Improvement District No. 4	17,715,000	0.008%	1,417
Santa Margarita Water District Improvement District No. 4B	5,605,000	0.002%	112
Subtotal overlapping tax and assessment debt	<u>122,612,860</u>		<u>13,786,779</u>
Overlapping general fund obligation debt:			
Orange County General Fund Obligations	\$ 440,385,000	2.797%	\$ 12,317,568
Orange County Board of Education General Fund Obligations	10,030,000	2.797%	280,539
Capistrano Unified School District Certificates of Participation	19,365,000	10.623%	2,057,144
Moulton-Niguel Water District General Fund Obligations	48,605,000	16.322%	7,933,308
Subtotal overlapping general fund obligation debt	<u>518,385,000</u>		<u>22,588,559</u>
Subtotal overlapping debt	<u>\$ 640,997,860</u>		<u>36,375,338</u>
Direct Debt			
City of Mission Viejo Community Development Financing Authority	14,482,326	100.000%	14,482,326 ²
City of Mission Viejo			<u>25,518,010</u>
			<u>40,000,336</u>
Grand total direct and overlapping debt			<u>\$ 76,375,674</u>
Notes:			
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.			
Overlapping debt excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded lease obligations.			
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.			
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.			

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assessed valuation	\$ 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	\$ 19,367,779,917	\$ 20,452,243,818	\$ 21,536,388,147
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	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	4,841,944,979	5,113,060,955	5,384,097,037
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	545,007,901	572,341,288	593,826,619	620,197,304	651,098,214	678,281,429	703,097,959	726,291,747	766,959,143	807,614,556
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 726,291,747</u>	<u>\$ 766,959,143</u>	<u>\$ 807,614,556</u>
Total net debt applicable to limit as percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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

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

CITY OF MISSION VIEJO

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year	1999 Series A Revenue Bond					
	Property Tax	Sales Tax	Total Available	Debt Service		Coverage
	Increment			Revenue	Principal	
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	1,678,970	2,807,822	3,275,000 ¹	382,873	0.77
2020	1,178,719	2,284,698	3,463,417	1,265,000	454,658	2.01
2021	1,731,989	420,839 ²	2,152,828	1,320,000	411,989	1.24
2022	1,722,651	698,314 ²	2,420,965	1,355,000	367,651	1.41
2023	1,721,976	1,054,924	2,776,900	1,400,000	321,976	1.61
2024	1,724,799	1,039,135	2,763,934	1,450,000	274,799	1.60

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. The minimum threshold increases every year.

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
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%
2022	92,515	45.3	995,000	271,700,000	85,589	3.0%
2023	91,846	45.7	1,002,000	284,800,000	89,473	3.8%
2024	91,304	46.0	1,070,000	284,800,000	89,473	4.0%

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 from the Cal State Fullerton Economic Forecast

Since 2023, Personal Income and PerCapital Income no longer included in the Forecast

⁵ California Employment Development Department

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

Employer	2024			2015		
	Employees	Rank	Percentage ¹ of Total City Employment	Employees	Rank	Percentage ² of Total City Employment
Providence Mission Hospital	2,764	1	5.66%	2,443	1	4.83%
Saddleback College	1,770	2	3.63%	1,748	2	3.45%
Saddleback Valley Unified School District	917	3	1.88%	1,208	3	2.39%
Target Corporation	513	4	1.05%	305	6	0.60%
James Hardie Building Products	436	5	0.89%			
Capistrano Unified School District	432	6	0.89%	695	4	1.37%
Nordstrom Department Store	362	7	0.74%	400	5	0.79%
Amazon Delivery Station	266	8	0.55%			
Macy's Department Store	263	9	0.54%	250	8	0.49%
City of Mission Viejo	250	10	0.51%	257	7	0.51%
Vocational Visions				215	9	0.42%
U.S. Post Office				202	10	0.40%
Total	<u><u>7,973</u></u>		<u><u>16.34%</u></u>	<u><u>7,723</u></u>		<u><u>15.25%</u></u>

¹ Percentage of "Total City Employment" based on total number of City residents employed in Aug 2024 of 48,800
² Percentage of "Total City Employment" based on total number of City residents employed in June 2015 of 50,600

Source: 2015 ranks- FY 14/15 City of Mission Viejo ACFR
2024 Employers and ranks- 21/22 ACFR numbers from MuniServices LLC (except 2024 employees for Saddleback College)
2024 Saddleback College numbers - 2023 Institutional Self-Evaluation Report

CITY OF MISSION VIEJO

Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2015	2016	2017 ¹	2018	2019	2020 ²	2021	2022	2023	2024
General government - legislative	9.530	9.530	10.530	10.530	10.740	7.570	7.568	7.690	7.590	7.590
General government - management & support	23.600	23.600	26.600	26.700	27.720	31.170	31.170	32.530	32.530	33.680
Community development	8.720	8.720	8.220	8.220	7.550	8.050	8.050	7.700	7.700	7.700
Engineering and transportation	11.175	11.175	10.800	10.800	10.800	10.350	10.350	10.500	9.500	9.500
Infrastructure maintenance	16.650	16.650	16.250	17.250	16.830	16.850	16.850	16.600	17.600	19.100
Public safety	16.200	16.200	21.950	21.950	21.810	21.610	21.613	23.980	24.480	26.480
Recreation/community/library services	51.400	51.400	47.725	47.725	47.725	47.725	47.725	44.325	44.425	46.425
Total	<u>137.275</u>	<u>137.275</u>	<u>142.075</u>	<u>143.175</u>	<u>143.175</u>	<u>143.325</u>	<u>143.326</u>	<u>143.325</u>	<u>143.825</u>	<u>150.475</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 (2014-2015), Budget Summary of Authorized Positions 23/24

CITY OF MISSION VIEJO
Operating Indicators by Function
Last Ten Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government - legislative										
Public Records Act requests	552	584	586	695	658	648	742	708	814	720
General government - management and support										
Service requests/complaint cases	3,512		4,142 ³	3,357	3,937	3,608	3,681	4,245	4,951	5,050
Number of computer network nodes supported	1,119	1,182	1,217	1,240	1,598 ⁷	1,910 ¹⁰	2,003	2,023	2,263	2,080
Number of vendor checks issued	6,665	6,582	6,335	6,337	6,150	5,899	4,633	5,083	5,661	5,824
Public safety										
Calls for police services	25,206 ¹	29,714	29,246	32,281	37,698	35,005	31,857	28,694	30,844	28,757
Average response time-Priority 1 call in minutes	6:00	5:47	5:45	4:39	4:49	4:38	4:26	4:33	5:04	4:25
Community development										
Building inspections	13,476	13,131	13,177	13,706	11,805	11,871	15,724	11,194	12,894	15,143
Zoning plan checks	2,595	1,930	2,545	2,424	1,951	2,283	2,227	2,273	3,805	1,415
Public works - engineering and transportation										
Street resurfacing (lane miles)	34.73	46.91 ²	33.24	61.08 ⁵	75.70 ⁸	50.50	47.80	81.90 ⁵	53.40	50.00
Intersections on the city's interconnect system	112	112	113	113	113	113	113	113	113	113
Daily traffic count- La Paz Rd, Marguerite Pkwy to Spadra	25,200	26,200	26,200	25,100	25,400	24,100	14,400 ¹²	22,100	20,400	20,300
Infrastructure maintenance										
Acres of medians and parkways renovated	5	3	4	3	6	5	4	5	5	4
Recreation/community/library services										
Attendance at recreation and tennis centers	263,994	261,511	270,616	264,611	240,017	202,442 ¹¹	98,281 ¹¹	198,665	225,097	315,433
Library circulation	800,236	788,292	1,109,462 ⁴	1,211,864 ⁶	1,187,609	915,109 ¹¹	502,580 ¹¹	838,382	877,483	938,986
Youth participating in organized sports on City fields	7,300	7,900	7,900	8,063	9,090 ⁹	10,213	11,584	11,868	13,532	13,765

¹ Data conversion switched from a Calendar Year to a Fiscal Year basis, 2015 number represents January through June of that year

² Increase due to some residential streets being deferred from FY 14/15 to FY 15/16

³ Increase due to adding street light calls to count beginning FY 16/17

⁴ 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

⁵ Increase due to additional residential street resurfacing

⁶ 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

⁷ 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

⁸ Number calculated by sorting the FY18-19 work in the 2018 PMP and multiplying the total length by 2 to get lane miles

⁹ Increase due to additional programming, partnerships with sports organizations, and better attendance tracking with the new field ambassador program

¹⁰ Increase due to continued expansion of City business needs including IT infrastructure, security, and additional equipment for the COVID-19 pandemic

¹¹ Decreases due to multiple closures of City facilities resulting from the COVID-19 pandemic

¹² 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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Police (provided by Orange County Sheriffs Department)										
Patrol units	24	23	23	22	22	22	22	21	21	23
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)	228.2	228.2	228.2	225.9 ¹	225.9	225.9	225.9	225.9	226.2	226.2
Traffic signals	114	114	115	115	115	115	115	115	115	115
Infrastructure maintenance										
Number of park sites	42	42	42	42	42	42	42	42	42	42
Acreage: parks, golf course, open space, medians and slopes	1128	1128	1128	1128	1128	1236 ²	1236	1236	1236	1236
Recreation/community/library services										
Facilities (buildings)	9	9	9	9	9	10 ³	10	10	10	10
Athletic fields:										
Baseball/softball diamonds	19	19	19	19	19	19	19	31 ⁴	31	31
Soccer/football fields	35	35	35	35	35	35	35	28 ⁵	30 ⁶	31 ⁷
Golf course	0	0	0	0	0	1 ³	1	1	1	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 purchased in November 2019

³ Oso Creek Golf Course and building purchased in November 2019

⁴ Began utilizing all temporary fields and additional parks never used before for programming

⁵ Fewer temporary soccer fields utilized, City refrained from programming in specific neighborhood parks previously used due to resident complaints

⁶ Began utilizing Pinecrest and Valyermo parks for programming

⁷ Began using one more field at Marty Russo Youth Athletic Park

Source: Various City departments



MISSION VIEJO

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SSO CREEK TRAIL



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