



City of Costa Mesa

Annual Comprehensive Financial Report
Fiscal Year Ended
June 30, 2024

CITY OF COSTA MESA, CALIFORNIA
Annual Comprehensive Financial Report
Year ended June 30, 2024

Prepared by: Finance
Department

www.costamesaca.gov



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ANNUAL COMPREHENSIVE
FINANCIAL REPORT
INTRODUCTORY SECTION





CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

FROM THE OFFICE OF THE FINANCE DIRECTOR —CITY TREASURER

January 16, 2025

To the Honorable Mayor, Members of City Council, and Citizens of the City of Costa Mesa:

The Annual Comprehensive Financial Report (ACFR) of the City of Costa Mesa (the City) for the fiscal year ended June 30, 2024, is hereby submitted. These statements have been prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report consists of management's representations concerning finances of the City. Responsibility for both accuracy of the data, and completeness and fairness of presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Management asserts that to the best of its knowledge and belief, the enclosed data is accurate in all material respects, and reported in a manner designed to present fairly the financial position and results of operations of various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements for the fiscal year ended June 30, 2024, have been audited by Davis Farr LLP, an independent public accounting firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1953, has an estimated population of 111,398 and a land area of 16.8 square miles. It is located in the southern coastal area of Orange County, California, and is bordered by the cities of Santa Ana, Newport Beach, Huntington Beach, Fountain Valley, and Irvine. The City is approximately 35 miles southeast of Los Angeles and 85 miles northwest of San Diego. At its nearest point, the City is approximately 1.5 miles from the Pacific Ocean. The City is also home to the world-renowned Henry and Renee Segerstrom Concert Hall, the Segerstrom Center for the Arts, the Orange County Fairgrounds, and the Orange County Museum of the Arts (OCMA).

The City has operated under the council-manager form of government since incorporation. Policy making and legislative authority are vested in the Mayor and City Council. The City Manager is responsible for implementing policies and ordinances approved by the City Council, overseeing the day-to-day operations of the City, and appointing department heads.

In November 2016, voters approved Measure EE regarding Voting District Formation and six voting districts were formed. Beginning in December 2018, the City Council transitioned from five Council Members elected at-large to seven Council Members. Each of the six districts elects one Council Member and the Mayor is elected at-large every two years. Council members are elected to four-year staggered terms.

The City is a "full-service city" and provides a wide range of services including: police and fire protection; emergency medical aid; building safety regulation and inspection; land use planning and zoning; housing and community development; maintenance and improvement of streets and related structures; traffic safety, maintenance, and improvement; homeless street outreach and shelter services; and a full range of recreational and cultural programs. A "full-service city" is defined as a city that is financially responsible for the full set of basic tax-dependent municipal services within its jurisdiction including police, fire, parks and recreation, public works, and land-use planning.

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Annual budgets are legally adopted for all governmental funds on a basis consistent with GAAP, except for certain special revenue and debt service funds, for which annual budgets are not adopted. Budgetary control for management purposes is maintained as authorized by City Council.

The City Manager submits the budget to the City Council, who adopts it prior to the beginning of the fiscal year. Public hearings are conducted prior to budget adoption. Supplemental appropriations, when required during the fiscal year, are also approved by the City Council. Intra-functional and interfund budgetary amendments are approved by the City Manager subject to the total amount authorized by City Council.

ECONOMIC CONDITION

The City continued to demonstrate resilience and strength economically in spite of various consumer and inflationary challenges during fiscal year 2023-24. Financial results at the end of the fiscal year, along with positive key economic indicators such as unemployment rates, taxable sales, and assessed property values, are indicative of the resilient local economy.

In fiscal year 2023-24, General Fund revenue, not including transfers, increased by \$6.2 million or 3.5 percent from the previous fiscal year. This is due to modest improvements in areas such as travel, a resilient housing market and increased interest income from a higher interest rates environment, offsetting a slight decrease in sales tax as a result of a pullback in consumer spending. Home sales activity remained relatively strong in spite of high interest rates. This was apparent in the increase in the City's median sales price on single family homes, which increased by \$221,500 over last year to a median of \$1.5 million, or a 17 percent increase. Additionally, the City's overall property assessed valuation increased from added developments and improvements to properties that were prudent during the pandemic. Property tax revenue increased by \$3.0 million, or 5.7 percent, over the prior fiscal year as a result. An increase of inflation rates, along with higher interest rates have driven consumers to reduce discretionary spending, seek value on basic necessities, and move from fine dining to fast casual, thereby reducing sales tax revenues versus the prior fiscal year by \$3.5 million or, 4.3 percent.

A continued recovery in the travel industry also contributed to a modest increase in general fund revenues. Consumers still demonstrate a willingness to spend on experiences, travel, and leisure, which resulted in an increase of transient occupancy tax (TOT) revenue by \$320,000 to \$10.15 million, or 3.3 percent over the prior fiscal year. TOT revenue achieved strong results, surpassing last fiscal year.

General Fund expenditures increased by \$17.1 million or 11.4 percent compared to the prior year. The increase includes growth in the annual required CalPERS contributions and the growth of staffing to pre-pandemic levels. For fiscal year 2023-24, the General Fund ended with a net operating positive of \$1.3 million including the transfers to the Internal Services Funds for the City's Capital, Technology, and Equipment Funds; Financing Authority Debt Service Fund for debt service payments; and the Housing Authority for homeless services programs costs. Operating transfers out from the General Fund decreased by \$10 million over the prior fiscal year due to the one-time American Rescue Plan Act (ARPA) contribution to the General Fund. After the net of other financing uses, the General Fund ended with an increase of \$1.3 million to its fund balance for fiscal year 2023-24.

Amidst the strength of results for fiscal year 2023-24, there were indications of slowing trends within the consumer space as a result of certain economic headwinds. As inflation levels persisted, and savings levels eroded, consumers reduced overall spending and focused on core goods, such as groceries and other household necessities. In addition, high prices coupled with high-financing rates decreased affordability on large consumer purchases such as automobiles and homes.

The outlook for fiscal year 2024-25 is a measured one. The City is cautiously monitoring micro and macro economic trends in anticipation of any potential economic slowdown. Nonetheless, the City continues to enjoy a strong, diverse local economy, well-funded emergency reserves, and a solid commitment to delivering top quality services to the community.

MAJOR AND FUTURE DEVELOPMENT INITIATIVES

Major Developments (completed):

TESLA Service Center (3565 Cadillac Avenue) - TESLA established an approximate 60,000 square foot service center 3565 Cadillac Avenue in early 2024 where owners can bring their cars for regular maintenance and servicing. Founded in 2003, TESLA is one of the largest global corporations and a leader in the transition to sustainable energy solutions.

Shake Shack (329 East 17th Street) - This project established a new restaurant on the site of the former Pancakes R Us, which relocated nearby. Shake Shack is a burger diner that serves classic American menu of premium burgers, hot dogs, crinkle-cut fries, shakes, frozen custard, beer and wine. All of its offerings are fresh and simple, high-quality foods at a great value.

Orange Coast Chrysler, Jeep, Dodge, Ram, Fiat (2929 Harbor Blvd.) - This project involved a major remodel to the dealership's front elevation including updates to signage, landscaping, driveways, and circulation, and parking.

Harbor Freight (3029 Harbor Blvd.) – This project involved the conversion of a former Rite Aid store to Harbor Freight tools. Harbor Freight is the largest tool store in the United States having over 1,500 locations and carries over 4,000 products, specializing in air compressors, generators, drills, saws, hand tools, tool storage, welding supplies, and automotive tools.

Major Developments (approved/under construction):

Project Homekey (Motel 6 site – 2274 Newport Boulevard, Phase II) – The Motel 6 property located at 2274 Newport Blvd involves the acquisition and two-phase adaptive re-use of an 88-unit motel into permanent housing. All units will be converted to 300-square-foot studio apartments with new kitchenettes, countertops, flooring, paint, fixtures, appliances, and furniture. Additional common areas for residents will include a new outdoor patio, smoking area, dog run, and community garden to encourage social interaction among residents. Pedestrian access at Newport Blvd will be enhanced, encouraging residents to walk to nearby community and commercial amenities. Aesthetic improvements will include building façade enhancements, public art, and substantial upgrades to existing landscaped areas. This project will be developed in two phases. Phase I was completed in 2023 and included a conversion of 40 units into housing for individuals earning 30% or less than the Area Median Income, 30 of which are permanent supportive housing units serving homeless veterans and 10 of which are set aside for homeless individuals who meet the Mental Health Services Act (MHSA) eligibility criteria. Funding for Phase II has been identified and the project is currently in plan check to be issued building permits. Commencement of Phase II construction is imminent.

Project Homekey (Travelodge site - 1400 Bristol) - This project involves the acquisition and adaptive re-use of a 120-room motel into 78 permanent housing units. The project is expected to contain 38 studio, 36 one-bedroom, and 4 two-bedroom units. Units will range in size from 400 square feet to 590 square feet and will be upgraded with new kitchenettes, countertops, flooring, paint, fixtures, and appliances and will include other site enhancements.

Vanguard University (55 Fair Drive) – The university has an approved master plan to replace some of the existing buildings with more modern facilities, provide additional student housing, and replace some surface parking with a parking structure. This amendment reflects long range plans for the university and will take several years to complete. The 42,687 square foot 2-story student center is complete. Construction of the perimeter improvements along Fair Drive and Newport Boulevard that includes new fencing and freestanding sign have also been completed. Construction for the Freed Center, a new 61,006-square-foot gymnasium and events center which consists of a multipurpose gymnasium and athletic facility with additional student facilities, was completed in 2024. Construction in the approved master plan continues.

Avenue of the Arts Hotel Expansion (3350 Avenue of the Arts) – The project is a hotel expansion of an existing 4 diamond hotel in Costa Mesa. The new master plan includes an expanded parking structure, a new restaurant and hotel lobby, and six levels of 150 new hotel rooms. Minor changes have been approved in 2023 to modify the design. Construction is anticipated to begin in 2025.

The Plant (765-767 Baker Street and 2972 Century Place) – This project consists of the proposed renovation of three existing commercial buildings (containing the former Car Mart

and Plant Stand) totaling 19,100 square feet, for retail and restaurant uses surrounding a central courtyard area. In addition, new buildings are proposed consisting of two greenhouse structures which will contain food stall uses, and a four-story mixed use building with 48 residential units, 14 live/work units, and 2,570 square feet of workshop/maker office space above a two-level parking structure containing 170 parking spaces. Additionally, 39 on-site open parking spaces and 34 open parking spaces accessible from Century Place are proposed, for a total of 243 proposed parking spaces.

One Metro West (1683 Sunflower Avenue) – The project is a mixed-use development and consists of residential, specialty retail, creative office, and recreational uses. The Project is proposed to include up to 1,057 dwelling units (anticipated to be rental units), 25,000 square feet of commercial creative office, 6,000 square feet of specialty retail, and 1.5-acres of public open space. All existing buildings, structures, parking areas, drive aisles, and hardscape/landscape improvements are proposed to be demolished. The proposed development includes three multi-family residential structures with a maximum building height of seven stories; one stand-alone office building up to four stories in height; tenant-serving commercial retail space integrated into one of the residential structures; open space; landscaping; streetscape improvements; and a Class-I bike trail system on Sunflower Avenue providing access to the Santa Ana River Trail. The City Council approved a modification to the project's development agreement in 2024. The project is expected to be submitted for plan check in summer 2025.

Future Development (under review):

Jamboree Housing Affordable Senior and Permanent Supportive Housing Project at the Costa Mesa Senior Center (695 West 19th Street) – In 2020 the City Council approved an Exclusive Negotiating Agreement (ENA) to partner with Jamboree Housing Corporation to determine the feasibility, and potential terms, for the right to acquire a long-term leasehold interest in a portion of the senior center property. In Winter 2024, the City Council reviewed and commented on the project's urban master plan screening application. In Summer 2024, Jamboree Housing submitted their entitlement applications for a 70-unit project. The proposed development will have one unrestricted manager's unit and 34 permanent supportive housing units and 35 independent living units on a 1.5-acre portion of the Costa Mesa Senior Center property. The Planning Commission recommended this project for City Council approval of the project on December 9, 2024. The project is anticipated to be presented to the City Council on January 21, 2025.

Hive Live (3333 Susan Street) – Following its General Plan Screening application in 2023, Hive Live submitted its entitlement applications. The proposed development ("Hive Live") involves a General Plan Amendment, Zone Change, Specific Plan Amendment, a Development Agreement, Zone Change and a Tentative Parcel Map. The proposed development is comprised of residential uses and a small resident-serving commercial component. The proposed project is anticipated to be constructed and occupied in three phases. The proposed site plan includes the following three multifamily residential buildings with integrated parking structures with a total of 1,050 rental units with a proposed site density of 74 dwelling units per acre. Three "wrap" parking structures are proposed with a minimum parking ratio of 1.5 parking spaces per unit and would be built in phases concurrently with the residential component of the project. In addition, an approximate 2,500-square-foot resident-serving retail component is proposed on the ground floor. This project's environmental impact report will be released in early 2025 for public review. The project is expected to be presented to the Planning Commission and then the City Council for action in spring/summer of 2025.

RVCA Site (960 West 16th Street) - An Urban Master Plan Screening to develop 38 live/work units was considered by the City Council in summer 2024. Following this, the applicant, Intracorp Homes, submitted their full entitlement package to the City for processing. The project proposes three-story detached ownership units near the terminus of 16th Street proximate to the Randall Preserve. This project is exempt from the California Environmental

Quality Act as an infill project. This project is expected to be presented to the Planning Commission in Winter 2025 for consideration.

Victoria Place (Victoria Street and Newport Blvd) - A General Plan Screening to develop 40 live/work units was considered by the City Council in summer 2024. Following this, the applicant submitted their full entitlement package to the City for processing. The project site is located within a Measure K area, which supports the revitalization of corridors with residential development. The property seeks to apply the Residential Incentive Overlay District to support residential development of the property. The project proposes three-story ownership units near the intersection of Victoria Place and Newport Blvd. Most units will be in a duplex arrangement where there is one common side wall. Several units across the front of the property will be fully detached. This project is expected to be presented to the Planning Commission in Spring 2025.

Bear Street (3150 Bear Street) - A General Plan Screening to develop 146 residential units was considered by the City Council in Fall 2024. Following this, the applicant, Meritage Homes, submitted their entitlement applications to the City for processing. The project is intended as an ownership project that includes density bonus component for providing eight very-low income on-site affordable units. Units would range in size from about 1,000 square feet to about 2,200 square feet in a stacked townhouse-style design. Staff anticipates this project being presented to Planning Commission and City Council in summer 2025.

Fairview Developmental Center – Specific Plan (2501 Harbor) – Fairview Developmental Center (FDC) is a 109-acre property owned by the State of California located at 2501 Harbor in the City of Costa Mesa. The site was developed and previously operated by the State as a residence for developmentally disabled persons, but is now largely vacant. The site has been the subject of discussion between various agencies over the years as to its future potential use and disposition. In anticipation of State’s disposition, the City’s Housing Element included this site as a housing opportunity site that may accommodate an estimated 2,300 housing units. It also included a “program” or future action calling for the City to continue to coordinate with the State to define future uses including establishment of a Specific Plan to allow for residential development at the site consistent with the Housing Element. In December 2022 the State and City entered into an agreement to plan for the future reuse of the site pursuant to Senate Bill 188 (Government Code Section 14670.31), which outlines the general terms under which the State of California, through the Department of General Services and the Department of Developmental Services, will collaborate with the City to determine the future of the FDC site. This Government Code Section sets forth the State’s goals and requirements for the disposition of the property and a land use planning process to be conducted by the City for the future use of the property and allocates \$3.5 million in funding for that intended purpose. In Summer of 2023, the City retained PlaceWorks for consultant services to assist in the community outreach efforts, drafting of the Specific Plan (SP) and General Plan Amendment (GPA), and completion of the environmental review process. The FDC - SP will be the basis for all future development applications on the site. Community outreach was initiated in Fall of 2023 and will continue throughout the planning process.

DEBT ADMINISTRATION

The City accounts for general debt service under the following funds in the financial statements: the Public Financing Authority (PFA) Debt Service Fund and the Financing Authority (FA) Debt Service Fund. Sources of revenues for retirement of outstanding bonded indebtedness include general property and sales taxes.

In October 2017, the FA issued the 2017 Lease Revenue Bonds that refinanced the PFA Series 2007 Certificates of Participation (COP) and provided partial funding for the Lion’s Park, Donald Dungan Library and Norma Hertzog Neighborhood Community Center projects. Standard & Poor’s (S&P) rated the 2017 bonds AA+ upon initial issuance. On November 3,

2020, Standard & Poor's reaffirmed the 2017 bonds' AA+ long-term rating with a stable outlook. According to the final report, S&P "reviewed governance risks and consider them better than the sector standard because of the City's very strong management profile with strong financial policies and practices, and successful economic development efforts."

The City continuously reviews existing debt for refunding possibilities to lower total debt service requirements. The City has also adopted a comprehensive set of debt policies covering all aspects of debt issuance in order to consolidate information for debt obligations and maintain or improve its excellent credit standing.

FINANCIAL REPORTING AWARDS

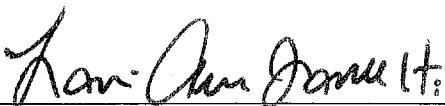
The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the 26th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must also satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our June 30, 2024 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program requirements and it will be submitted to the GFOA to determine its eligibility for another award.

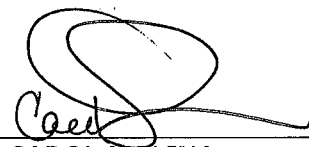
ACKNOWLEDGMENTS

Special recognition is extended to the entire Finance Department for their ongoing dedication and support to all City departments and residents on a daily basis. Special appreciation is also extended specifically to the Accounting Division staff who contributed to and participated in the coordination and preparation of this Annual Comprehensive Financial Report. In addition, our deepest appreciation is also extended to the Central Services Division staff for their assistance in the printing of this document. Further, thanks are also extended to our independent auditors, Davis Farr LLP, for their continued oversight, expertise, and advice.

Respectfully submitted,



LORI ANN FARRELL HARRISON
City Manager



CAROL MOLINA
Finance Director



City of Costa Mesa List of Principal Officials

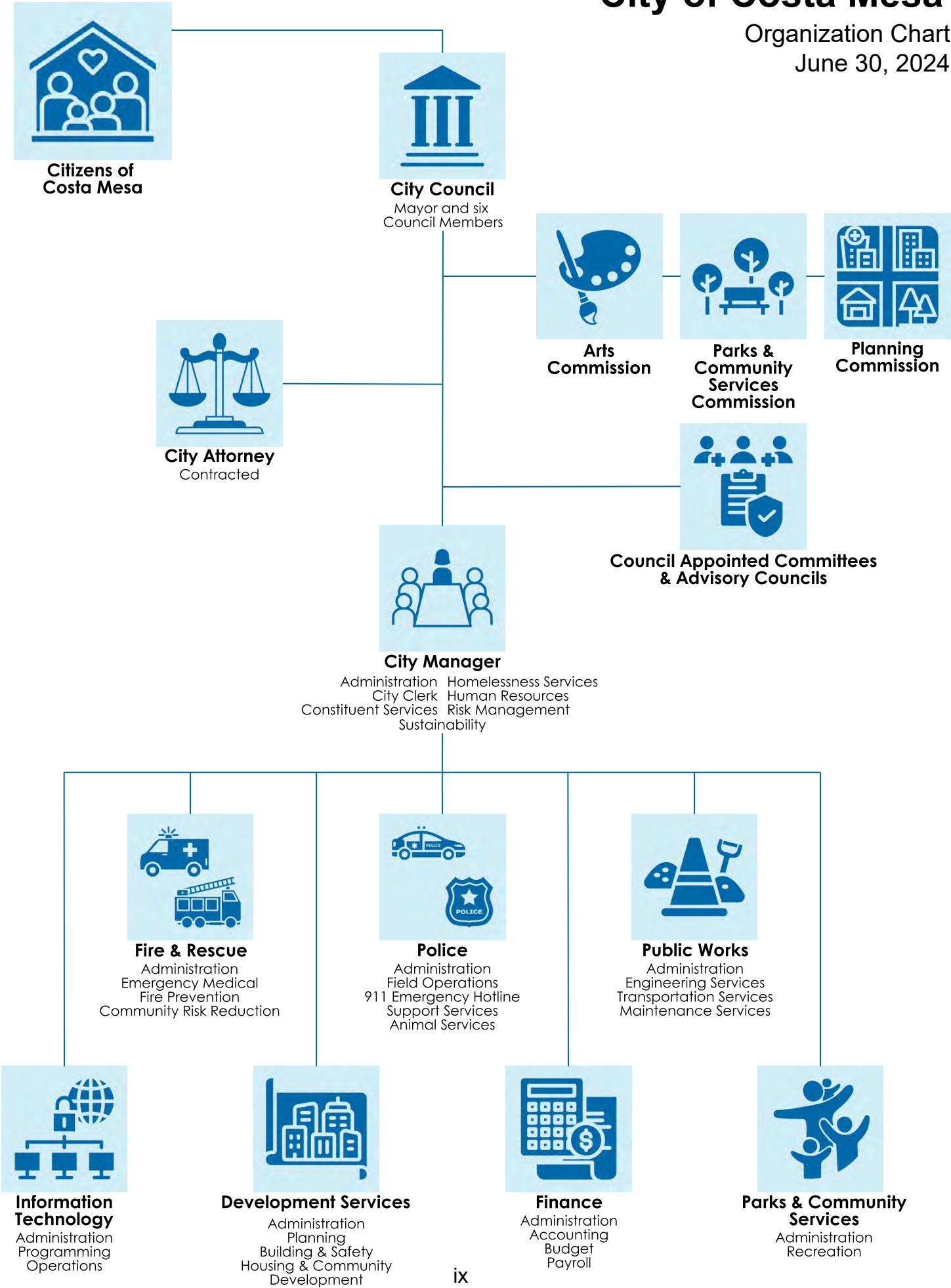
Mayor
John Stephens

City Council
Jeff Pettis
Manuel Chavez
Loren Gameros
Mike Buley
Andrea Marr
Arlis Reynolds

City Manager -----	Lori Ann Farrell Harrison
City Attorney (Contract) -----	Kimberly Barlow
Assistant City Manager -----	Cecilia Gallarde-Daly
Deputy City Manager-----	--Alma Reyes
Development Services Director-----	Carrie Tai
Finance Director-----	Carol Molina
Information Technology Director -----	Steve Ely
Parks and Community Services Director -----	Brian Gruner
Public Services Director-----	Raja Sethuraman
Fire Chief -----	Dan Stefano
Police Chief -----	Ronald Lawrence

City of Costa Mesa

Organization Chart
June 30, 2024





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Costa Mesa
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Executive Director/CEO

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
of the City of Costa Mesa
Costa Mesa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Costa Mesa (the City), as of and for the year 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 present fairly, in all material respects, the respective financial position of the governmental activities, 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 Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The City's 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 the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension and OPEB schedules, and the budgetary comparison schedules identified as Required Supplementary Information (RSI) in the accompanying 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 and schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements and schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Report on Summarized Comparative Information

We have previously audited the City's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2023. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davis Fere LLP

Irvine, California
January 16, 2025

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Costa Mesa (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. We encourage all readers to consider information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–vii of this report.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of resources of the City's primary government exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by \$113.2 million (*net position*). Of this amount, \$168.2 million (*unrestricted net position deficit*) primarily resulted from implementations of Governmental Accounting Standards Board (GASB) Statement Nos. 68, 71 and 73 for pensions, and GASB Statement No. 75 for Postemployment Benefit Other than Pensions (OPEB). These statements established standards for measuring and recognizing liabilities for defined benefit plans.
- In the government-wide financial statements, total net position increased by \$2.3 million from the prior fiscal year total of \$110.9 million.
- In the fund financial statements, the governmental funds reported a combined ending fund balance of \$149.8 million, an increase of \$9.9 million in comparison with the prior year total of \$139.9 million.
- At the end of fiscal year 2024, the General Fund's unassigned fund balance was \$17.6 million or 10.6 percent of general fund expenditures of \$166.9 million. Unassigned fund balance may be used to meet the government's ongoing obligations.
- At June 30, 2024, the City reported \$347.2 million in pension liabilities and \$45.5 million in OPEB liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

Both *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*). Governmental activities include general government, protection of persons and property, community programs, public services, and interest on long-term debt. The City has no business-type activities or discretely presented component units.

The basic government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts 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 City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare 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 funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 30 individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances for the General, Government Grant, Capital Improvements, American Rescue Plan Act, and Gas Tax funds, all of which are considered to be major

funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual operating and capital budget for its General, Special Revenue, and Capital Projects funds. Budgetary comparison statements have been provided for these fund types to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 22-29 of this report.

Proprietary Funds

The City maintains one type of proprietary fund, *internal service funds*. Internal service funds are an accounting device used to accumulate and allocate costs internally among various City functions. The City uses internal service funds to account for equipment replacement, self-insurance (workers' compensation, general liability, unemployment), and information technology replacement functions. Because there are no business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the Equipment Replacement, Self-Insurance, and Information Technology Replacement funds, all of which are considered to be nonmajor funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each nonmajor internal service funds is provided in the form of *combining statements* in the supplementary schedules section of this report.

The basic proprietary fund financial statements can be found on pages 30-32 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 resources of these funds are *not* available to support the City's own programs and services. The accounting method used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 35-82 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. Required supplementary information can be found on pages 84-106 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information section. Combined and individual fund statements and schedules can be found on pages 110-140 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$113.2 million at June 30, 2024, an increase of \$2.3 million from 2023.

As in previous years, the City's net position continued to reflect the impact from implementations of GASB Statements No. 68, 71 and 73 for pension and GASB 75 for OPEB, all of which account for the City's defined benefit liabilities. The City's total defined benefit liability is estimated at \$394.2 million on the Statement of Net Position, an increase of \$7.7 million as compared to the prior year.

Another significant portion of the City's total net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less related outstanding debt used to acquire assets that are still in service. 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 resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED STATEMENT OF NET POSITION

	June 30, 2024	June 30, 2023	Increase/ (Decrease)	Percent Increase/ (Decrease)
ASSETS:				
Current and other assets	\$232,357,684	\$217,770,841	\$ 14,586,843	6.70%
Capital assets, net of accumulated depreciation	286,653,490	287,317,473	(663,983)	-0.23%
Total assets	\$519,011,174	505,088,314	13,922,860	2.76%
Deferred outflows of resources	105,890,092	107,892,710	(2,002,618)	-1.86%
LIABILITIES:				
Current and other liabilities	34,716,746	33,622,613	1,094,133	3.25%
Long-term liabilities	444,076,596	436,113,296	7,963,300	1.83%
Total liabilities	478,793,342	469,735,909	9,057,433	1.93%
Deferred inflows of resources	32,903,041	32,300,324	602,717	1.87%
NET POSITION:				
Net investment in capital assets	257,950,628	258,068,790	(118,162)	-0.05%
Restricted	23,478,495	19,027,696	4,450,799	23.39%
Unrestricted	(168,224,238)	(166,151,695)	(2,072,543)	1.25%
Total net position	\$ 113,204,885	\$ 110,944,791	\$ 2,260,094	2.04%

At the end of fiscal year 2023-24, the City continued to report positive balances in two out of three categories of net position for the government as a whole, as well as for its separate governmental activities. The unrestricted net position ending the fiscal year with a balance of \$168.2 million primarily due to pension and OPEB benefits cost.

During the fiscal year 2023-24, the City's total net position increased by \$2.3 million.

CHANGES IN NET POSITION

	Governmental Activities	
	2024	2023
REVENUES:		
Program Revenues:		
Charges for services	\$ 22,991,560	\$ 22,541,044
Operating contributions and grants	23,659,800	19,907,594
Capital contributions and grants	4,395,853	3,905,958
General Revenues:		
Taxes:		
Property taxes	56,411,786	53,806,587
Sales and use taxes	76,400,160	79,851,289
Transient occupancy tax	10,150,696	9,830,790
Franchise taxes	6,542,802	6,094,232
Cannabis and Business tax	3,902,514	1,907,551
Other intergovernmental, unrestricted	138,951	275,292
Investment income	7,200,904	1,821,815
Miscellaneous	2,579,219	3,345,453
Total revenues	214,374,245	203,287,605
EXPENSES:		
General Government	46,273,963	32,152,691
Protection of persons and property	112,351,024	76,378,672
Community programs	29,965,511	21,097,340
Public services	22,489,959	13,379,020
Interest on long-term debt	1,033,694	962,189
Total expenses	212,114,151	143,969,912
Change in net position	2,260,094	59,317,693
NET POSITION, BEGINNING OF YEAR	110,944,791	51,627,098
NET POSITION, END OF YEAR	\$113,204,885	\$110,944,791

Governmental Activities

During the current year, the net position for governmental activities increased by \$2.3 million from the prior fiscal year's ending balance of \$110.9 million. Total revenues of \$214.4 million were more than expenses and net transfers of \$212.1 million. Key factors in the City's net position included:

- Operating contributions and grants increased by \$3.8 million or 18.8 percent primarily due to American Rescue Plan Act federal stimulus funding received and was not recognized because they were unspent in the prior fiscal year. However, spent in fiscal year 2023-24.
- Investment income increased by \$5.3 million due to the GASB 31 Fair market value adjustment which requires governmental entities to report most investments at their fair market value rather than their cost basis. The fair market value adjustment was \$2.6 million and \$2.7 million is the interest income earned for fiscal year 2023-24.
- Overall expenses increased by \$68.1 million or 47.3 percent from fiscal year 2022-23 due to the GASB 68 OPEB adjustment.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As was noted earlier, the City uses fund accounting to ensure and demonstrate compliance with professional standards promulgated by oversight agencies and also due to finance-related legal requirements.

Governmental Funds

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 financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2023-24, the City's governmental funds reported combined ending fund balance of \$149.7 million, an increase of \$9.9 million in comparison with the prior fiscal year fund balance of \$139.9 million. Of this total amount:

- \$0.6 million represents *nonspendable fund balance* which includes amounts that cannot be used because they are either not spendable in form or legally or contractually required to remain intact.
- \$46.5 million represents *restricted fund balance* which includes amounts that can be spent only for specific purposes stipulated by external sources or through enabling legislation.
- \$25.1 million represents *committed fund balance* which includes amounts that can be used only for specific purposes determined by a formal action of the City Council. It includes legislation (City Council action) that can only be overturned by a subsequent council action requiring a voting consensus.

- \$61.4 million represents *assigned fund balance* which includes amounts that are designated or expressed by the City Council for certain purposes but do not require formal actions like resolutions or ordinances. City Council, via resolution, delegated the authority to establish, modify, or rescind a fund balance assignment to the Finance Director.
- The remaining \$16.1 million constitutes *unassigned fund balance*.

The General Fund is the primary operating fund of the City. At the end of fiscal year 2023-24, the General Fund's fund balance increased by \$1.3 million. While the total fund balance amounted to \$60.3 million, the unassigned fund balance was \$17.7 million. Key factors attributable to the increase in net position include:

- Property tax revenue increased by \$3.0 million or 5.7 percent. The increase is due to a steady housing market, increase in the City's single-family homes median sales price, and an increase in overall property assessed valuations from new developments and improvements to properties.
- Cannabis tax revenues increased by \$2.3 million or 240.2 percent due to an increase in the full annual receipts of new Measure Q Cannabis businesses.
- Transient occupancy tax slightly increased by \$0.3 million or 3.3 percent due to room rate increases and a shift from consumer spending to experiences, travel, and leisure.
- Sales Tax decreased by \$3.5 million or 4.3 percent due to reduced sales in general consumer goods and building materials due to the higher interest rate environment.

Major Funds Other Than the General Fund

The Capital Improvements Fund had \$35.4 million in fund balance at the end of the fiscal year which represents a net increase of \$3.8 million or 12.2 percent from the prior fiscal year. The increase in fund balance is mainly attributed to transfers in for various capital improvement projects as per the City's Municipal code requirement to allocate 5% of General Fund revenue to capital improvement.

The Government Grants Fund is comprised of reimbursement Federal and State grants. At the end of the fiscal year, the revenues of reimbursement have not been received. As a result, this fund shows a deficit of \$1.5 million, however, these funds have been received in the subsequent fiscal year.

The Gas Tax Fund had a fund balance of \$21.8 million at the end of the fiscal year which represents a net increase of \$4.3 million or 24.3 percent increase from the prior fiscal year. Gas Tax revenues in the current year were \$7.0 million compared to \$2.7 million in expenditures.

The American Rescue Plan Act (ARPA) Fund had \$425,256 in fund balance at the end of the fiscal year which had a fund balance of \$258,379 in the prior fiscal year. The increase is due to recognized investment earnings throughout the year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City also utilizes Internal Service Funds, which are a propriety fund type.

The unrestricted net position of the Internal Service Funds at the end of the fiscal year was \$26.1 million. Total net position increased by \$2.1 million from the prior fiscal year. The increase in net position is mainly attributed to transfers in for Information Technology Replacement Fund to fund the five-years strategic plan, and Self-Insurance Fund to cover the general liability premiums increase.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2023-24 the actual revenues were \$109,652 or 0.1 percent lower than the final amended budget. Sales tax revenue decrease by \$3.5 million and Property tax revenue increased by \$3.0 million compared to the prior fiscal year. Additionally, transient occupancy tax and charges for services revenue received increase by \$0.3 million and \$1.3 million, respectively, compared to the prior fiscal year. Actual expenditures were \$1.2 million or 0.7 percent lower than final adjusted budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities (the City has no business-type activities or discretely presented component units) as of June 30, 2024, amounted to \$286.7 million net of accumulated depreciation and amortization. The investment in capital assets includes land, building improvements and structures, landscaping and sprinklers, machinery and equipment, intangible assets, park system and facilities, and road and storm drain infrastructure. The City's investment in capital assets for the current fiscal year decreased by \$0.1 million. Major infrastructure asset additions during fiscal year 2023-24 were Jack Hammett Field Upgrade, Adams Ave Improvement, various building maintenance projects, various street rehabilitation projects, and other ongoing capital projects. Other assets capitalized included vehicle replacements and a variety of equipment purchases. During the fiscal year, capital assets not being depreciated increased by \$8.3 million and capital assets being depreciated or amortized decreased by \$9.0 million.

CAPITAL ASSETS (NET OF DEPRECIATION)		
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	Governmental Activities	
	2024	2023
Land	\$ 34,579,306	\$ 34,579,306
Land rights related to streets	29,821,224	29,821,224
Construction in progress	27,432,761	19,137,403
Building improvements and structures	64,464,513	68,072,806
Machinery and equipment	22,792,719	18,357,725
Intangibles	67,577	226,556
Right-to-use-assets	687,898	1,014,403
Park system and facilities	7,380,647	9,216,778
Infrastructure- roads	88,512,145	94,574,275
Infrastructure- storm drains	10,914,700	12,316,997
TOTALS	\$ 286,653,490	\$ 287,317,473

Construction in progress as of June 30, 2024, totaled \$27.4 million, \$8.3 million higher than the previous fiscal year. 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. Construction in progress include some of the following projects with significant commitment balances:

CONSTRUCTION COMMITMENTS			
CONSTRUCTION PROJECT	TOTAL BUDGET	SPEND TO DATE	REMAINING COMMITMENT
Adams Ave Improvement	2,278,862	\$ 1,841,794	437,068
Sunflower Ave Rehabilitation	2,570,782	-	2,570,782
Fairview Rd Rehab	2,780,829	-	2,780,829
Newport(Victoria/22nd to 19th)	1,178,820	94,496	1,084,324
SB Newport Blv Improvement (Mesa/Victoria)	1,965,652	97,040	1,868,612
Newport Blvd NB 22th Bristol SB Bristol Mesa	2,134,145	94,186	2,039,959
TeWinkle Skate Park Expansion	2,132,158	33,724	2,098,434
TeWinkle Park Lakes Repairs	2,132,475	136,116	1,996,359
Mesa Restoration/Cultural Res.	2,000,000	50,947	1,949,053
Stabilize/Restore Fairview Pk	2,000,000	30,989	1,969,011
TOTALS	\$ 21,173,723	\$ 2,379,293	\$ 18,794,430

Additional information on capital assets can be found in note 7 on pages 56-57 of this report.

Long-Term Debt

At year-end, the City had one outstanding bond issue: the Financing Authority 2017 Lease Revenue Bonds with an outstanding balance of \$22.0 million. Additionally, the City had \$27.8 million in other outstanding liabilities related to leases, loans, claims, and employee benefits.

Long-term liabilities had a net increase of \$0.2 million, primarily due to a increase in the City's outstanding new finance leases.

OUTSTANDING DEBT		
	Governmental Activities	
	2024	2023
Bonds Payable	\$ 22,056,745	\$ 24,124,512
Other Liabilities	27,768,999	25,483,202
TOTALS	\$ 49,825,744	\$ 49,607,714

Additional information on the City's long-term debt can be found in notes 8 through 9 on pages 58-63 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During fiscal year 2023-24, the local economy had fully recovered from the pandemic and entered into the normal economic environment. The City continued to remain economically resilient, boasting new businesses, diverse industries, and strong financial management. Positive indicators like reduced unemployment and higher property values marked continued local economic growth, while continuing to remain fiscally cautious for financial stability. Looking ahead for fiscal year 2024-25, the City anticipates a slowdown in economic growth, and continues to exercise strong fiscal management to ensure stability. Supported by a diverse economic base, robust reserves, and a commitment to quality service delivery, Costa Mesa is well prepared to proactively manage anticipated economic challenges.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all who have an interest in the government's funding streams and overall fiscal conditions. This report and other financial related information can be found on the City's website www.costamesaca.gov. Questions concerning any information provided in this report or requests for additional financial information should contact:

- by mail: Finance Department, City of Costa Mesa, P.O. Box 1200, Costa Mesa, California, 92628-1200
- by e-mail: financeadmin@costamesaca.gov
- by phone: (714) 754-5243



ANNUAL COMPREHENSIVE
FINANCIAL REPORT
GOVERNMENT-WIDE FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities report information about the City as a whole and its activities. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

Statement of Net Position

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between assets/deferred outflows and liabilities/deferred inflows 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.

Statement of Activities

The Statement of Activities presents information to show 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF COSTA MESA, CALIFORNIA
Statement of Net Position
June 30, 2024
(With Comparative Data for Prior Year)

	Governmental Activities	
	2024	2023
Assets:		
Cash and investments (note 2)	\$ 193,341,227	\$ 183,666,852
Cash and investments with fiscal agent (note 2)	381,491	481,295
Due from other governments	21,177,148	20,441,133
Accounts receivable	4,455,911	4,495,977
Interest receivable	1,183,240	878,395
Loans receivable, net (note 5)	2,795,774	496,321
Rent receivable	395,963	372,809
Leases receivable (note 6)	3,484,578	3,953,933
Inventories	336,156	234,360
Prepaid items	4,806,196	2,749,766
Capital assets (note 7):		
Nondepreciable	91,833,291	83,537,933
Depreciable, net of accumulated depreciation	194,820,199	203,779,540
Total assets	<u>519,011,174</u>	<u>505,088,314</u>
Deferred outflows of resources:		
Deferred outflows related to pensions (note 11)	96,499,873	96,668,625
Deferred outflows related to OPEB (note 14)	9,390,219	11,224,085
Total deferred outflows of resources	<u>105,890,092</u>	<u>107,892,710</u>
Liabilities:		
Accounts payable	12,026,252	7,081,402
Accrued liabilities	4,906,459	4,490,817
Accrued interest payable	203,480	251,727
Retentions payable	375,986	546,815
Deposits payable	4,701,309	3,254,566
Unearned revenue	12,503,260	17,997,286
Long-term liabilities:		
Portion due within one year (note 8)	8,127,992	7,710,029
OPEB liability due within one year (note 14)	1,889,161	2,535,920
Police retirement 1% supplemental liability due within one year (note 12)	188,828	188,828
Portion due beyond one year (note 8)	41,697,752	41,897,685
OPEB liability (note 14)	43,562,915	49,841,073
Police retirement 1% supplemental liability (note 12)	1,383,478	1,548,518
Net pension liability (note 11)	347,226,468	332,391,243
Total liabilities	<u>478,793,340</u>	<u>469,735,909</u>
Deferred inflows of resources:		
Deferred inflows related to leases (note 6)	3,295,536	3,811,601
Deferred inflows related to pensions (note 11)	7,858,571	12,271,830
Deferred inflows related to OPEB (note 14)	21,748,934	16,216,893
Total deferred inflows of resources	<u>32,903,041</u>	<u>32,300,324</u>
Net position:		
Net investment in capital assets	257,950,628	258,068,790
Restricted for:		
Protection of persons and property	1,568,489	1,672,814
Community programs	12,663,845	10,118,512
Public services	9,246,161	7,236,370
Unrestricted	(168,224,238)	(166,151,695)
Total net position	<u>\$ 113,204,885</u>	<u>\$ 110,944,791</u>

See notes to financial statements

CITY OF COSTA MESA, CALIFORNIA
Statement of Activities
Year ended June 30, 2024
(With Comparative Data for Prior Year)

Functions/programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	2024	2023
Governmental activities:						
General government	\$ 46,273,963	\$ -	\$ 243,921	\$ -	\$ (46,030,042)	\$ (34,674,078)
Protection of persons and property	112,351,024	9,792,484	10,122,137	-	(92,436,403)	(54,951,980)
Community programs	29,965,511	6,118,182	6,650,102	-	(17,197,227)	(11,959,708)
Public services	22,489,960	7,080,894	6,643,640	4,395,853	(4,369,573)	4,932,640
Interest on long-term debt	1,033,694	-	-	-	(1,033,694)	(962,189)
Total governmental activities	<u>\$ 212,114,152</u>	<u>\$ 22,991,560</u>	<u>\$ 23,659,800</u>	<u>\$ 4,395,853</u>	<u>(161,066,939)</u>	<u>(97,615,315)</u>
General revenues:						
Taxes:						
					56,411,786	53,806,587
					76,400,160	79,851,289
					10,150,696	9,830,790
					6,542,802	6,094,232
					3,902,514	1,907,551
					138,951	275,292
					7,200,904	1,821,815
					2,579,220	3,345,452
					<u>163,327,033</u>	<u>156,933,008</u>
					2,260,094	59,317,693
					<u>110,944,791</u>	<u>51,627,098</u>
					<u>\$ 113,204,885</u>	<u>\$ 110,944,791</u>

See notes to financial statements



ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FUND FINANCIAL STATEMENTS



FUND FINANCIAL
STATEMENTS

GOVERNMENTAL FUNDS

Major Governmental Funds

GENERAL FUND

The General Fund must be classified as a major fund in the accompanying fund financial statements and is used to account for all general revenues of the City not specifically levied or collected for some special purpose, and for expenditures related to the rendering of general services by the City. The General Fund is used to account for all resources not required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Government Grants

Established to account for receipt and disbursement of grant monies provided by Federal, State, and County governmental agencies for various programs.

Gas Tax Fund

Established to account for the receipt and disbursement of funds required to be used for construction and maintenance of the City's road network system. Financing is provided by the City's share of State gasoline taxes, including allocations from the Highway Users Tax Account (HUTA) and the Road Maintenance and Rehabilitation Account (RMRA).

American Rescue Plan Act (ARPA)

Established to account for the receipt and disbursement of grant monies under the American Rescue Plan Act.

CAPITAL PROJECTS FUNDS

Capital Improvements Fund

Established to account for the construction of capital facilities financed by the City's General Fund and various governmental grants.

Nonmajor Governmental Funds

Nonmajor governmental funds constitute all other governmental funds which include twelve Special Revenue Funds, ten Capital Projects Funds, and one Debt Service Fund.

CITY OF COSTA MESA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2024
(With Comparative Data for Prior Year)

		Special Revenue	
	General	Government Grants	Gas Tax
<u>Assets:</u>			
Cash and investments	\$ 53,335,361	\$ 7,435,189	\$ 22,625,001
Cash and investments with fiscal agents	-	-	-
Due from other governments	15,012,553	2,480,319	835,436
Accounts receivable, net	4,133,874	-	24,998
Interest receivable	1,004,231	79	31,986
Loans receivable, net	564	-	-
Leases receivables	2,129,540	-	-
Rent receivable	395,963	-	-
Due from other funds (note 3)	65,076	-	-
Inventories	69,892	-	-
Prepaid items	560,290	-	-
Total assets	<u>\$ 76,707,344</u>	<u>9,915,587</u>	<u>23,517,421</u>
<u>Liabilities:</u>			
Accounts payable	\$ 4,424,778	\$ 1,899,381	\$ 1,520,821
Accrued liabilities	4,645,732	16,966	25,525
Retentions payable	-	35,746	92,056
Deposits payable	4,661,407	-	-
Due to other funds (note 3)	-	-	-
Unearned revenue	-	7,313,460	-
Total liabilities	<u>13,731,917</u>	<u>9,265,553</u>	<u>1,638,402</u>
<u>Deferred inflows of resources:</u>			
Lease related	1,971,991	-	-
Unavailable revenue	640,535	2,188,052	48,300
Total deferred inflows of resources	<u>2,612,526</u>	<u>2,188,052</u>	<u>48,300</u>
<u>Fund balances (note 10):</u>			
Non-spendable:			
Prepaid items	560,290	-	-
Inventories	69,892	-	-
Restricted:			
Pension and OPEB	3,367,408	-	-
Protection of persons and property	-	-	-
Community programs	-	-	-
Public services	-	-	21,830,719
Debt service	-	-	-
Committed	25,125,000	-	-
Assigned	13,554,327	-	-
Unassigned	17,685,984	(1,538,018)	-
Total fund balances	<u>60,362,901</u>	<u>(1,538,018)</u>	<u>21,830,719</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 76,707,344</u>	<u>\$ 9,915,587</u>	<u>\$ 23,517,421</u>

See notes to financial statements

Special Revenue	Capital Projects	Nonmajor	Totals	
American Rescue	Capital	Governmental		
Plan Act	Improvements	Funds	2024	2023
\$ 5,371,170	\$ 35,967,733	\$ 29,875,711	\$ 154,610,165	\$ 145,856,822
-	-	381,491	381,491	481,295
-	86,025	2,762,815	21,177,148	20,441,133
-	-	297,039	4,455,911	4,495,977
8,628	44,400	39,896	1,129,220	834,803
-	-	2,795,210	2,795,774	496,321
-	-	1,355,038	3,484,578	3,953,933
-	-	-	395,963	372,809
-	-	-	65,076	54,037
-	-	28	69,920	85,157
-	-	-	560,290	373,530
<u>5,379,798</u>	<u>36,098,158</u>	<u>37,507,228</u>	<u>\$ 189,125,536</u>	<u>\$ 177,445,817</u>
\$ 10,000	\$ 500,697	\$ 1,587,115	\$ 9,942,792	\$ 5,955,968
-	-	95,325	4,783,548	4,357,557
-	128,498	119,686	375,986	546,815
-	-	39,902	4,701,309	3,254,566
-	-	65,076	65,076	54,037
4,944,542	-	245,258	12,503,260	17,997,286
<u>4,954,542</u>	<u>629,195</u>	<u>2,152,362</u>	<u>32,371,971</u>	<u>32,166,229</u>
-	-	1,323,545	3,295,536	3,811,601
-	81,572	747,508	3,705,967	1,567,347
-	81,572	2,071,053	7,001,503	5,378,948
-	-	-	560,290	373,530
-	-	-	69,892	85,157
-	-	-	3,367,408	3,178,229
425,256	-	1,272,224	1,697,480	1,897,778
-	-	10,475,793	10,475,793	9,179,963
-	-	9,085,173	30,915,892	24,136,531
-	-	17,449	17,449	7,278
-	-	-	25,125,000	25,125,000
-	35,387,391	12,468,584	61,410,302	58,627,064
-	-	(35,410)	16,112,556	17,290,110
<u>425,256</u>	<u>35,387,391</u>	<u>33,283,813</u>	<u>149,752,062</u>	<u>139,900,640</u>
<u>\$ 5,379,798</u>	<u>\$ 36,098,158</u>	<u>\$ 37,507,228</u>	<u>\$ 189,125,536</u>	<u>\$ 177,445,817</u>

See notes to financial statements



CITY OF COSTA MESA, CALIFORNIA
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2024

Fund balances of governmental funds	\$ 149,752,062
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Related Items

When capital assets (property, plant, equipment) for governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in the governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the City as a whole:

Cost of capital assets	682,824,409
Accumulated depreciation/amortization	(411,242,218)

Long-Term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position:

Bonds payable	(19,196,840)
Premium on bonds	(2,844,512)
Loan payable	(82,086)
Leases payable	(740,267)
Subscription payable	(3,575)
Employee benefits leave payable	(5,982,021)

Accrued Interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds are due to accrued interest on outstanding debt payable.

(203,480)

Internal Service Funds

Internal Service Funds are used by management to charge the costs of certain activities to individual City funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position because they primarily service governmental activities of the City.

35,185,709

Deferred Inflows of Resources

Certain unavailable revenues that do not provide current financial resources are reported as deferred inflows of resources in the funds.

3,705,967

Pension and OPEB

Amounts regarding the pension plans and OPEB are as follows:

Deferred outflows of resources related to pensions	96,499,873
Deferred outflows of resources related to OPEB	9,390,219
Deferred inflows of resources related to pensions	(7,858,571)
Deferred inflows of resources related to OPEB	(21,748,934)
CalPERS pension liability	(347,226,468)
OPEB liability	(45,452,076)
Police 1% supplemental retirement liability	(1,572,306)

Net position of governmental activities	\$ 113,204,885
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See notes to financial statements

CITY OF COSTA MESA, CALIFORNIA
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2024
(With Comparative Data for Prior Year)

		Special Revenue	
	General	Government Grants	Gas Tax
Revenues:			
Taxes	\$ 153,461,921	\$ -	\$ -
Licenses and permits	5,982,422	-	-
Charges for services	10,213,746	-	-
Fines and forfeitures	1,297,319	-	-
Intergovernmental	4,994,270	3,275,113	5,981,892
Investment income (loss)	2,250,512	78,230	845,794
Rental income	4,512,794	-	-
Miscellaneous	1,174,798	-	167,874
Total revenues	<u>183,887,782</u>	<u>3,353,343</u>	<u>6,995,560</u>
Expenditures:			
Current:			
General government	41,445,169	2,014,351	-
Protection of persons and property	100,382,093	1,238,622	-
Community programs	15,695,975	1,711,393	-
Public services	8,811,886	189,845	2,721,195
Debt service:			
Principal	566,391	-	-
Interest and fiscal charges	62,126	-	-
Total expenditures	<u>166,963,640</u>	<u>5,154,211</u>	<u>2,721,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,924,142</u>	<u>(1,800,868)</u>	<u>4,274,365</u>
Other financing sources (uses):			
Transfer in (note 4)	888,618	-	-
Transfer out (note 4)	<u>(16,486,813)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(15,598,195)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,325,947	(1,800,868)	4,274,365
Fund balances at beginning of year	<u>59,036,954</u>	<u>262,850</u>	<u>17,556,354</u>
Fund balances at end of year	<u>\$ 60,362,901</u>	<u>\$ (1,538,018)</u>	<u>\$ 21,830,719</u>

See notes to financial statements

Special Revenue	Capital Projects	Nonmajor	Totals	
American Rescue	Capital	Governmental		
Plan Act	Improvements	Funds	2024	2023
\$ -	\$ -	\$ 24,610	\$ 153,486,531	\$ 151,484,175
-	-	-	5,982,422	6,342,557
-	-	355,005	10,568,751	10,155,524
-	-	125,118	1,422,437	1,266,768
3,620,652	152,972	8,493,174	26,518,073	26,254,095
166,877	1,203,727	1,186,310	5,731,450	1,516,600
-	-	883,398	5,396,192	4,722,383
-	35,852	271,788	1,650,312	1,615,437
3,787,529	1,392,551	11,339,403	210,756,168	203,357,539
-	7,200	-	43,466,720	36,619,271
1,600,000	792,490	812,424	104,825,629	97,717,265
-	256,672	7,494,849	25,158,889	19,634,935
-	3,297,238	5,308,611	20,328,775	17,603,790
-	-	1,920,000	2,486,391	2,172,370
-	-	879,550	941,676	999,864
1,600,000	4,353,600	16,415,434	197,208,080	174,747,495
2,187,529	(2,961,049)	(5,076,031)	13,548,088	28,610,044
-	7,194,994	7,111,763	15,195,375	22,212,189
(2,020,652)	(384,576)	-	(18,892,041)	(28,422,851)
(2,020,652)	6,810,418	7,111,763	(3,696,666)	(6,210,662)
166,877	3,849,369	2,035,732	9,851,422	22,399,382
258,379	31,538,022	31,248,081	139,900,640	117,501,258
\$ 425,256	\$ 35,387,391	\$ 33,283,813	\$ 149,752,062	\$ 139,900,640

See notes to financial statements



CITY OF COSTA MESA, CALIFORNIA
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Year ended June 30, 2024

Net changes in fund balances - total governmental funds \$ 9,851,422

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital Related Items

When capital assets for governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources used, whereas net position decreases by the amount of depreciation expense charged for the year.

Capital outlay	13,356,047
Depreciation expense	(16,949,742)

Long-Term Debt Transactions

Some 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. Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Net changes in employee benefits leave payable	227,255
Principal payments - bonds	1,920,000
Principal payments - loans payable	15,392
Principal payments - lease payable	223,235
Principal payments - subscription payable	94,773
Amortization of bond premium	147,767

Pension and OPEB

Pension and OPEB expense reported in the governmental funds include the actual contributions. In the Statement of Activities, pension and OPEB expenses include the change in net pension and opeb liabilities and the related changes in pension and OPEB amounts for deferred outflows of resources and deferred inflows of resources. of resources and deferred inflows of resources.

Net change in pension liability	(10,425,678)
Net change in OPEB liability	(440,990)

Accrued Interest

Recording of the current year change of accrued interest on outstanding debt payable.	48,247
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Internal Service Funds

Internal Service Funds are used by management to charge the costs of certain activities to individual City funds. The adjustments for Internal Service Funds "close" those funds by charging additional amounts to participating governmental activities to completely cover the Internal Service Funds' costs for the year.

2,053,746

Deferred Inflows of Resources

Certain unavailable revenues that do not provide current financial resources are reported as deferred inflows of resources in the funds.

2,138,620

Change in net position of governmental activities	\$ 2,260,094
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See notes to financial statements

CITY OF COSTA MESA, CALIFORNIA
Proprietary Funds
Statement of Net Position
June 30, 2024
(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
	2024	2023
<u>Assets:</u>		
Current assets:		
Cash and investments	\$ 38,731,062	\$ 37,810,030
Interest receivable	54,020	43,592
Prepaid items	4,245,906	2,376,236
Inventories	266,236	149,203
Total current assets	43,297,224	40,379,061
Capital Assets:		
Construction in progress	-	1,932,537
Motorized equipment	22,875,746	18,802,993
Other equipment	5,928,501	3,901,560
Accumulated depreciation	(13,732,948)	(12,495,503)
Net capital assets	15,071,299	12,141,587
Total assets	58,368,523	52,520,648
<u>Liabilities:</u>		
Current liabilities:		
Accounts payable	2,083,460	1,125,434
Accrued liabilities	122,911	133,260
Notes payable	864,738	564,329
Claims payable	862,543	1,134,946
Total current liabilities	3,933,652	2,957,969
Long-term liabilities:		
Notes payable	5,151,138	3,738,263
Claims payable	14,098,024	12,692,453
Total long-term liabilities	19,249,162	16,430,716
Total liabilities	23,182,814	19,388,685
<u>Net Position:</u>		
Net investment in capital assets	9,055,423	7,838,995
Unrestricted	26,130,286	25,292,968
Total net position	\$ 35,185,709	\$ 33,131,963

See notes to financial statements

CITY OF COSTA MESA, CALIFORNIA
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
	2024	2023
Operating revenues:		
Charges for services	\$ 10,938,708	\$ 10,284,896
Total operating revenues	10,938,708	10,284,896
Operating expenses:		
Allocated administrative costs	4,288,668	3,961,064
Depreciation	1,532,452	1,120,805
Fuel and repair parts	1,423,961	1,050,894
Materials and supplies	138,345	71,077
Claims and premiums	6,768,057	3,589,183
Total operating expenses	14,151,483	9,793,023
Operating income (loss)	(3,212,775)	491,873
Nonoperating revenues (expenses):		
Investment income (loss)	1,469,458	305,212
Intergovernmental	-	159,985
Other nonoperating revenue	10,000	1,367,944
Interest expense	(55,041)	(121,301)
Gain/(loss) on disposal of equipment	145,438	(17,270)
Total nonoperating revenues (expenses)	1,569,855	1,694,570
Income (loss) before transfers	(1,642,920)	2,186,443
Transfers in (note 4)	3,716,386	6,210,662
Transfers out	(19,720)	-
Change in net position	2,053,746	8,397,105
Net position at beginning of year	33,131,963	24,734,858
Net position at end of year	\$ 35,185,709	\$ 33,131,963

See notes to financial statements

CITY OF COSTA MESA, CALIFORNIA
Proprietary Funds
Statement of Cash Flows
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
	2024	2023
Cash flows from operating activities:		
Cash received from customers and user departments	\$ 10,938,708	\$ 10,284,896
Cash payments to suppliers for goods and services	(7,197,189)	(6,308,170)
Cash payments to employees for services	(2,926,462)	(2,286,589)
Net cash provided by (used for) operating activities	815,057	1,690,137
Cash flows from noncapital financing activities:		
Cash received from other funds	3,716,386	6,210,662
Cash paid to other funds	(19,720)	-
Intergovernmental revenue received	-	159,985
Net cash provided by (used for) noncapital financing activities	3,696,666	6,370,647
Cash flows from capital and related financing activities:		
Principal paid on capital debt	(563,165)	(325,038)
Interest paid on capital debt	(55,041)	(121,301)
Proceeds from note payable	2,276,449	1,241,068
Proceeds from insurance settlement	10,000	1,367,944
Proceeds from sale of capital assets	178,217	67,960
Acquisition of capital assets	(6,896,181)	(4,096,041)
Net cash provided by (used for) capital and related financing activities	(5,049,721)	(1,865,408)
Cash flows from investing activities:		
Investment income (loss)	1,459,030	321,589
Net cash provided by (used for) investing activities	1,459,030	321,589
Net increase (decrease) in cash and cash equivalents	921,032	6,516,965
Cash and cash equivalents at beginning of year	37,810,030	31,293,065
Cash and cash equivalents at end of year	\$ 38,731,062	\$ 37,810,030
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (3,212,775)	\$ 491,873
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	1,532,452	1,120,805
(Increase) decrease in inventories	(117,033)	90,986
(Increase) decrease in prepaid items	242,026	(45,022)
Increase (decrease) in accounts payable	1,247,568	415,196
Increase (decrease) in accrued liabilities	(10,349)	88,342
Increase (decrease) in claims payable	1,133,168	(472,043)
Net cash provided by (used for) operating activities	\$ 815,057	\$ 1,690,137

There were no noncash investing, capital and financing activities during fiscal years ended June 30, 2024.

See notes to financial statements

CITY OF COSTA MESA, CALIFORNIA
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

	<u>Custodial Fund</u>
<u>Assets:</u>	
Cash and cash investments (note 2)	\$ 656,314
Accounts receivable	<u>46</u>
Total assets	<u>656,360</u>
<u>Liabilities:</u>	
Accounts payable	41,123
Deposits payable	<u>38,941</u>
Total liabilities	<u>80,064</u>
<u>Net Position:</u>	
Restricted for:	
Individuals, organizations and other governments	<u>576,296</u>
Total net position	<u><u>\$ 576,296</u></u>

See notes to financial statements

CITY OF COSTA MESA, CALIFORNIA
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2024

	Custodial Fund
	<hr/>
Additions:	
Assessments and fees	\$ 25,735
Donations	<hr/> 108,892
Total additions	<hr/> 134,627
Deductions:	
Remittance to others	<hr/> 196,099
Total deductions	<hr/> 196,099
Change in net position	(61,472)
Net position at beginning of year	<hr/> 637,768
Net position at end of year	<hr/> <hr/> \$ 576,296

See notes to financial statements

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
NOTES TO THE FINANCIAL STATEMENTS



CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the City of Costa Mesa, California (City):

(a) *Description of Reporting Entity*

The City of Costa Mesa was incorporated on June 29, 1953 as a general law city under the Government Code of the State of California. The City operates under a Council-Manager form of government. Among services provided by the City are the following: public works, parks and recreation, planning, community development, fire, and law enforcement services.

As required by generally accepted accounting principles, these financial statements present the City and 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 either 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 an organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

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 appropriately presented as funds of the primary government. The following organizations are considered to be component units of the City:

Costa Mesa Housing Authority

The Costa Mesa Housing Authority (Housing Authority) was created pursuant to the State of California Health and Safety Code, Section 34176(a). The Housing Authority promotes affordable housing for low and moderate income households within the City, administers the homeless outreach program and operates the bridge shelter for homeless individuals.

The Housing Authority is a separate entity primarily funded by housing loan repayments and transfers from the City.

City Council members, in separate session, serve as the governing board of the Housing Authority, and all accounting and administrative functions are performed by the City. Financial activity of the Housing Authority has been reported as if it were part of the City in the Housing Authority Special Revenue Fund. Separate financial statements of the Housing Authority can be obtained at City Hall.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

Costa Mesa Financing Authority

The Costa Mesa Financing Authority (Financing Authority) was created by a joint powers agreement between the City of Costa Mesa (the City) and the Costa Mesa Housing Authority (the Housing Authority), dated August 1, 2017. It was created pursuant to Article 1 of Chapter 5 of Division 7 of Title of the Government Code of the State of California (the "JPA Act"). Transactions of the Financing Authority are reported in the Debt Service Fund. Separate financial statements of the Financing Authority can be obtained at City Hall.

(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 the basic financial statements

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), as well as its discretely presented component units. The City has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities 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, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

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

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

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

Franchise fees and business license charges have been reported as general revenues because the fees are based on gross receipts, not charges for services.

Fund Financial Statements

The underlying account system of the City is organized and operated on the basis of separate funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves, and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. 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 major funds individually and nonmajor funds in the aggregate for governmental funds. Proprietary statements include financial information for internal service funds. Fiduciary statements include financial information for agency and private purpose trust funds. Fiduciary funds of the City represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. 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 governmental fund revenue, except for grant revenue which uses an availability period of 90 days.

Sales taxes, property taxes, franchise taxes, motor vehicle in lieu, transient occupancy taxes, 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.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

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 nonexchange* 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 nonexchange* 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 generally only current assets, current liabilities and deferred inflows of resources are included on their balance sheets. The reported fund balance 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 fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on the balance sheet in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent fund balance.

Recognition of governmental fund type revenues represented by unavailable revenues are reported as deferred inflows of revenues.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types 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. Proceeds of long-term debt are recorded as *other financing sources*, rather than a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

Proprietary and Fiduciary Funds

The City's internal service funds are proprietary funds. In the fund financial statements, proprietary and all fiduciary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when related goods or services are delivered.

In the fund financial statements, proprietary and all fiduciary 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 in the Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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 us essentially equal values. Nonoperating revenues, such as investment income, gain or loss on sale of equipment and miscellaneous revenues result from nonexchange transactions or ancillary activities. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. Amounts paid to acquire capital assets are capitalized as assets in the internal service fund financial statements, rather than being reported as expenses. Proceeds of long-term debt are recorded as liabilities in the internal service fund financial statements, rather than being reported as other financing sources. Amounts paid to reduce long-term indebtedness of the internal service fund are reported as reductions of the related liability, rather than as expenses. The City's custodial funds are fiduciary funds and use the accrual basis of accounting.

(c) *Property Tax Calendar*

Property tax revenues are recognized in the fiscal year for which the taxes have been levied, provided this accrual meets the available criteria. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County of Orange collects property taxes for the City tax liens attached annually as of 12:01 a.m. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. All secured personal property taxes and one-half of the taxes on real property are due November 1st. The second installment is due February 1st. All taxes are delinquent if not paid as of December 10th and April 10th, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent if not paid as of August 31st.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

(d) *Fund Classifications*

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenditures and other costs, which are not paid through other funds.

Special Revenue Fund

Government Grants – Established to account for receipt and disbursement of grant monies provided by Federal, State, and County governmental agencies for various programs.

Gas Tax - Established to account for the receipt and disbursement of funds required to be used for construction and maintenance of the City's road network system. Financing is provided by the City's share of State gasoline taxes, including allocations from the Highway Users Tax Account (HUTA) and the Road Maintenance and Rehabilitation Account (RMRA).

American Rescue Plan Act – Established to account for receipt and disbursement of ARPA monies received under the American Rescue Plan Act.

Capital Projects Fund

Capital Improvements Fund – This capital projects fund was established to account for construction of capital facilities financed by the City's General Fund and various governmental grants.

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

Special Revenue Funds – The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for a specified purpose.

Debt Service Funds – The debt service funds are used to account for the accumulation of resources for, and the payment of, long-term liabilities, interest, and related fiscal agent costs.

Capital Projects Funds – The capital projects funds are used to account for financial resources segregated for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds).

Internal Service Funds – The internal service funds are used to finance and account for activities involved in rendering equipment replacement, self-insurance services, and information technology replacement to departments within the City. Costs of

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

materials, equipment, and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

Private Purpose Trust Fund – The private-purpose trust fund accounts for the assets, liabilities, additions, and deductions made on behalf of the former Costa Mesa Redevelopment Agency.

Custodial Funds – The custodial funds are used to account for assets held by the City as an agent for individuals, private organizations and other governments. The custodial funds are used to account for fees, assessments, seizures and donations for which the City is acting in an agent capacity.

(e) *Cash and Investments*

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

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

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

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

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

(f) *Cash Equivalents*

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

value because of changes in interest rates. Cash and cash equivalents include all investments with original purchase maturities of three months or less. Cash equivalents also represent the proprietary funds share in the cash and investment pool of the City.

The City pools idle cash from all funds in order to maximize income from investment activities. Investments are recorded on the City's books at fair value (quoted market price or best available estimate thereof). Interest income on investments is allocated to individual funds on the basis of monthly cash and investment balances.

(g) *Inventories*

Inventories of materials and supplies are carried at cost on an average cost basis. The City uses the consumption method of accounting for inventories.

(h) *Prepays*

The City uses the consumption method to record prepaid items.

(i) *Leases*

The City is a lessor and lessee for leases as detailed in notes 6 and 9. The City recognizes a lease receivable, a deferred inflow of resources, and a lease payable in the financial statements.

At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received and paid during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received and the lease payable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts and payments to present value, lease term and lease receipts.

- The City uses the estimated cost of capital rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

(j) *Subscription-Based Information (IT) Arrangements*

The City is a participant in subscription-based IT arrangements as detailed in note 9. The City recognizes a subscription-based IT payable and right to use IT assets in the financial statements. At the commencement of the arrangement, the City initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

(k) *Capital Assets*

Capital assets (including infrastructure) are recorded at historical cost at the time of purchase. Assets acquired from gifts or contributions are recorded at acquisition value on the date received. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of two years or more.

Capital assets include public domain (infrastructure) capital assets consisting of certain improvements including roads, streets, sidewalks, medians, sewers, and storm drains. Public domain assets acquired prior to 1980 have been included in the accompanying financial statements.

Capital assets used in operations are depreciated or amortized over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of proprietary funds. It is the City's policy not to depreciate or amortize assets in its first year of service. A full year of depreciation or amortization is charged at final year of asset life or upon disposal. Depreciation and amortization are charged as expenses against operations and accumulated depreciation and amortization are reported on the respective statement of net position.

The ranges of lives used for computing depreciation and amortization for each capital asset class are as follows:

Building improvements and structures	10-20 years
Landscaping and sprinklers	35-40 years
Automotive equipment	2-20 years
Office furniture	5-20 years
Office machines	3-20 years
Other equipment	5-60 years
Intangible assets	7-10 years
Right-to-use lease assets	2-7 years
Right-to-use subscription assets	2-7 years
Park system and facilities	10-25 years
Infrastructure – roads	10-50 years
Infrastructure – storm drains	50-100 years

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

(l) *Deferred Outflows/Inflows of Resources*

The statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expenditure) until that time. The City has two items that qualify for reporting in this category. The items are deferred outflows related to pensions and OPEB.

The statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has four types of items which qualify for reporting in this category. Three of the items are deferred inflows related to pensions, OPEB, and leases which are presented on the government-wide statement of net position. The fourth item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from accounts, taxes, grant and lease receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(m) *Fund Balances*

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance – This includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance – This includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If Council action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance – This includes amounts that can be used only for specific purposes determined by formal action of a city ordinance by the Council. It includes legislation (Council action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if Council action limiting the use of funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. For the purposes of establishing, modifying, and rescinding a committed fund balance, the City considers an ordinance more binding than a resolution or a minute action by City Council.

Assigned Fund Balance – This includes amounts that are designated or expressed by the Council, but does not require a formal action like a resolution or ordinance. The Council may delegate the ability to an employee or committee to assign uses of

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

specific funds for specific purposes. In June 2011, the City Council passed Resolution 11-27, delegating authority to establish, modify, or rescind a fund balance assignment to the Finance Director.

Unassigned Fund Balance – This includes amounts that are the residual balance for the City's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of the unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(n) *Employee Leave Benefits*

Eligible employees accumulate up to 26.5 days of vacation each year, depending on the employee's bargaining unit and length of service, but may not carry over from one year to the next more than the equivalent of one to two (depends on Memorandum of Understanding or Salary Resolution) year's vacation without prior approval of the respective department head and/or City Manager.

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances except for miscellaneous, confidential and Costa Mesa Police Association (CMPA) employee groups. The liability is recorded only to the extent that it is probable that the unused balances will result in termination payments. Unused sick leave is converted to CalPERS service credit at the time of retirement. The ability to liquidate leave balances is available to all employee groups with the exception of miscellaneous, confidential and CMPA employee groups, separations from which result in the forfeiture of the accrued sick leave benefit. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year-end. All other amounts are only recorded in the government-wide financial statements. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

(o) *Claims and Judgments*

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

This liability is recorded in an internal service fund, which accounts for the City's self-insurance activities.

(p) *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For the 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.

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

	<u>CalPERS Plans</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

	<u>Supplemental Plan</u>
Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

(q) *Other Post Employment 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 and information about the plan (OPEB Plan), 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.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability 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

(r) *Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(s) *Prior Year Data*

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles.

Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(2) Cash and Investments

Cash and investments are reported as follows:

Statement of Net Position:	
Cash and Investments	\$ 193,341,227
Cash and Investments with Fiscal Agent	381,491
Statement of Fiduciary Net Position:	
Cash and Investments	<u>656,314</u>
Total cash and investments	<u>\$ 194,379,032</u>

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

Petty cash on hand	\$ 52,200
Demand deposits	52,940,015
Investments	<u>141,386,817</u>
Total cash and investments	<u>\$ 194,379,032</u>

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

The table below identifies investment types that are authorized for the City by the California Government Code and investment policies of the City. The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that 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 policy.

<u>Authorized Investments</u>	<u>Maximum Maturity*</u>	<u>Percentage of Portfolio*</u>	<u>Investment In One Issuer*</u>
U.S. Treasury Securities	5 years	None	None
Federal Agency Securities	5 years	None	35%
Municipal Securities	5 years	None	5%
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Federally Insured Time Deposit	5 Years	None	None
Non-Negotiable Certificates of Deposit	5 years	20%	5%
Certificate of Deposit Placement Service	5 years	30%	None
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	30%	None
Medium-Term Corporate Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Asset Backed Securities	5 years	20%	5%
County Pooled Investment Funds	N/A	35%	None
Local Agency Investment Fund	N/A	None	None
Supranational Securities	5 years	15%	5%

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(2) Cash and Investments (Continued)

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

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

Generally, the following investment types are authorized by the City's debt agreements:

<u>Authorized Investments</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Securities	None	None	None
Federal Agency Securities	1 year	None	None
Banker's Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Investment Agreements	None	None	None
Interest-Bearing Time Deposits	30 days	None	None
Repurchase Agreements	270 days	None	None
Local Agency Investment Fund	None	None	None
State Obligations	None	None	None
Pre-funded Municipal Obligations	None	None	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(2) Cash and Investments (Continued)

<u>Investment Type</u>	12 Months Or Less	13 to 24 Months	25 to 60 Months	Greater Than Five Years	Total
Federal Agency Securities	\$ 4,676,016	\$ 5,260,879	\$ 5,472,823	\$ -	\$ 15,409,718
State Investment Pool (LAIF)	74,619,744	-	-	-	74,619,744
U.S. Treasury Securities	-	5,181,802	21,910,478	-	27,092,280
Medium-Term Corporate Notes	2,322,826	5,933,268	7,322,291	-	15,578,385
Asset Backed Securities	-	527,766	5,266,596	-	5,794,362
Money Market Mutual Funds	88,059	-	-	-	88,059
Orange County Investment Pool	579,357	-	-	-	579,357
PARS Section 115 Trust:					
Pooled Balanced Index Plus	1,867,408	-	-	-	1,867,408
Held by Trustee:					
Money Market Mutual Funds	356,004	-	-	-	356,004
Lehman Brothers Holdings Inc. Bankruptcy	-	-	-	1,500	1,500
Total	<u>\$ 84,509,414</u>	<u>\$ 16,903,715</u>	<u>\$ 39,972,188</u>	<u>\$ 1,500</u>	<u>\$ 141,386,817</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City (including investments held by bond trustees) held no investments that were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	Minimum Legal					Total
	Rating	AAA	AA	A	Not Rated	
Federal Agency Securities	N/A	\$15,409,718	\$ -	\$ -	\$ -	\$ 15,409,718
U.S. Treasury Securities*	N/A	-	-	-	27,092,280	27,092,280
Medium-Term Corporate Notes	A	-	2,249,787	13,328,598	-	15,578,385
State Investment Pool (LAIF)	N/A	-	-	-	74,619,744	74,619,744
Asset Backed Securities	AA	5,794,362	-	-	-	5,794,362
Money Market Mutual Funds	AAA	88,059	-	-	-	88,059
PARS Section 115 Trust:						
Pooled Balanced Index Plus	N/A	-	-	-	1,867,408	1,867,408
Orange County Investment Pool	N/A	-	-	-	579,357	579,357
Held by Trustee:						
Market Mutual Funds	AAA	356,004	-	-	-	356,004
Brothers Holdings Bankruptcy	N/A	-	-	-	1,500	1,500
Total		<u>\$21,648,143</u>	<u>\$ 2,249,787</u>	<u>\$13,328,598</u>	<u>\$104,160,289</u>	<u>\$ 141,386,817</u>

* not required to be rated

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(2) Cash and Investments (Continued)

GASB requires the disclosure of more than 5% total investments with a single issuer. At June 30, 2024, there were no investments in any single issuer exceeded 5%.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by the 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in Public Agency Retirement Services

The City is a voluntary participant in the Public Agency Retirement Services (PARS). In 2021, the City funded an Internal Revenue Services Section 115 irrevocable trust with PARS for pension and OPEB benefits. The trust account allows more control and flexibility in investment allocations compared to the City's portfolio which is restricted by State regulations to fixed income instruments. OPEB and Pension trust fund assets are held on behalf of the City by PARS. The City provides investment direction and determines the amount and timing of disbursements of PARS trust fund assets.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(2) Cash and Investments (Continued)

Fair Value Measurements

The City's investment in Lehman Brothers Holdings, Inc. Bankruptcy is valued based on cost and the City's assumptions originated from market participant input, respectively. This investment is not traded on, and therefore, are categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

Fair value measurements for the year ended June 30, 2024 are as follows:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities	\$ -	\$ 15,409,718	\$ -	\$ 15,409,718
U.S. Treasury Securities	-	27,092,280	-	27,092,280
Medium Term Corporate Notes	-	15,578,385	-	15,578,385
Asset Backed Securities	-	5,794,362	-	5,794,362
Held by Trustee:				
Lehman Brothers Holdings Inc. Bankruptcy	-	-	1,500	1,500
Investments measured at Fair Value	<u>\$ -</u>	<u>\$ 63,874,745</u>	<u>\$ 1,500</u>	63,876,245
State Investment Pool (LAIF) *				74,619,744
Orange County Investment Pool				579,357
Money Market Mutual Funds*				88,059
PARS Section 115 Trust:				
Pooled Balanced Index Plus*				1,867,408
Held By Trustee:				
Money Market Mutual Funds*				<u>356,004</u>
Total Investment Portfolio				<u>\$ 141,386,817</u>

* Not subject to fair value categorization

(3) Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2024 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 65,076

All receivables resulted from short-term borrowing to cover negative cash balances.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(4) Transfers In and Out

Transfers in and out for the year ended June 30, 2024 are as follows:

<u>Transfers out</u>	<u>Transfers in</u>	<u>Total</u>	
General Fund	Capital Improvements Fund	\$ 7,194,994	(a1)
General Fund	Nonmajor Governmental Funds	5,575,433	(a2 to a3)
General Fund	Internal Service Funds	3,716,386	(a4)
Capital Improvements Fund	Nonmajor Governmental Funds	384,576	(b1)
ARPA Fund	General Fund	868,898	(c1)
ARPA Fund	Nonmajor Governmental Funds	1,151,754	(c2)
Internal Service Funds	General Fund	19,720	(d1)
		<u>\$ 18,911,761</u>	

- (a) The General Fund transferred the following:
1. \$7,194,994 to the Capital Improvements Capital Projects Fund for capital improvement projects and transfer for 5% CAN Ordinance;
 2. \$500,000 to the Housing Authority to assist with the rental assistance program; \$1,010,890 to the Housing Authority to offset the State SB 2 Grant funds; \$1,264,993 to the Housing Authority for subsidy of homeless program costs;
 3. \$2,799,550 to the Financing Authority Debt Service Fund for debt service payments;
 4. \$3,716,386 to the Internal Service Funds for general liability premiums, internal rent, equipment purchases, as well as true up 1.5% per Information Technology Needs Ordinance.
- (b) The Capital Improvements Fund transferred the following:
1. \$384,576 to the Park Acquisition Fund for internal rent reimbursement.
- (c) The American Rescue Plan Act fund transferred the following:
1. \$868,898 to the General Fund for capital improvement and information technology replacement in compliance with the CAN Ordinance; and
 2. \$1,151,754 to the Housing Authority for the Mercy House Rental Assistance Program, for households facing Just Cause Evictions, and for Homeless Outreach.
- (d) The Internal Service Funds transferred the following:
1. \$19,720 to the General Fund to cover operating costs for internal service funds.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(5) Loans Receivable

The City's loans receivable at June 30, 2024 by loan programs are as follows:

HOME Program	\$ 2,603,612
Community Development Loan Program	183,695
Rental Rehabilitation Program	234,518
First Time Home Buyer Program	1,520,685
Single Family Rehabilitation Program	142,500
Neighborhood Stabilization Program	115,250
Motel 6 Construction	850,000
Other Programs	<u>509,106</u>
 Total	 6,159,366
Less allowance for uncollectible loans	<u>(3,363,592)</u>
 Loans receivable, net	 <u>\$ 2,795,774</u>

Allowance for uncollectible accounts are established for various loans.

(6) Leases Receivable

Land

On July 1, 1985, the City entered into a 55-year ground lease agreement with Costa Mesa Family Village for use of three parcels of City-owned land. The lease began in July 1985 and will end in October 2039. The lessee is required to make annual fixed payments ranging from \$6,750 to \$13,500 with an interest rate of 2.015%. As of June 30, 2024, the lease receivable is \$1,355,038, and deferred inflows of resources is \$1,323,545. The City recognized \$108,000 of lease revenue and interest revenue of \$28,312 during the fiscal year.

Buildings & Infrastructure

The City entered into three leases for use of building and infrastructure assets with lease terms of five years with the option to extend. The lessee is required to make annual fixed payments ranging from \$27,376 to \$42,083 with interest rates of 2.015%. As of June 30, 2024, the lease receivable is \$2,129,540, and deferred inflows of resources is \$1,971,991. The City recognized \$439,229 of lease revenue and interest revenue of \$49,562 during the fiscal year.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(6) Leases Receivable (Continued)

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 313,886	\$ 69,216	\$ 383,102
2026	254,277	63,264	317,541
2027	199,667	58,129	257,796
2028	213,774	54,093	267,867
2029	353,679	69,133	422,812
2030-2034	1,111,110	165,841	1,276,951
2035-2039	1,007,762	58,382	1,066,144
2040-2044	<u>30,423</u>	<u>613</u>	<u>31,036</u>
Total	<u><u>\$3,484,578</u></u>	<u><u>\$538,671</u></u>	<u><u>\$ 4,023,249</u></u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(7) Capital Assets

A summary of changes in capital assets is as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets not being depreciated:				
Land	\$ 34,579,306	\$ -	\$ -	\$ 34,579,306
Land rights related to streets	29,821,224	-	-	29,821,224
Construction in progress	19,137,403	12,467,000	(4,171,642)	27,432,761
Total capital assets not being depreciated	83,537,933	12,467,000	(4,171,642)	91,833,291
Capital assets being depreciated/amortized:				
Building improvements and structures	124,594,186	1,174,192	-	125,768,378
Landscaping and sprinklers	10,076,675	-	-	10,076,675
Automotive equipment	19,100,854	4,400,540	(327,786)	23,173,608
Office furniture	954,586	-	-	954,586
Office machines	8,716,708	31,617	-	8,748,325
Other equipment	18,736,029	3,040,725	-	21,776,754
Intangible assets	1,714,343	-	-	1,714,343
Right-to-use lease assets	1,434,585	-	-	1,434,585
Right-to-use subscription assets	193,154	-	-	193,154
Park system and facilities	23,292,884	-	(183,972)	23,108,912
Infrastructure - roads	300,187,304	1,092,531	-	301,279,835
Infrastructure - storm drains	101,566,209	-	-	101,566,209
Total capital assets being depreciated/amortized	610,567,517	9,739,605	(511,758)	619,795,364
Less accumulated depreciation/amortization:				
Building improvements and structures	(56,521,380)	(4,782,484)	-	(61,303,864)
Landscaping and sprinklers	(9,594,131)	(74,709)	-	(9,668,840)
Automotive equipment	(10,532,159)	(1,074,545)	295,006	(11,311,698)
Office furniture	(709,008)	(51,015)	-	(760,023)
Office machines	(8,126,655)	(251,517)	-	(8,378,172)
Other equipment	(10,265,174)	(1,553,323)	-	(11,818,497)
Intangible assets	(1,487,787)	(158,979)	-	(1,646,766)
Right-to-use lease assets	(516,759)	(229,928)	-	(746,687)
Right-to-use subscription assets	(96,577)	(96,577)	-	(193,154)
Park system and facilities	(14,076,106)	(1,836,131)	183,972	(15,728,265)
Infrastructure - roads	(205,613,029)	(7,154,661)	-	(212,767,690)
Infrastructure - storm drains	(89,249,212)	(1,402,297)	-	(90,651,509)
Total accumulated depreciation/amortization	(406,787,977)	(18,666,166)	478,978	(424,975,165)
Total capital assets being depreciated/amortized, net	203,779,540	(8,926,561)	(32,780)	194,820,199
Capital assets, net	<u>\$ 287,317,473</u>	<u>\$ 3,540,439</u>	<u>\$ (4,204,422)</u>	<u>\$ 286,653,490</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(7) Capital Assets (Continued)

Depreciation expense is charged to the following functions for the year ended June 30, 2024:

Governmental activities:

General government	\$ 2,111,605
Protection of persons and property	3,173,023
Community programs	3,390,946
Public services	<u>9,990,592</u>

Total depreciation expense-governmental activities \$18,666,166

The City has active construction projects as of June 30, 2024. The significant projects include the following:

Construction Project	Total Budget	Spent to Date	Remaining Commitment
Adams Ave Improvement	\$ 2,278,862	\$ 1,841,794	437,068
Sunflower Ave Rehabilitation	2,570,782	-	2,570,782
Fairview Rd Rehab	2,780,829	-	2,780,829
Newport (Victoria/22nd to 19th)	1,178,820	94,496	1,084,324
SB Newport Blvd Improvement (Mesa/Victoria)	1,965,652	97,040	1,868,612
Newport Blvd NB 22th Bristol SB Bristol Mesa	2,134,145	94,186	2,039,959
TeWinkle Skate Park Expansion	2,132,158	33,724	2,098,434
TeWinkle Park Lakes Repairs	2,132,475	136,116	1,996,359
Mesa Restoration/Cultural Res.	2,000,000	50,947	1,949,053
Stabilize/Restore Fairview Pk	<u>2,000,000</u>	<u>30,989</u>	<u>1,969,011</u>
Total	<u>\$ 21,173,723</u>	<u>\$ 2,379,292</u>	<u>\$ 18,794,431</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(8) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities in primary government for the year ended June 30, 2024 is as follows:

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024	Due Within One Year
Bonds payable:					
Financing Authority					
2017 Lease Revenue					
Bonds	\$ 21,280,000	\$ -	\$ (1,920,000)	\$ 19,360,000	\$ 2,015,000
Unamortized premium	2,844,512	-	(147,767)	2,696,745	147,767
Total bonds payable	24,124,512	-	(2,067,767)	22,056,745	2,162,767
Other liabilities:					
Lease payable - Facility	161,427	-	(78,938)	82,489	82,489
Lease payable - Warehouse	802,075	-	(144,297)	657,778	152,052
Loans payable	82,086	-	(15,393)	66,693	15,391
SBITA payable - Microsoft	98,348	-	(94,773)	3,575	3,575
Claims payable	13,827,398	1,932,581	(799,412)	14,960,567	862,543
Fire Truck note payable	1,198,931	-	(140,509)	1,058,422	143,085
Mobile Command note payable	1,862,593	1,449	(189,665)	1,674,377	193,810
Police Armored Vehicle					
Finance Lease	400,000	-	(74,727)	325,273	77,275
Ambulance note payable	841,068	-	(158,264)	682,804	161,586
Pumpers, Water and Asphalt					
Trucks Finance Lease	-	2,275,000	-	2,275,000	288,982
Employee leave					
benefits payable	6,209,276	5,014,542	(5,241,797)	5,982,021	3,984,437
Total other liabilities	25,483,202	9,223,572	(6,937,775)	27,768,999	5,965,225
Total	\$ 49,607,714	\$ 9,223,572	\$ (9,005,542)	\$ 49,825,744	\$ 8,127,992

(9) Long-Term Liabilities

Costa Mesa Financing Authority Bonds - 2017 Lease Revenue Bonds

On October 1, 2017, the Costa Mesa Financing Authority issued \$29,735,000 of 2017 Lease Revenue Bonds to finance certain capital improvements of the City of Costa Mesa and to advance refund \$16,765,000 of outstanding Costa Mesa Public Financing Authority 2007 Certificates of Participation (2007 Certificates). The bond issue also included a bond premium of \$3,694,172. The bonds mature from October 1, 2018 through October 1, 2042 in annual installments ranging from \$570,000 to \$2,220,000. Interest is payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 2018 at a rate ranging from 2% to 5%. As of June 30, 2024, the principal outstanding is \$19,360,000 and the unamortized bond premium balance is \$2,696,745.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(9) Long-Term Liabilities (Continued)

Bond proceeds of \$14,530,520 along with \$2,302,225 of 2007 Certificates sinking fund monies, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 Certificates. As a result, the 2007 Certificates are considered to be defeased and the liability for those certificates have been removed from the government-wide Statement of Net Position.

The annual debt service requirements for the bonds as of June 30, 2024 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,015,000	\$ 781,175	\$ 2,796,175
2026	2,115,000	677,925	2,792,925
2027	2,220,000	569,550	2,789,550
2028	570,000	499,800	1,069,800
2029	600,000	470,550	1,070,550
2030 - 2034	3,485,000	1,858,875	5,343,875
2035 - 2039	4,345,000	1,011,462	5,356,462
2040 - 2043	4,010,000	265,850	4,275,850
Total	<u>\$ 19,360,000</u>	<u>\$ 6,135,187</u>	<u>\$ 25,495,187</u>

Leases Payable

Community Service Facility

On July 1, 2012, the City entered into a 13-year lease agreement for the use of a community service facility. The total lease liability is \$309,105 at 2.20% interest. As of June 30, 2024, the value of the lease liability is \$82,489. The City is required to make annual payments ranging from \$78,976 to \$84,304. The value of the right-to-use asset is \$309,105 and had an accumulated amortization of \$231,828 as of June 30, 2024.

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 82,489	\$ 1,815	\$ 84,304
Total	<u>\$ 82,489</u>	<u>\$ 1,815</u>	<u>\$ 84,304</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(9) Long-Term Liabilities (Continued)

Warehouse

On May 17, 2021, the City entered into a seven-year lease agreement for the use of a warehouse. The total lease liability is \$1,068,577 at 2.015% interest. As of June 30, 2024, the value of the lease liability is \$657,778. The City is required to make monthly principal and interest payments of \$12,500. The value of the right-to-use asset is \$1,068,577 and had an accumulated amortization of \$457,956 as of June 30, 2024.

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 152,052	\$ 11,856	\$ 163,908
2026	160,099	8,717	168,816
2027	168,466	5,414	173,880
2028	<u>177,161</u>	<u>1,939</u>	<u>179,100</u>
Total	<u>\$ 657,778</u>	<u>\$ 27,926</u>	<u>\$ 685,704</u>

Subscription-Based Information Technology Arrangements (SBITAs)

Microsoft – Software One

On September 1, 2021, the City entered into a three-year subscription-based IT arrangement for the use of software. The total lease liability is \$191,414 at 1.834% interest. As of June 30, 2024, the value of the SBITA liability is \$3,575. The City is required to make annual payments of \$96,577. The value of the right-to-use asset is \$193,154 and had an accumulated amortization of \$193,154 as of June 30, 2024.

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,575	\$ 66	\$ 3,641
Total	<u>\$ 3,575</u>	<u>\$ 66</u>	<u>\$ 3,641</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(9) Long-Term Liabilities (Continued)

Loans Payable – SCE On-Bill Financing (OBF) Loans

During the year ended June 30, 2019, the City entered into loan agreements with Southern California Edison to finance certain street lighting projects. The total amount of the loans was \$153,914. The loan's term is ten years with monthly payments of approximately \$1,282. The loans bear no interest.

The annual debt service requirements for loans payable as of June 30, 2024 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Total</u>
2025	\$ 15,391	\$ 15,391
2026	15,391	15,391
2027	15,391	15,391
2028	15,391	15,391
2029	<u>5,129</u>	<u>5,129</u>
Total	<u>\$ 66,693</u>	<u>\$ 66,693</u>

Firetruck Note Payable

On February 25, 2021, the City entered into a Master Lease – Purchase Agreement and financed the purchase of a Pierce Arrow XT Firetruck for \$1,472,402. The note matures annually on March 5th of each year with annual payments of \$162,497. The note bears an interest rate of 1.8340% per annum.

The annual debt service requirements for the note as of June 30, 2024 is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 143,085	\$ 19,411	\$ 162,496
2026	145,710	16,787	162,497
2027	148,382	14,115	162,497
2028	151,103	11,394	162,497
2029	153,875	8,622	162,497
2030 - 2031	<u>316,267</u>	<u>8,727</u>	<u>324,994</u>
Total	<u>\$ 1,058,422</u>	<u>\$ 79,056</u>	<u>\$ 1,137,478</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(9) Long-Term Liabilities (Continued)

Mobile Command Center Note Payable

On January 7, 2022, the City entered into a Master Lease – Purchase Agreement and financed the purchase of a Mobile Command Center and a Pumping Engine for \$2,049,652. The note matures annually on March 7th of each year with annual payments of \$230,395. The note bears an interest rate of 2.0150% per annum.

The annual debt service requirements for the note as of June 30, 2024 is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 193,810	\$ 36,585	\$ 230,395
2026	198,045	32,350	230,395
2027	202,372	28,023	230,395
2028	206,794	23,601	230,395
2029	211,312	19,083	230,395
2030 - 2032	<u>662,044</u>	<u>29,140</u>	<u>691,184</u>
Total	<u>\$ 1,674,377</u>	<u>\$ 168,782</u>	<u>\$ 1,843,159</u>

Police Bearcat Vehicle Note Payable

On August 15, 2022, the City entered in a Master Lease – Purchase Agreement and financed the purchase of a Police Bearcat Vehicle for \$400,000. The lease payment is due annually on August 17th of each year with annual payments of \$88,367. The note bears an interest rate of 3.410% per annum.

The annual debt service requirements for the finance lease as of June 30, 2024 is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 77,275	\$ 11,092	\$ 88,367
2026	79,910	8,457	88,367
2027	82,635	5,732	88,367
2028	<u>85,453</u>	<u>2,913</u>	<u>88,366</u>
Total	<u>\$ 325,273</u>	<u>\$ 28,194</u>	<u>\$ 353,467</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(9) Long-Term Liabilities (Continued)

Ambulances Note Payable

On August 16, 2022, the City entered in a Master Lease – Purchase Agreement and financed the purchase of four CCL150 Type III Ambulances for \$841,068. The lease payment is due annually on September 16th of each year with annual payments of \$186,645. The note bears an interest rate of 3.670% per annum.

The annual debt service requirements for the finance lease as of June 30, 2024 is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 161,586	\$ 25,059	\$ 186,645
2026	167,516	19,129	186,645
2027	173,664	12,981	186,645
2028	<u>180,038</u>	<u>6,605</u>	<u>186,643</u>
Total	<u>\$ 682,804</u>	<u>\$ 63,774</u>	<u>\$ 746,578</u>

Pumpers, Water and Asphalt Trucks Finance Lease

On July 28, 2023, the City entered into a Master Lease – Purchase Agreement and financed the purchase of pumpers, water truck street cleaners, asphalt roller truck, and other essential equipment and attachments for \$2,275,000. The lease payment is due annually on July 28th of each year with annual payments of \$377,526. The note bears an interest rate of 3.892% per annum.

The annual debt service requirements for the finance lease as of June 30, 2024 is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 288,982	\$ 88,543	\$ 377,525
2026	300,230	77,296	377,526
2027	311,915	65,611	377,526
2028	324,055	53,471	377,526
2029	336,667	40,859	377,526
2030-2031	<u>713,151</u>	<u>41,899</u>	<u>755,050</u>
Total	<u>\$ 2,275,000</u>	<u>\$ 367,679</u>	<u>\$ 2,642,679</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(10) Fund Balances

Fund balance consisted of the following at June 30, 2024:

	Major Funds					
	General	Government Grants	Gas Tax Fund	American Rescue Plan Act Fund	Capital Improvements	Non-Major Funds
Nonspendable:						
Prepaid items	\$ 560,290	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	69,892	-	-	-	-	-
Restricted for:						
Pension and OPEB	3,367,408	-	-	-	-	-
Protection of persons and property	-	-	-	425,256	-	1,272,224
Community programs	-	-	-	-	-	10,475,793
Public services (1)	-	-	21,830,719	-	-	9,085,173
Debt service	-	-	-	-	-	17,449
Committed for:						
Declared disasters (2)	14,125,000	-	-	-	-	-
Self insurance (3)	2,000,000	-	-	-	-	-
Economic reserves (4)	9,000,000	-	-	-	-	-
Assigned for:						
Compensated absences	5,982,021	-	-	-	-	-
Police Retirement 1% Supplemental	1,572,306	-	-	-	-	-
Workers compensation	2,000,000	-	-	-	-	-
Facilities reserve	2,000,000	-	-	-	-	-
Strategic plan projects	2,000,000	-	-	-	-	-
Protection of persons and property	-	-	-	-	-	668,391
Public services	-	-	-	-	35,387,391	11,800,193
Unassigned	17,685,984	(1,538,018)	-	-	-	(35,410)
Total Fund Balance	<u>\$ 60,362,901</u>	<u>\$ (1,538,018)</u>	<u>\$ 21,830,719</u>	<u>\$ 425,256</u>	<u>\$ 35,387,391</u>	<u>\$ 33,283,813</u>

1. Restricted fund balances in the Public Services category consist of fund balances in the Gas Tax, Air Quality Improvement, Lions Park Capital Improvements, and Measure "M2" Construction funds. Revenues received in these funds are legally restricted for specific purposes, such as transportation and facility related capital projects.
2. The fund balance committed for declared disasters was adopted by Ordinance No. 91-20 and Municipal Code Section 2-206 to provide required funding as a result of a declared emergency by the City Council for an unanticipated but urgent event threatening the public health, safety and welfare of the City. Any fund balance utilized has to be replenished.
3. The fund balance committed for self-insurance was codified in the Ordinance No. 96-14 and City Municipal Code Section 2-154 to provide a self-insurance reserve to be used to pay actual losses not covered by insurance policies or insurance pools. Any fund balance utilized has to be replenished.

The following funds had deficits at June 30, 2024:

Major Governmental Fund:	
Government Grants	\$ (1,538,018)
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Office of Traffic Safety	\$ (35,410)

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans

(a) General Information about the Pension Plans

Employees of the City are members of the California Public Employees' Retirement System (CalPERS), the cost of which is paid by the City. The information below includes the aggregate total pension plan related items:

	<u>Miscellaneous</u>	<u>Police Safety</u>	<u>Fire Safety</u>	<u>1%</u>	<u>Total</u>
Net pension liability	\$ (112,747,292)	\$ (143,235,235)	\$ (91,243,941)	\$ -	\$ (347,226,468)
1% supplemental liability	-	-	-	(1,572,306)	(1,572,306)
Deferred outflows of resources - pension	26,960,811	32,670,137	36,868,925	-	96,499,873
Deferred inflows of resources - pension	(328,006)	(2,332,762)	(5,197,803)	-	(7,858,571)
Pension expense (credit)	17,170,909	17,886,629	9,643,134	23,788	44,724,460

Below are descriptions of the retirement plans along with selected information regarding benefits, contributions, liabilities and actuarial assumptions.

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Miscellaneous and Police Safety Plans, agent multiple-employer defined benefit pension plans and the Fire Safety cost sharing plans. The plans are administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service.

PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for non-duty disability benefits after five years of service.

The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous (Agent Multiple-Employer)		
	Prior to March 11, 2012	On or After March 11, 2012	On or After January 1, 2013
Hire Date			
Benefit formula	2.5% @55	2.0% @60	2% @62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	10.469%	7.00%	8.50%
Required employer contribution rates	7.29%	11.21%	11.21%
<u>Police Safety (Agent Multiple-Employer)</u>			
	On or After March 11, 2012	On or After January 1, 2013	
Hire Date			
Benefit formula	3% @50	2.7% @57	
Benefit vesting schedule	5 years of service	5 years of service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50	50 - 57	
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%	
Required employee contribution rates	14%	14.00%	
Required employer contribution rates	15.13%	22.81%	

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

	Fire Safety (Cost Sharing Multiple-Employer)		
	Prior to December 30, 2012	On or After December 30, 2012	On or After January 1, 2013
Hire Date			
Benefit formula	3.0% @50	2.0% @50	2.7% @57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	14.00%	9.00%	13.75%
Required employer contribution rates	29.09%	19.95%	13.54%

Employees Covered

At the June 30, 2023 measurement date, the following employees were covered by each plan's benefit terms:

	Miscellaneous	Police Safety	Fire Safety
Inactive employees or beneficiaries currently receiving benefits	632	217	132
Inactive employees entitled to but not yet receiving benefits	814	70	31
Active employees	349	133	78
Total	<u>1,795</u>	<u>420</u>	<u>241</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 plan member contribution requirements as identified by the pension plan terms are classified as plan member contributions.

(b) Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2023, based on an annual actuarial valuation as of June 30, 2022 and 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 shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the three CalPERS Plans, the June 30, 2022 valuation was rolled forward to determine the June 30, 2023 pension liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry-Age Normal in accordance with the requirements of GASB 68
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

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

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.

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 the 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 on investment was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 of 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 rate of return by asset class are as follows:

<u>Asset Class¹</u>	<u>Assumed asset allocation</u>	<u>Real Return Years 1-10^{1,2}</u>
Global Equity – Cap-weighted	30.00%	4.54%
Global Equity – Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

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

² Figures are based on the 2021 Asset Liability Management study.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

Changes in Net Pension Liability

The changes in the net pension liability for the Miscellaneous (Agent Multiple-Employer) Plan, using the measurement date of June 30, 2023, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability (Asset)
Balance at June 30, 2022 (Valuation Date)	<u>\$ 321,627,506</u>	<u>\$ 214,059,240</u>	<u>\$ 107,568,266</u>
Changes in the Year:			
Service cost	4,882,865	-	4,882,865
Interest on the total pension liability	22,111,904	-	22,111,904
Differences between actual and expected experience	5,590,884	-	5,590,884
Net plan to plan resource movement	-	-	-
Changes of benefit terms	372,418	-	372,418
Contributions - employer	-	12,048,314	(12,048,314)
Contributions - employees	-	2,616,057	(2,616,057)
Net investment income	-	13,272,083	(13,272,083)
Administrative expenses	-	(157,409)	157,409
Benefit payments, including refunds of employee contributions	(19,139,741)	(19,139,741)	-
Other Miscellaneous Income/(Expense)	-	-	-
Net Changes	<u>13,818,330</u>	<u>8,639,304</u>	<u>5,179,026</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$ 335,445,836</u>	<u>\$ 222,698,544</u>	<u>\$ 112,747,292</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

The changes in the net pension liability for the Police Safety (Agent-Multiple-Employer) Plan, using the measurement date of June 30, 2023, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability (Asset)
Balance at June 30, 2022 (Valuation Date)	\$ 351,713,962	\$ 215,176,182	\$ 136,537,780
Changes in the Year:			
Service cost	5,660,455	-	5,660,455
Interest on the total pension liability	24,218,751	-	24,218,751
Differences between actual and expected experience	5,683,147	-	5,683,147
Net plan to plan resource movement	-	-	-
Changes of benefit terms	99,834	-	99,834
Contributions - employer	-	13,196,625	(13,196,625)
Contributions - employees	-	2,402,021	(2,402,021)
Net investment income	-	13,524,316	(13,524,316)
Administrative expenses	-	(158,230)	158,230
Benefit payments, including refunds of employee contributions	(18,661,561)	(18,661,561)	-
Other Miscellaneous Income/(Expense)	-	-	-
Net Changes	<u>17,000,626</u>	<u>10,303,171</u>	<u>6,697,455</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$ 368,714,588</u>	<u>\$ 225,479,353</u>	<u>\$ 143,235,235</u>

Proportionate Share of the Net Pension Liability for the Fire Safety Plan

As of June 30, 2024, the City reported net pension liabilities for its proportionate share of the net pension liability of the Fire Safety Plan as follows:

	Share of Net Pension Liability
Balance at: 6/30/2022	\$ 88,285,197
Balance at: 6/30/2023	91,243,941
Net Changes during 2022-2023	<u>2,958,744</u>

The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

The City's proportionate share of the net pension liability for this Plan as of the measurement dates of June 30, 2022 and 2023 was as follows:

	<u>Fire Safety</u>
Proportion - June 30, 2022	1.28479%
Proportion - June 30, 2023	<u>1.22067%</u>
Change - Increase (Decrease)	-0.06412%

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

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

	<u>Miscellaneous</u>	<u>Police Safety</u>	<u>Fire Safety</u>
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$ 155,759,290	\$ 193,440,169	\$ 122,679,796
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$ 112,747,292	\$ 143,235,235	\$ 91,243,941
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 77,386,300	\$ 102,283,462	\$ 65,542,893

Pension Plans Fiduciary Net Position

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

Amortization of Deferred Outflows and 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 on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARS�) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 12,578,180	\$ -
Differences between expected and actual experience	3,261,349	(328,006)
Change in assumptions	1,180,332	-
Net differences between projected and actual earnings on plan investments	9,940,950	-
Total	<u>\$ 26,960,811</u>	<u>\$ (328,006)</u>

	Police Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 12,295,561	\$ -
Differences between expected and actual experience	4,321,142	(2,332,762)
Change in assumptions	6,060,253	-
Net differences between projected and actual earnings on plan investments	9,993,181	-
Total	<u>\$ 32,670,137</u>	<u>\$ (2,332,762)</u>

	Fire Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,446,737	\$ -
Differences between expected and actual experience	6,698,987	(573,504)
Change in assumptions	5,325,119	-
Change in employer's proportion	-	(4,496,649)
Net difference between projected and actual earnings on plan investments	12,486,709	-
Differences between employer's contributions and change in employer's proportion	2,911,373	(127,650)
Total	<u>\$ 36,868,925</u>	<u>\$ (5,197,803)</u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(11) Defined Benefit Pension Plans (Continued)

At June 30, 2024, deferred outflows of resources in the amounts of \$12,578,180, \$12,295,561 and \$9,446,737 were related to contributions subsequent to the measurement date for the Miscellaneous, Police Safety and Fire Safety Plans, respectively. They will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Miscellaneous	Police Safety	Fire Safety
2025	\$ 4,886,588	\$ 5,053,309	\$ 6,464,269
2026	1,847,299	4,178,914	4,967,422
2027	7,060,287	8,568,285	10,444,167
2028	260,451	241,306	348,527
Thereafter	-	-	-

(12) Police 1% Supplemental Retirement Plan

(a) General Information about the Pension Plan

Plan Description

The plan was effective on July 1, 1993 for sworn members of the City of Costa Mesa Police Department. The plan was originally a 1% supplemental plan to the City's 2%@50 benefit. Under the Retirement Plan for Safety Employees of the City of Costa Mesa, the City joined CalPERS with 3%@50 Safety benefit as of December 31, 2000 and transferred active members to CalPERS. Employees who retired prior to July 1, 1999 were not transferred to CalPERS.

The Police 1% Supplemental Retirement Plan is a single employer defined benefit plan. This Plan currently has only retired participants as all active employees were transferred to the CalPERS 3%@ 50 benefit plan. The number of participants at June 30, 2024 was 17. The average monthly benefit being paid is \$931.33. The retirement benefit is 1% of the highest 12-month earnings for credited services up to 25 years. Maximum benefit is 75% of the highest 12-month earnings for service retirement including all public plan pension benefits but not including Social Security. The 75% is proportionately reduced for less than 25 years of Costa Mesa Police Department service.

Contributions

The City has not adopted a funding policy for this supplemental retirement plan and accordingly plan benefits impact financial resources as benefits are paid. As such, there are no assets accumulated in a trust for the plan.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(12) Police 1% Supplemental Retirement Plan (Continued)

(b) Pension Liability

The City's pension liability for the Plan is measured as the total pension liability, as the pension plan has no fiduciary net position. The pension liability of the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2024. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions

The total pension liabilities in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

Measurement Date	June 30, 2024
Actuarial Assumptions:	
Discount Rate	4.05% per annum. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, Fidelity GO AA 20 Year Bond Index.
Payroll Growth	N/A; all participants have retired
Inflation Rate	2.75% per year
Cost Method	Entry Age Normal as a level percentage of payroll
Employer Funding Policy	Pay-as-you-go
Census Data	Census information was provided by the Plan Sponsor as of June 2024.
Retirement	
Disability/Turnover Rate	N/A; all participants have retired
Mortality	Rates are based on the 2021 CalPERS Experience Study for Public Agency Police as shown below:

Age	Healthy Retirees		Non-Industrial Disabled Retirees	
	Male	Female	Male	Female
50	0.27%	0.20%	1.70%	1.44%
60	0.58%	0.46%	2.71%	1.96%
70	1.33%	1.00%	4.00%	2.91%
80	4.37%	3.40%	7.94%	6.11%
90	14.54%	11.09%	16.61%	14.40%
100	36.20%	31.58%	36.20%	31.58%
110	100.00%	100.00%	100.00%	100.00%

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(12) Police 1% Supplemental Retirement Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.05%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Basted on those assumptions, the pension plan's fiduciary net position was projected to be depleted for current members during the fiscal year. Therefore, the long-term expected rate of return of 4.05% was used to discount funded projected benefit payments to determine the total pension liability. The single effective discount rate was 3.90%.

The discount rate changed from 3.90% as of June 30, 2023 to 4.05% as of June 30, 2024 measurement date.

(c) Changes in the Pension Liability

Balance at June 30, 2023	\$ 1,737,346
Changes in the year:	
Interest on the total pension liability	64,074
Differences between actual expected and actual experience	(26,421)
Changes in assumptions	(13,865)
Benefit payments, including refunds of member contributions	<u>(188,828)</u>
Net Changes	<u>(165,040)</u>
Balance at June 30, 2024	<u>\$ 1,572,306</u>

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

The following presents the total pension liability, calculated using the discount rate of 4.05%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Supplemental Plan
1% Decrease	3.05%
Net Pension Liability	\$ 1,669,051
Current Discount Rate	4.05%
Net Pension Liability	\$ 1,572,306
1% Increase	5.05%
Net Pension Liability	\$ 1,485,191

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(12) Police 1% Supplemental Retirement Plan (Continued)

(d) Pension expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2024, the City recognized pension expense of \$23,788. At June 30, 2024, the City did not report any deferred outflows/inflows of resources related to the Police 1% Supplemental Retirement Plan.

(13) Defined Contribution Plan

On January 1, 2000, the City adopted a Defined Contribution Plan (Plan) for part-time employees that work under 1,000 hours during the fiscal year and do not meet the eligibility requirements to be enrolled in the California Public Employee Retirement System (CalPERS). The Plan is administered by the Public Agency Retirement Services (PARS). As of June 30, 2024, there were 148 active participants in the Plan. Both the City and employees are required to each contribute 3.75% of gross wages. The City's contribution to the defined contribution plan for the year ended June 30, 2024 was \$72,790.

(14) Other Post Employment Benefits Plan (OPEB)

Plan Description

The City administers a single-employer defined benefit plan, which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The plan covers employees hired before January 1, 2004 who retire directly from the City with 10 years or more of City service. The City provides a contribution up to a percentage of the lesser of \$500 per month or the premium for the most popular medical plan elected by the employees. The percentage varies by retirement date and years of City service. For employees hired on or after January 1, 2004, the City will only pay for the PEMHCA subsidy once they meet the definition of a retiree under CalPERS. The City provides retiree life insurance of \$1,000 for the retiree and \$500 for the retiree's spouse.

Employees Covered

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

Active employees	615
Inactive employees or beneficiaries currently receiving benefits	418
Inactive employees entitled to but not yet receiving benefits	-
Total	<u><u>1,033</u></u>

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(14) Other Post Employment Benefits Plan (OPEB) (Continued)

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. The contribution required to be made under the City Council and labor agreement requirements is on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For the fiscal year ended June 30, 2024, the City contributed \$1,889,161 to the Plan. The City has not established a trust for the purpose of holding assets accumulated for plan benefits.

The City's total OPEB liability was measured as of June 30, 2023 by an actuarial valuation based on the following actuarial methods and assumptions:

Discount Rate: 4.13% for accounting disclosure purposes. The rate is based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the current valuation, the discount rate was selected from the range of indices as shown in the table below:

	As of 06/30/23
Bond Buyer Go 20 – Municipal Bond Index	3.65%
S&P Municipal Bond 20-year High Grade Rate Index	4.13%
Fidelity 20-year Go Municipal Bond Index	3.86%
Bond Index Range	3.65% - 4.13%
Actual Discount Rate Used	4.13%

Aggregate Payroll Increases: 2.80% per year. This assumption is used to amortize the unfunded actuarial accrued liability and to determine the Entry Age Normal actuarial liabilities.

Mortality Rate: Based on rates used in the most recent CalPERS pension valuation.

Turnover Rate: Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months. The termination rates are based on those used in the most recent CalPERS pension valuation.

Retirement Rate: Annual retirement rates are based on those used in the most recent CalPERS pension valuation.

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(14) Other Post Employment Benefits Plan (OPEB) (Continued)

Changes in the Total OPEB Liability

The changes in the Plan's total OPEB liability is as follows:

	Net OPEB Liability / (Asset) (c) = (a) - (b)
Balance at June 30, 2023	\$ 52,376,993
Changes recognized for the measurement period:	
Service cost	1,359,650
Interest	2,146,489
Differences between expected and actual experience	(8,133,352)
Changes of assumptions	238,216
Benefit payments	(2,535,920)
Net Changes	<u>(6,924,917)</u>
Balance at June 30, 2024	
<i>(Measurement Date June 30, 2023)</i>	<u><u>\$ 45,452,076</u></u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the City's OPEB liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2024:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
OPEB Liability	\$ 50,956,733	\$ 45,452,076	\$ 40,887,754

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

The following presents the 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 the measurement period ended June 30, 2024:

	1% Decrease (7.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
OPEB Liability	\$42,567,423	\$45,452,076	\$49,558,913

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(14) Other Post Employment Benefits Plan (OPEB) (Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability 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 initial amortization period for deferred inflows and deferred outflows is three years.

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 \$3,020,209. At 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
OPEB contributions subsequent to measurement date	\$ 1,889,161	\$ -
Differences between expected and actual experience	594,854	(9,910,359)
Changes in assumptions	6,906,204	(11,838,575)
Total	<u>\$ 9,390,219</u>	<u>\$ (21,748,934)</u>

The \$1,889,161 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ (485,930)
2026	(485,931)
2027	(1,272,017)
2028	(1,272,017)
2029	(1,706,860)
Thereafter	(9,025,121)

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(15) Post Employment Benefits-RHS (Defined Contribution)

On January 1, 2004, the City adopted a new Retirement Health Savings Plan (RHS) for all full-time active employees. This benefit was ratified in the City's contractual agreements (MOU) with the Costa Mesa Employees Association (CMCEA), Costa Mesa Police Association (CMPA), Costa Mesa Police Management Association (CMPMA), and the Costa Mesa Firefighters Association (CMFA). This post-employment medical benefit is to assist employees with their qualifying medical expenses or premiums upon retirement or separation from the City with no minimum age requirement. The RHS plan is a defined contribution plan for all full time employees at the City. Under this plan, the employee and the City each make a mandatory 1% of base pay contribution. If the employee separates from the City prior to the 10-year vesting period, the employee forfeits his or her share of the City's contribution.

The City has no payment obligations once the employee separates from the City. Per a side letter agreement with employees, the RHS program was suspended starting November 7, 2010. For the CMPMA, effective July 2014, a 1% employee contribution is required to the plan, but no employer contribution is required. The City's contribution to the defined contribution post-retirement plan for the year ended June 30, 2024 was \$0.

(16) Expenditures in Excess of Appropriations

Excess of expenditures over appropriations in individual funds at the function level (level of budgetary control) is as follows at June 30, 2024:

	<u>Function</u>	<u>Actual Expenditures</u>	<u>Final Budget Appropriations</u>	<u>Excess</u>
Major Fund:				
General Fund				
	City clerk	1,078,738	979,065	(99,673)
	Facilities and equipment maintenance	14,290,076	13,170,826	(1,119,250)
	Building and safety	3,375,682	3,354,000	(21,682)
	Planning	2,455,636	2,179,323	(276,313)
	Transportation	3,772,021	3,507,081	(264,940)
Special Revenue Funds:				
Supplemental Law	Protection of persons			
Enforcement Services Fund	and property	359,983	331,480	(28,503)

CITY OF COSTA MESA, CALIFORNIA
Notes to the Basic Financial Statements
Year ended June 30, 2024

(17) Risk Management

For the fiscal year ended June 30, 2024, the City participated in the California Municipal Excess Liability ("CAMEL") Program. The membership of CAMEL consists of 21 cities with similar interests and needs regarding liability insurance. The Board of Directors sets the premiums for each participant and each participant is represented on the Board. Premiums are based upon the losses incurred by each member and are not affected by losses incurred by other members.

In the Self-Insurance Workers' Compensation/General Liability/Unemployment Internal Service Fund, the City has recorded liabilities of \$14,960,567 for lawsuits and other claims arising in the ordinary course of business. The City is also self-insured for the first \$2,000,000 of each claim arising for workers' compensation and has purchased outside insurance coverage in excess of the \$2,000,000 up to an unlimited maximum. The City is self-insured for the first \$2,000,000 of each claim arising for general liability. The City has purchased outside insurance coverage in excess of the \$2,000,000 up to a maximum of \$25,000,000 per occurrence. For the past three years, claim payments have not exceeded the amount of applicable insurance coverage. The City has estimated losses for claims and judgments and has established liabilities of \$5,410,693 for workers' compensation and \$9,549,874 for general liability. Losses for claims incurred but not reported are recorded when the probable amount of loss can be reasonably estimated. These amounts represent estimates of amounts to be paid for reported claims and incurred but not yet reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2024 is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses.

The City is contingently liable for additional losses not reported in the accompanying financial statements in the range of approximately \$25,000 to \$2,000,000 for which the likelihood of an unfavorable outcome is only reasonably possible, as determined by legal counsel.

Changes in claims payable for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Claims Incurred and Changes in Estimates	Claim Payments	Ending Balance
2022-23	\$ 14,299,442	\$ 1,602,104	\$ (2,074,148)	\$ 13,827,398
2023-24	13,827,398	1,932,581	(799,412)	14,960,567

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
REQUIRED SUPPLEMENTARY INFORMATION





CITY OF COSTA MESA, CALIFORNIA
Schedule of Changes in the Net Pension Liability and Related Ratios
Miscellaneous Plan
Last Ten Fiscal Years

Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Total pension liability:				
Service cost	\$ 3,366,560	\$ 3,187,235	\$ 3,269,125	\$ 3,659,618
Interest on total pension liability	17,792,384	18,262,096	18,633,944	18,996,998
Difference between expected and actual experience	-	(2,016,112)	(2,818,846)	(1,038,444)
Changes in assumptions	-	(4,399,842)	-	15,484,252
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(12,853,585)	(13,476,175)	(14,145,202)	(14,720,378)
Net Change in Total Pension Liability	8,305,359	1,557,202	4,939,021	22,382,046
Total pension liability - beginning of year	241,975,291	250,280,650	251,837,852	256,776,873
Total pension liability - End of Year (a)	<u>\$ 250,280,650</u>	<u>\$ 251,837,852</u>	<u>\$ 256,776,873</u>	<u>\$ 279,158,919</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 4,903,142	\$ 5,768,827	\$ 6,226,072	\$ 6,712,045
Contributions - employees	2,137,933	1,978,052	1,966,557	1,936,240
Net investment income	26,075,603	3,881,685	897,287	18,711,484
Benefit payments	(12,853,585)	(13,476,175)	(14,145,205)	(14,720,378)
Plan to plan resource movement	-	13,634	3,064	-
Administrative expense	-	(193,604)	(104,766)	(246,188)
Other miscellaneous income (expense)	-	-	-	-
Net change in plan fiduciary net position	20,263,093	(2,027,581)	(5,156,991)	12,393,203
Plan fiduciary net position - beginning of year	153,666,841	173,929,934	171,902,353	166,745,362
Plan fiduciary net position - end of year (b)	<u>\$ 173,929,934</u>	<u>\$ 171,902,353</u>	<u>\$ 166,745,362</u>	<u>\$ 179,138,565</u>
Net pension liability - ending (a)-(b)	<u>\$ 76,350,716</u>	<u>\$ 79,935,499</u>	<u>\$ 90,031,511</u>	<u>\$ 100,020,354</u>
Plan fiduciary net position as a percentage of the total pension liability	69.49%	68.26%	64.94%	64.17%
Covered payroll	\$ 18,366,435	\$ 17,928,997	\$ 19,890,931	\$ 19,532,886
Net pension liability as a percentage of covered payroll	415.71%	445.84%	452.63%	512.06%

Notes to schedule:

Benefit changes:

The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before 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 benefit terms.

Changes in 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.

<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
\$ 3,528,896	\$ 3,828,540	\$ 4,081,002	\$ 4,114,686	\$ 4,524,340	\$ 4,882,865
19,188,563	19,990,625	20,506,212	20,957,522	21,200,745	22,111,904
(3,837,320)	4,152,146	(324,784)	(1,467,232)	(2,514,720)	5,590,884
(1,071,584)	-	-	-	9,049,210	-
-	-	-	-	-	372,418
<u>(15,285,935)</u>	<u>(16,317,568)</u>	<u>(16,501,681)</u>	<u>(17,147,887)</u>	<u>(18,185,189)</u>	<u>(19,139,741)</u>
2,522,620	11,653,743	7,760,749	6,457,089	14,074,386	13,818,330
<u>279,158,919</u>	<u>281,681,539</u>	<u>293,335,282</u>	<u>301,096,031</u>	<u>307,553,120</u>	<u>321,627,506</u>
<u>\$ 281,681,539</u>	<u>\$ 293,335,282</u>	<u>\$ 301,096,031</u>	<u>\$ 307,553,120</u>	<u>\$ 321,627,506</u>	<u>\$ 335,445,836</u>
\$ 7,300,573	\$ 8,320,570	\$ 9,336,852	\$ 10,097,843	\$ 10,995,829	\$ 12,048,314
1,906,040	2,055,169	2,205,872	2,062,454	2,265,758	2,616,057
15,161,548	11,863,211	9,609,644	44,605,186	(17,866,615)	13,272,083
(15,285,935)	(16,317,568)	(16,501,681)	(17,147,887)	(18,185,189)	(19,139,741)
(1,077)	-	-	-	-	-
(279,147)	(133,740)	(272,363)	(197,367)	(147,635)	(157,409)
(530,105)	435	-	-	-	-
<u>8,271,897</u>	<u>5,788,077</u>	<u>4,378,324</u>	<u>39,420,229</u>	<u>(22,937,852)</u>	<u>8,639,304</u>
<u>179,138,565</u>	<u>187,410,462</u>	<u>193,198,539</u>	<u>197,576,863</u>	<u>236,997,092</u>	<u>214,059,240</u>
<u>\$ 187,410,462</u>	<u>\$ 193,198,539</u>	<u>\$ 197,576,863</u>	<u>\$ 236,997,092</u>	<u>\$ 214,059,240</u>	<u>\$ 222,698,544</u>
<u>\$ 94,271,077</u>	<u>\$ 100,136,743</u>	<u>\$ 103,519,168</u>	<u>\$ 70,556,028</u>	<u>\$ 107,568,266</u>	<u>\$ 112,747,292</u>
66.53%	65.86%	65.62%	77.06%	66.56%	66.39%
\$ 20,067,193	\$ 24,394,495	\$ 24,012,483	\$ 26,206,105	\$ 26,486,277	\$ 27,755,413
469.78%	410.49%	431.11%	269.24%	406.13%	406.22%

CITY OF COSTA MESA, CALIFORNIA
Schedule of Contributions
Miscellaneous Plan
Last Ten Fiscal Years

Fiscal year ended	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 5,221,083	\$ 6,056,123	\$ 6,522,784	\$ 6,913,866
Contributions in relation to the actuarially determined contributions	<u>(5,221,083)</u>	<u>(6,056,123)</u>	<u>(6,522,784)</u>	<u>(6,913,866)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 17,928,997	\$ 19,890,931	\$ 19,532,886	\$ 20,067,193
Contributions as a percentage of covered payroll	29.12%	30.45%	33.39%	34.45%

Notes to schedule:

Valuation date for June 30, 2024 6/30/2021

Methods and assumptions used to determine contribution rates:

Single and agent employers	Entry Age Actuarial Cost Method
Amortization method/period	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Asset valuation method	Market value of assets.
Inflation	2.30%
Salary increases	Varies by category, entry age, and duration of service .
Investment rate of return	6.80%, net of pension plan investment and administrative expense; includes inflation.

Other information:

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

<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 9,256,492	\$ 9,876,401	\$ 10,249,971	\$ 11,072,097	\$ 11,953,509	\$ 12,578,180
<u>(9,256,492)</u>	<u>(9,876,401)</u>	<u>(10,249,971)</u>	<u>(11,072,097)</u>	<u>(11,953,509)</u>	<u>(12,578,180)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 24,394,495	\$ 24,012,483	\$ 26,206,105	\$ 26,486,277	\$ 27,755,413	\$ 33,906,374
37.95%	41.13%	39.11%	41.80%	43.07%	37.10%

CITY OF COSTA MESA, CALIFORNIA
Schedule of Changes in the Net Pension Liability and Related Ratios
Police Safety Plan
Last Ten Fiscal Years

Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Total pension liability:				
Service cost	\$ 4,675,505	\$ 4,048,034	\$ 4,011,055	\$ 4,475,641
Interest on total pension liability	17,563,332	18,452,568	19,519,447	20,072,034
Difference between expected and actual experience	-	1,744,508	4,436,634	(2,148,051)
Changes in assumptions	-	(4,744,823)	-	17,608,748
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(11,159,179)	(12,625,831)	(13,319,431)	(13,984,335)
Net Change in Total Pension Liability	11,079,658	6,874,456	14,647,705	26,024,037
Total pension liability - beginning of year	237,419,600	248,499,258	255,373,714	270,021,419
Total pension liability - end of year (a)	<u>\$ 248,499,258</u>	<u>\$ 255,373,714</u>	<u>\$ 270,021,419</u>	<u>\$ 296,045,456</u>
Plan fiduciary net position:				
Contributions - employer	\$ 5,066,147	\$ 5,228,944	\$ 5,992,098	\$ 7,592,902
Contributions - employees	2,204,590	2,191,295	1,988,684	2,012,546
Net investment income	24,794,991	3,618,253	825,770	17,309,154
Benefit payments	(11,159,179)	(12,625,831)	(13,319,431)	(13,984,335)
Plan to plan resource movement	-	-	72	-
Administrative expense	-	(182,933)	(98,993)	(233,009)
Other miscellaneous income (expense)	-	-	-	-
Net change in plan fiduciary net position	20,906,549	(1,770,272)	(4,611,800)	12,697,258
Plan fiduciary net Position -beginning of year	143,294,304	164,200,853	162,430,581	157,818,781
Plan fiduciary new position - end of year (b)	<u>\$ 164,200,853</u>	<u>\$ 162,430,581</u>	<u>\$ 157,818,781</u>	<u>\$ 170,516,039</u>
Net pension liability - ending (a)-(b)	<u>\$ 84,298,405</u>	<u>\$ 92,943,133</u>	<u>\$ 112,202,638</u>	<u>\$ 125,529,417</u>
Plan fiduciary net position as a percentage of the total pension liability	66.08%	63.61%	58.45%	57.60%
Covered payroll	\$ 14,884,359	\$ 13,714,558	\$ 14,161,162	\$ 14,696,132
Net pension liability as a percentage of covered payroll	566.36%	677.70%	792.33%	854.17%

Notes to schedule:

Benefit changes:

The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before 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 benefit terms.

Changes in 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.

<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
\$ 4,653,580 20,611,486	\$ 4,959,915 21,235,614	\$ 4,912,766 21,872,003	\$ 4,811,521 22,650,069	\$ 5,458,052 23,094,674	\$ 5,660,455 24,218,751
(1,494,789) (1,540,347) -	(2,112,152) - -	(1,729,542) - -	503,266 - -	(4,554,440) 11,831,923 -	5,683,147 - 99,834
<u>(14,129,155)</u>	<u>(15,024,883)</u>	<u>(16,058,867)</u>	<u>(16,651,882)</u>	<u>(17,630,306)</u>	<u>(18,661,561)</u>
8,100,775	9,058,494	8,996,360	11,312,974	18,199,903	17,000,626
<u>296,045,456</u>	<u>304,146,231</u>	<u>313,204,725</u>	<u>322,201,085</u>	<u>333,514,059</u>	<u>351,713,962</u>
<u><u>\$ 304,146,231</u></u>	<u><u>\$ 313,204,725</u></u>	<u><u>\$ 322,201,085</u></u>	<u><u>\$ 333,514,059</u></u>	<u><u>\$ 351,713,962</u></u>	<u><u>\$ 368,714,588</u></u>
\$ 8,263,652 2,120,029 14,402,562 (14,129,155) 222 (265,711) (504,590)	\$ 9,471,893 2,222,313 11,872,172 (15,024,883) - (128,739) 420	\$ 10,608,592 2,285,323 9,465,284 (16,058,867) - (266,185) -	\$ 11,583,086 2,166,528 44,470,479 (16,651,882) - (194,644) -	\$ 12,366,023 2,367,983 (18,004,303) (17,630,306) - (147,153) -	\$ 13,196,625 2,402,021 13,524,316 (18,661,561) - (158,230) -
9,887,009	8,413,176	6,034,147	41,373,567	(21,047,756)	10,303,171
<u>170,516,039</u>	<u>180,403,048</u>	<u>188,816,224</u>	<u>194,850,371</u>	<u>236,223,938</u>	<u>215,176,182</u>
<u><u>\$ 180,403,048</u></u>	<u><u>\$ 188,816,224</u></u>	<u><u>\$ 194,850,371</u></u>	<u><u>\$ 236,223,938</u></u>	<u><u>\$ 215,176,182</u></u>	<u><u>\$ 225,479,353</u></u>
<u><u>\$ 123,743,183</u></u>	<u><u>\$ 124,388,501</u></u>	<u><u>\$ 127,350,714</u></u>	<u><u>\$ 97,290,121</u></u>	<u><u>\$ 136,537,780</u></u>	<u><u>\$ 143,235,235</u></u>
59.31%	60.29%	60.47%	70.83%	61.18%	61.15%
\$ 14,529,255	\$ 17,534,445	\$ 16,175,525	\$ 15,883,165	\$ 17,075,363	\$ 20,069,395
851.68%	709.40%	787.30%	612.54%	799.62%	713.70%

CITY OF COSTA MESA, CALIFORNIA
Schedule of Contributions
Police Safety Plan
Last Ten Fiscal Years

Fiscal year ended	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 5,237,595	\$ 5,994,277	\$ 7,592,899	\$ 8,098,773
Contributions in relation to the actuarially determined contributions	<u>(5,237,595)</u>	<u>(5,994,277)</u>	<u>(7,592,899)</u>	<u>(8,098,773)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,714,558	\$ 14,161,162	\$ 14,696,132	\$ 14,529,255
Contributions as a percentage of covered payroll	38.19%	42.33%	51.67%	55.74%

Notes to schedule:

Valuation date for June 30, 2024 6/30/2021

Methods and assumptions used to determine contribution rates:

Single and agent employers	Entry Age Actuarial Cost Method
Amortization method/period	Varies by date established and source. May be level dollar or level
Asset valuation method	Market value of assets.
Inflation	2.30%
Salary increases	Varies by category, entry age, and duration of service .
Investment rate of return	6.80%, net of pension plan investment and administrative expense; includes inflation.

Other information:

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

<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 10,894,754	\$ 11,174,155	\$ 11,803,904	\$ 11,680,985	\$ 13,172,096	\$ 12,295,561
<u>(10,894,754)</u>	<u>(11,174,155)</u>	<u>(11,803,904)</u>	<u>(11,680,985)</u>	<u>(13,172,096)</u>	<u>(12,295,561)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,534,445	\$ 16,175,525	\$ 15,883,165	\$ 17,075,363	\$ 20,069,395	\$ 23,135,065
62.13%	69.08%	74.32%	68.41%	65.63%	53.15%

CITY OF COSTA MESA, CALIFORNIA
Schedule of Proportionate Share of the Net Pension Liability
Fire Safety Plan
Last Ten Fiscal Years

Measurement date	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Plan's proportion of the net pension liability	0.86630%	0.85980%	0.78750%	0.75976%
Plan's proportionate share of the net pension liability	\$ 53,906,245	\$ 59,018,969	\$ 68,144,130	\$ 75,347,795
Plan's covered payroll	\$ 9,348,967	\$ 8,616,507	\$ 9,235,056	\$ 9,116,708
Plan's proportionate share of the net pension liability as a percentage of covered payroll	576.60%	684.95%	737.89%	826.48%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	70.20%	78.40%	74.06%	71.74%
Plan's proportionate share of aggregate employer contributions	\$ 4,567,080	\$ 4,600,229	\$ 4,087,020	\$ 5,040,152

Notes to schedule:

Benefit changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amount to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2022 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

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. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool's differences between expected and actual experience.

Changes in 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.

<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
0.78122%	0.75901%	0.74962%	0.67861%	0.63698%	0.61916%
\$ 75,280,246	\$ 77,775,545	\$ 81,561,540	\$ 61,763,064	\$ 88,285,197	\$ 91,243,941
\$ 9,057,608	\$ 9,614,585	\$ 9,034,047	\$ 9,203,544	\$ 9,845,473	\$ 10,924,436
831.13%	808.93%	902.82%	671.08%	896.71%	835.23%
73.39%	73.37%	73.12%	71.38%	60.47%	60.18%
\$ 5,040,152	\$ 5,855,909	\$ 6,865,279	\$ 7,555,477	\$ 9,072,094	\$ 9,408,864

CITY OF COSTA MESA, CALIFORNIA
Schedule of Contributions
Fire Safety Plan
Last Ten Fiscal Years

Fiscal year ended	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	\$ 3,877,163	\$ 3,286,280	\$ 3,598,782	\$ 5,040,152
Contributions in relation to the actuarially determined contributions	<u>(4,603,714)</u>	<u>(3,786,280)</u>	<u>(3,598,782)</u>	<u>(5,040,152)</u>
Contribution deficiency (excess)	<u>\$ (726,551)</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,616,507	\$ 9,235,056	\$ 9,116,708	\$ 9,057,608
Contributions as a percentage of covered payroll	53.43%	41.00%	39.47%	55.65%

Notes to schedule:

Valuation date for June 30, 2024 6/30/2021

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization method/period	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Asset valuation method	Market value of assets
Inflation	2.30%
Salary increases	Varies by category, entry age, and duration of service.
Investment rate of return	6.90%, net of pension plan investment and administrative expense; includes inflation.

Other information:

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

<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 5,855,909	\$ 6,865,279	\$ 7,555,477	\$ 9,072,094	\$ 9,408,864	\$ 9,446,737
<u>(5,855,909)</u>	<u>(6,865,279)</u>	<u>(7,555,477)</u>	<u>(9,072,094)</u>	<u>(9,408,864)</u>	<u>(9,446,737)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,614,585	\$ 9,034,047	\$ 9,203,544	\$ 9,845,473	\$ 10,924,436	\$ 12,297,318
60.91%	75.99%	82.09%	92.14%	86.13%	76.82%

CITY OF COSTA MESA, CALIFORNIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
POLICE 1% SUPPLEMENTAL RETIREMENT PLAN
Last Ten Fiscal Years*

Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Total pension liability:				
Interest on total pension liability	\$ 80,950	\$ 77,214	\$ 82,454	\$ 79,579
Difference between expected and actual experience	(19)	-	(9,704)	-
Changes in assumptions	-	(107,900)	(18,938)	46,602
Benefit payments, including refunds of employee contributions	(211,287)	(208,260)	(205,233)	(205,233)
Net change in Total Pension Liability	(130,356)	(238,946)	(151,421)	(79,052)
Total pension liability - beginning of year	2,897,028	2,766,672	2,527,726	2,376,305
Total pension liability - end of year (a)	<u>\$ 2,766,672</u>	<u>\$ 2,527,726</u>	<u>\$ 2,376,305</u>	<u>\$ 2,297,253</u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%
Covered - employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes:

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension plan.

The discount rate changed from 3.50% as of June 30, 2018 to 3.15% as of June 30, 2019 measurement date.

The discount rate changed from 3.15% as of June 30, 2019 to 2.45% as of June 30, 2020 measurement date.

The discount rate changed from 2.45% as of June 30, 2020 to 2.10% as of June 30, 2021 measurement date.

The discount rate changed from 2.10% as of June 30, 2021 to 3.75% as of June 30, 2022 measurement date.

The discount rate changed from 3.75% as of June 30, 2022 to 3.90% as of June 30, 2023 measurement date.

The discount rate changed from 3.90% as of June 30, 2022 to 4.05% as of June 30, 2024 measurement date.

* - Fiscal year 2016 was the first year of implementation, therefore only nine years are shown.

<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 69,134	\$ 55,426	\$ 45,623	\$ 66,959	\$ 64,074
80,298	-	101,666	-	(26,421)
122,873	59,262	(332,850)	(16,007)	(13,865)
<u>(205,036)</u>	<u>(204,445)</u>	<u>(204,445)</u>	<u>(198,365)</u>	<u>(188,828)</u>
67,269	(89,757)	(390,006)	(147,413)	(165,040)
<u>2,297,253</u>	<u>2,364,522</u>	<u>2,274,765</u>	<u>1,884,759</u>	<u>1,737,346</u>
<u>\$ 2,364,522</u>	<u>\$ 2,274,765</u>	<u>\$ 1,884,759</u>	<u>\$ 1,737,346</u>	<u>\$ 1,572,306</u>
0.00%	0.00%	0.00%	0.00%	0.00%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

CITY OF COSTA MESA, CALIFORNIA
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB liability				
Service cost	\$ 1,229,918	\$ 1,098,145	\$ 1,110,733	\$ 1,145,090
Interest on the total OPEB liability	1,622,474	1,812,069	1,852,821	2,060,874
Actual and expected experience difference	-	-	2,081,994	(3,128,209)
Changes in assumptions	(3,959,316)	(670,841)	3,420,614	6,606,929
Benefit payments	(2,318,709)	(2,469,425)	(2,751,358)	(2,719,892)
Net change in total OPEB liability	(3,425,633)	(230,052)	5,714,804	3,964,792
Total OPEB liability - beginning	56,858,361	53,432,728	53,202,676	58,917,480
Total OPEB liability - ending	<u>\$ 53,432,728</u>	<u>\$ 53,202,676</u>	<u>\$ 58,917,480</u>	<u>\$ 62,882,272</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered - employee payroll ¹	\$ 41,026,788	\$ 43,392,898	\$ 43,828,141	\$ 45,645,442
OPEB liability as a percentage of covered-employee payroll ¹	130.24%	122.61%	134.43%	137.76%

Notes to schedule:

¹ - OPEB benefits are not based on employee payroll.

In Fiscal Year 2021 the City created a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan. The funds are in a pooled account - balanced index. As of June 30, 2024 the market value of the investments held in the trust was \$1,867,408 and is reflected as a contribution subsequent to the measurement date as of Fiscal Year 2023.

Changes in assumptions. The discount rate as of the June 30, 2016 measurement date was 2.85%. The discount rate as of the June 30, 2017 measurement date was 3.40%. The discount rate as of the June 30, 2018 measurement date was 3.50%. The discount rate as of the June 30, 2019 measurement date was 3.51%. The discount rate as of the June 30, 2020 measurement date was 2.66%. The discount rate as of the June 30, 2021 measurement date was 2.19%. The discount rate as of the June 30, 2022 measurement date was 4.09%. The discount rate as of June 30, 2023 was 4.13%.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

* - Fiscal year 2018 was the first year of implementation, therefore only seven years are shown.

June 30, 2021	June 30, 2022	June 30, 2023
\$ 1,469,582	\$ 2,123,135	\$ 1,359,650
1,675,650	1,470,020	2,146,489
(894,275)	(480,791)	(8,133,352)
3,854,176	(14,469,369)	238,216
<u>(2,732,910)</u>	<u>(2,520,497)</u>	<u>(2,535,920)</u>
3,372,223	(13,877,502)	(6,924,917)
<u>62,882,272</u>	<u>66,254,495</u>	<u>52,376,993</u>
<u>\$ 66,254,495</u>	<u>\$ 52,376,993</u>	<u>\$ 45,452,076</u>
0.00%	0.00%	0.00%
\$ 48,101,217	\$ 53,773,706	\$ 62,202,706
137.74%	97.40%	73.07%

GENERAL FUND

The General Fund is used to account for all general revenues of the City not specifically levied or collected for special purposes, and for expenditures related to the provision of general services by the City. The General Fund is used to account for all resources not required to be accounted for in another fund.

GOVERNMENT GRANTS FUND

The Government Grants Fund is used to account for receipt and disbursement of grant monies provided by Federal, State, and County governmental agencies for various programs.

GAS TAX FUND

The Gas Tax Fund is used to account for the receipt and disbursement of funds required to be used for construction and maintenance of the City's road network system. Financing is provided by the City's share of State gasoline taxes, including allocations from the Highway Users Tax Account (HUTA) and the Road Maintenance and Rehabilitation Account (RMRA).

AMERICAN RESCUE PLAN ACT FUND (ARPA)

The ARPA Fund is used to account for the receipt and disbursement of grant monies under the American Rescue Plan Act.

CITY OF COSTA MESA, CALIFORNIA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Taxes:					
Sales tax	\$ 80,953,882	\$ 76,453,882	\$ 76,400,160	\$ (53,722)	\$ 79,851,289
Property tax	54,524,010	56,724,010	56,465,749	(258,261)	53,442,949
Transient occupancy tax	9,554,733	10,104,733	10,150,696	45,963	9,830,790
Franchise tax	5,687,783	6,487,783	6,542,802	55,019	6,094,232
Cannabis business tax	3,393,018	3,393,018	3,195,393	(197,625)	939,200
Business license tax	913,264	913,264	707,121	(206,143)	968,351
Total taxes	155,026,690	154,076,690	153,461,921	(614,769)	151,126,811
Licenses and permits	6,858,558	6,858,558	5,982,422	(876,136)	6,342,557
Fines and forfeitures	1,066,632	1,466,632	1,297,319	(169,313)	1,190,281
Intergovernmental:					
Motor vehicle in-lieu	115,307	115,307	138,951	23,644	115,307
Prop 172	1,506,007	1,506,007	1,396,143	(109,864)	1,396,896
Advances repayment	1,197,039	1,368,045	1,368,045	-	1,399,669
Grants and other reimbursements	780,779	2,172,431	2,091,131	(81,300)	1,263,333
Total intergovernmental	3,599,132	5,161,790	4,994,270	(167,520)	4,175,205
Charges for services	7,608,444	9,772,434	10,213,746	441,312	8,886,692
Rental	4,556,615	4,516,619	4,512,794	(3,825)	3,995,450
Investment income (loss)	50,000	900,000	2,250,512	1,350,512	640,980
Miscellaneous	1,025,407	1,025,407	1,174,798	149,391	1,282,572
Total revenues	179,791,478	183,778,130	183,887,782	109,652	177,640,548
Expenditures:					
Current:					
General government:					
City council	750,150	750,150	749,750	400	834,324
City manager:					
Administration	5,145,209	5,139,924	4,771,870	368,054	3,941,701
City clerk	1,017,065	979,065	1,078,738	(99,673)	1,151,400
Personnel services	2,175,224	2,471,158	2,594,988	(123,830)	2,079,915
Risk management services	343,056	377,655	458,487	(80,832)	400,346
City attorney	1,050,000	980,000	977,061	2,939	988,108
Financial services	5,590,659	4,429,459	4,416,585	12,874	4,271,187
Information technology	5,923,554	5,802,164	5,471,390	330,774	5,016,142
Facilities and equipment maintenance	12,764,606	13,170,826	14,290,076	(1,119,250)	12,463,523
Non-departmental	6,040,994	8,586,897	6,636,224	1,950,673	5,446,525
Total general government	40,800,517	42,687,298	41,445,169	1,242,129	36,593,171

See notes to required supplementary information

CITY OF COSTA MESA, CALIFORNIA
General Fund
(continued)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended June 30, 2024
(With Comparative Data for Prior Year)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Protection of persons and property:					
Police protection	59,221,311	62,003,743	61,846,778	156,965	55,717,178
Fire protection	35,785,123	35,345,569	35,159,633	185,936	33,480,396
Building and safety	3,399,506	3,354,000	3,375,682	(21,682)	2,964,713
Total protection of persons and property	98,405,940	100,703,312	100,382,093	321,219	92,162,287
Community programs:					
Community recreation	8,475,491	10,254,228	9,988,871	265,357	7,528,022
Planning	2,832,009	2,179,323	2,455,636	(276,313)	2,627,389
Community improvement	1,835,929	1,884,027	1,757,726	126,301	1,620,694
Development services administration	1,189,032	1,675,828	1,493,742	182,086	995,208
Total community programs	14,332,461	15,993,406	15,695,975	297,431	12,771,313
Public services:					
Administration	2,975,061	2,413,006	2,358,665	54,341	2,115,976
Engineering	3,384,684	2,906,258	2,681,200	225,058	2,287,474
Transportation	3,333,547	3,507,081	3,772,021	(264,940)	3,545,291
Total public services	9,693,292	8,826,345	8,811,886	14,459	7,948,741
Debt Service:					
Principal	3,450,000	2,171,961	566,391	1,605,570	342,370
Interest and fiscal charges	1,067,905	922,905	62,126	860,779	26,564
Total debt service	4,517,905	3,094,866	628,517	2,466,349	368,934
Total expenditures	163,232,210	168,210,361	166,963,640	4,341,587	149,844,446
Excess (deficiency) of revenues over (under) expenditures	16,559,268	15,567,769	16,924,142	4,451,239	27,796,102
Other financing sources (uses):					
Transfers in	868,898	898,618	888,618	(10,000)	-
Transfers out	(13,097,589)	(16,486,813)	(16,486,813)	-	(26,534,995)
Total other financing sources (uses)	(12,228,691)	(15,588,195)	(15,598,195)	(10,000)	(26,534,995)
Net change in fund balance	4,330,577	(20,426)	1,325,947	4,441,239	1,261,107
Fund balance at beginning of year	59,036,954	59,036,954	59,036,954	-	57,775,847
Fund balance at end of year	\$ 63,367,531	\$ 59,016,528	\$ 60,362,901	\$ 4,441,239	\$ 59,036,954

See notes to required supplementary information

CITY OF COSTA MESA, CALIFORNIA
Government Grants Fund - Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Intergovernmental	\$ 15,362,427	\$ 22,844,107	\$ 3,275,113	\$ (19,568,994)	\$ 2,169,633
Investment income (loss)	-	-	78,230	78,230	32,753
Total revenues	15,362,427	22,844,107	3,353,343	(19,490,764)	2,202,386
Expenditures:					
Current:					
General government	8,180,000	10,941,191	2,014,351	8,926,840	13,536
Protection of persons and property	3,031,955	7,566,262	1,238,622	6,327,640	538,168
Community programs	320,000	4,460,988	1,711,393	2,749,595	130,723
Public services	3,830,472	5,091,970	189,845	4,902,125	111,344
Total expenditures	15,362,427	28,060,410	5,154,211	22,906,199	793,771
Excess (deficiency) of revenues over (under) expenditures	-	(5,216,304)	(1,800,868)	3,415,436	1,408,615
Net change in fund balance	-	(5,216,304)	(1,800,868)	3,415,436	1,408,615
Fund balance (deficit) at beginning of year	262,850	262,850	262,850	-	(1,145,765)
Fund balance (deficit) at end of year	\$ 262,850	\$ (4,953,454)	\$ (1,538,018)	\$ 3,415,436	\$ 262,850

See notes to required supplementary information

CITY OF COSTA MESA, CALIFORNIA
Gas Tax Fund - Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Intergovernmental	\$ 5,991,674	\$ 5,991,674	\$ 5,981,892	\$ (9,782)	\$ 5,357,007
Investment income (loss)	-	-	845,794	845,794	162,210
Miscellaneous	-	-	167,874	167,874	-
Total revenues	5,991,674	5,991,674	6,995,560	1,003,886	5,519,217
Expenditures:					
Current:					
Public services	4,717,786	21,832,183	2,721,195	19,110,988	2,616,617
Total expenditures	4,717,786	21,832,183	2,721,195	19,110,988	2,616,617
Excess (deficiency) of revenues over (under) expenditures	1,273,888	(15,840,509)	4,274,365	20,114,874	2,902,600
Net change in fund balance	1,273,888	(15,840,509)	4,274,365	20,114,874	2,902,600
Fund balance at beginning of year	17,556,354	17,556,354	17,556,354	-	14,653,754
Fund balance at end of year	\$ 18,830,242	\$ 1,715,845	\$ 21,830,719	\$ 20,114,874	\$ 17,556,354

See notes to required supplementary information

CITY OF COSTA MESA, CALIFORNIA
American Rescue Plan Act Fund - Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Intergovernmental	\$ 1,440,737	\$ 2,532,640	\$ 3,620,652	\$ 1,088,012	\$ 4,802,856
Investment income (loss)	-	-	166,877	166,877	208,050
Total revenues	1,440,737	2,532,640	3,787,529	1,254,889	5,010,906
Expenditures:					
Current:					
Protection of persons and property	340,000	4,660,000	1,600,000	3,060,000	2,915,000
Community programs	-	471,988	-	471,988	-
Total expenditures	340,000	5,131,988	1,600,000	3,531,988	2,915,000
Excess (deficiency) of revenues over (under) expenditures	1,100,737	(2,599,348)	2,187,529	4,786,877	2,095,906
Other financing sources (uses):					
Transfer out	(1,100,737)	(2,020,652)	(2,020,652)	-	(1,887,856)
Total other financing sources (uses)	(1,100,737)	(2,020,652)	(2,020,652)	-	(1,887,856)
Net change in fund balance	-	(4,620,000)	166,877	4,786,877	208,050
Fund balance at beginning of year	258,379	258,379	258,379	-	50,329
Fund balance at end of year	\$ 258,379	\$ (4,361,621)	\$ 425,256	\$ 4,786,877	\$ 258,379

See notes to required supplementary information

CITY OF COSTA MESA, CALIFORNIA
Notes to Required Supplementary Information
Year ended June 30, 2024

(1) Budgetary Data

Annual budgets are legally adopted or amended for all governmental funds on a basis consistent with generally accepted accounting principles, except for the following funds for which annual budgets were not adopted or amended:

Special Revenue Funds:

Disaster Fund

Opioid Settlement

Behavioral Health Fund

Debt Service Funds:

Financing Authority Debt Service Fund

The City Council adopts an annual budget submitted by the City Manager prior to the beginning of each new fiscal year. Public hearings are conducted prior to budget adoption by the Council. Supplemental appropriations, when required during the period, are also approved by the City Council. Interfunctional budget adjustments are approved by the City Manager. Expenditures may not legally exceed appropriations at the department functional level. At fiscal year-end all operating budget appropriations lapse.

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
SUPPLEMENTARY SCHEDULES



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenue derived from specific taxes or other earmarked revenues sources (other than expendable trust or for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

The following funds have been classified as nonmajor governmental funds in the accompanying fund financial statements:

HOME Program Fund

Established to account for the receipt and disbursement of funds received under the Federal Home Investment Partnership Program of the Department of Housing and Urban Development. These revenues must be expended for acquisition, rehabilitation, and new construction of rental housing.

Air Quality Improvement Fund

Established to account for the receipt and disbursement of the City's share of funds received under Health & Safety Code 44223 (AB 2766) to finance mobile source air pollution reduction programs consistent with the California Clean Air Act of 1988.

Community Development Fund

This fund accounts for the receipt and disbursement of the Department of Housing and Urban Development grants. These revenues must be expended to accomplish one of the following objectives: elimination of slum or blighted areas to benefit low and moderate income persons, or to meet certain urgent community development needs.

Supplemental Law Enforcement Services Fund (SLESF)

Established to account for the receipt and disbursement of funds received under the State Citizen's Option for Public Safety (COPS) Program allocated pursuant to Government Code Section 30061 enacted by Assembly Bill 3229, Chapter 134 of the 1996 Statutes. These COPS/SLESF funds are allocated based on population and can only be spent for "front line municipal police services" as per Government Code Section 30061(c)(2).

Rental Rehabilitation Program Fund

Established to account for the receipt and disbursement of grants received from the Department of Housing and Urban Development under Section 17 of the U.S. Housing Act of 1937. These revenues must be expended to provide assistance to rehabilitate primarily privately-owned residential rental property.

Narcotics Forfeiture Fund

Established to account for the receipt and disbursement of narcotic forfeitures received from County, State, and Federal agencies pursuant to Section 11470 of State Health and Safety Code and Federal Statute 21USC Section 881.

Local Law Enforcement Block Grant Fund

Established to account for the receipt and disbursement of Federal grant monies provided by the 1998 Appropriations Act, Public Law 105-119. These funds are restricted for projects utilized to reduce crime and improve public safety.

Office of Traffic Safety Fund

Established to account for the receipt and disbursement of Federal grant monies received through the State Office of Traffic Safety. These funds are restricted for operations utilized to enhance traffic safety and to reduce drunk driving within the City.

Opioid Settlement Fund

Established to account for receipt and disbursements from settlements related to opioid litigation. These funds are restricted for purposes aligned with mitigating the adverse effects of opioid abuse and supporting initiatives aimed at prevention, treatment, recovery, and community support.

Housing Authority Fund

Established pursuant to the California Health and Safety Code, Section 34176(a). The Housing Authority serves two distinct functions: Low and Moderate Income Housing Asset Fund (LMIHAF) and homeless program. The LMIHAF is to promote affordable housing for families of low and moderate income within the City. The homeless program is to provide temporary assistance including housing to homeless individuals.

Disaster Fund

Established to account for receipt and disbursement of Federal and State grant monies received for COVID-19 mitigation and relief efforts.

Behavioral Health Fund

Established to account for Department of Health Services federal grant to assist in substance and mental health, support of those experiences homelessness who have serious behavior health conditions that prevent from accessing resources and securing permanent housing.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are established to account for financial resources segregated for acquisition and construction of major capital facilities (other than those financed by proprietary funds).

The following have been classified as a major fund in the accompanying government-wide financial statements:

Capital Improvements Fund

Established to account for construction of capital facilities funded by the City's General Fund and various governmental grants.

The following have been classified as nonmajor funds in the accompanying fund financial statements:

Measure "M2" Fund

Established to account for the receipt and expenditure of the 2006 voter-approved one-half percent sales tax for local transportation improvements. Measure M2 is a 30-year extension of the earlier Measure M program.

Parking Districts Fund

Established under the Vehicle Parking District Law of 1943 to provide vehicle facilities in the downtown area. Funding is provided through specific property tax levies.

Golf Course Improvements Fund

Established to account the receipt and disbursement of funds for Costa Mesa Country Club capital improvements. Funding is provided by the receipt of two and one-half percent of monthly gross receipts of green and tournament fees.

Park Development Fund

Established to account for the receipt and disbursement of funds for development and maintenance of the City's park system. Funding is provided by fees charged to residential and commercial developers.

Drainage Fees Fund

Established to account for the receipt and disbursement of funds for construction and maintenance of the City's drainage system. Funding is provided by fees charged to residential and commercial developers.

Traffic Impact Fees Fund

Established to account for the receipt and disbursement of funds for transportation improvements Citywide. Funding is provided by fees charged to residential and commercial developers.

Fire System Development Fees Fund

Established to account for receipt and disbursement of development impact fees established by Ordinance 89-1 for future construction of fire protection facilities and equipment for the north Costa Mesa area.

Jack Hammett Sports Complex Fund

Establish to account for receipt and disbursement of funds related to on-going maintenance of Jack Hammett Sports Complex. Funding is provided by the facility's rental income.

Lions Park Capital Improvements Fund

Established to account for the receipt and disbursement of funds for construction of a new library and renovation of the existing library into a neighborhood community center. Project funding is partially provided by bond proceeds with the remaining balance provided by the Capital Improvements Fund.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for accumulated resources for and payment of general long-term debt.

The following have been classified as nonmajor funds in the accompanying fund financial statements:

Financing Authority Debt Service Fund

To accumulate monies for the payment of the 2017 Lease Revenue Bonds. The 2017 Lease Revenue bonds refunded the Public Financing Authority 2007 Certificates of Participation and provided partial funding for the Lion's Park Project.

CITY OF COSTA MESA, CALIFORNIA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024
(With Comparative Data for Prior Year)

	Special Revenue				
	HOME Program	Air Quality Improvement	Community Development	Supplemental Law Enforcement Services	Rental Rehabilitation Program
<u>Assets:</u>					
Cash and investments	\$ 251,723	\$ 463,519	\$ 56,073	\$ 19,470	\$ 288,363
Cash and investments with fiscal agents	-	-	-	-	-
Due from other governments	101,399	37,406	142,753	-	-
Accounts receivable, net	-	-	-	-	-
Interest receivable	248	634	-	43	410
Loans receivable, net	1,500,000	-	-	-	-
Leases receivable	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 1,853,370</u>	<u>\$ 501,559</u>	<u>\$ 198,826</u>	<u>\$ 19,513</u>	<u>\$ 288,773</u>
<u>Liabilities:</u>					
Accounts payable	\$ 132,724	\$ -	\$ 36,958	\$ -	\$ -
Accrued liabilities	4,443	-	9,153	9,643	-
Retentions payable	-	2,850	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>137,167</u>	<u>2,850</u>	<u>46,111</u>	<u>9,643</u>	<u>-</u>
<u>Deferred Inflows of Resources:</u>					
Lease related	-	-	-	-	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>					
Restricted for:					
Protection of persons or property	-	-	-	9,870	-
Community programs	1,716,203	-	152,715	-	288,773
Public services	-	498,709	-	-	-
Debt service	-	-	-	-	-
Assigned for:					
Protection of persons and property	-	-	-	-	-
Public services	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>1,716,203</u>	<u>498,709</u>	<u>152,715</u>	<u>9,870</u>	<u>288,773</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,853,370</u>	<u>\$ 501,559</u>	<u>\$ 198,826</u>	<u>\$ 19,513</u>	<u>\$ 288,773</u>

Special Revenue						
Narcotics Forfeiture	Local Law Enforcement Block Grant	Office of Traffic Safety	Opioid Settlement	Housing Authority	Disaster Fund	Behavioral Health
\$ 1,224,786	\$ 35,285	\$ -	\$ 494,316	\$ 7,725,840	\$ 53,637	\$ -
-	-	-	-	25,487	-	-
-	-	44,098	705,360	345,528	-	25,705
-	-	-	177,362	59,789	-	-
2,232	51	-	703	6,966	-	-
-	-	-	-	1,295,210	-	-
-	-	-	-	1,355,038	-	-
-	-	-	-	-	28	-
<u>\$ 1,227,018</u>	<u>\$ 35,336</u>	<u>\$ 44,098</u>	<u>\$ 1,377,741</u>	<u>\$ 10,813,858</u>	<u>\$ 53,665</u>	<u>\$ 25,705</u>
\$ -	\$ -	\$ 2,409	\$ -	\$ 1,100,900	\$ 381	\$ -
-	-	12,023	-	46,409	2,757	-
-	-	-	-	-	-	-
-	-	-	-	24,902	-	-
-	-	65,076	-	-	-	-
-	-	-	245,258	-	-	-
-	-	79,508	245,258	1,172,211	3,138	-
-	-	-	-	1,323,545	-	-
-	-	-	296,265	-	-	-
-	-	-	296,265	1,323,545	-	-
1,227,018	35,336	-	-	-	-	-
-	-	-	-	8,318,102	-	-
-	-	-	-	-	50,527	25,705
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	836,218	-	-	-
-	-	(35,410)	-	-	-	-
<u>1,227,018</u>	<u>35,336</u>	<u>(35,410)</u>	<u>836,218</u>	<u>8,318,102</u>	<u>50,527</u>	<u>25,705</u>
<u>\$ 1,227,018</u>	<u>\$ 35,336</u>	<u>\$ 44,098</u>	<u>\$ 1,377,741</u>	<u>\$ 10,813,858</u>	<u>\$ 53,665</u>	<u>\$ 25,705</u>

CITY OF COSTA MESA, CALIFORNIA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024
(Continued)
(With Comparative Data for Prior Year)

Capital Projects

	Measure "M2"	Parking Districts	Golf Course Improvements	Park Development	Drainage Fees	Traffic Impact Fees
<u>Assets:</u>						
Cash and investments	\$ 7,073,350	\$ 184,125	\$ 613,219	\$ 2,466,860	\$ 2,156,798	\$ 5,194,930
Cash and investments with fiscal agents	-	-	-	-	-	-
Due from other governments	1,360,557	9	-	-	-	-
Accounts receivable, net	-	-	18,592	-	-	46
Interest receivable	11,341	262	858	3,507	3,082	7,410
Loans receivable, net	-	-	-	-	-	-
Leases receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 8,445,248</u>	<u>\$ 184,396</u>	<u>\$ 632,669</u>	<u>\$ 2,470,367</u>	<u>\$ 2,159,880</u>	<u>\$ 5,202,386</u>
<u>Liabilities:</u>						
Accounts payable	\$ 135,851	\$ -	\$ -	\$ 138,645	\$ 22	\$ 39,225
Accrued liabilities	10,897	-	-	-	-	-
Retentions payable	79,797	-	-	-	-	37,039
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>226,545</u>	<u>-</u>	<u>-</u>	<u>138,645</u>	<u>22</u>	<u>76,264</u>
<u>Deferred Inflows of Resources:</u>						
Lease related	-	-	-	-	-	-
Unavailable revenues	451,243	-	-	-	-	-
Total deferred inflows of resources	<u>451,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>						
Restricted for:						
Protection of persons or property	-	-	-	-	-	-
Community programs	-	-	-	-	-	-
Public services	7,767,460	-	-	-	-	-
Debt service	-	-	-	-	-	-
Assigned for:						
Protection of persons and property	-	-	-	-	-	-
Public services	-	184,396	632,669	2,331,722	2,159,858	5,126,122
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>7,767,460</u>	<u>184,396</u>	<u>632,669</u>	<u>2,331,722</u>	<u>2,159,858</u>	<u>5,126,122</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,445,248</u>	<u>\$ 184,396</u>	<u>\$ 632,669</u>	<u>\$ 2,470,367</u>	<u>\$ 2,159,880</u>	<u>\$ 5,202,386</u>

Capital Projects				Debt Service		
Fire System Development Fees	Jack Hammett Sports Complex	Lions Park Capital Improvements	Park Aquisition	Financing Authority	Totals	
					2024	2023
\$ 667,442	\$ 502,333	\$ 12,242	\$ 391,400	\$ -	\$ 29,875,711	\$ 29,107,646
-	-	338,555	-	17,449	381,491	481,295
-	-	-	-	-	2,762,815	2,752,841
-	41,250	-	-	-	297,039	534,234
949	625	17	558	-	39,896	33,752
-	-	-	-	-	2,795,210	496,064
-	-	-	-	-	1,355,038	1,434,726
-	-	-	-	-	28	-
<u>\$ 668,391</u>	<u>\$ 544,208</u>	<u>\$ 350,814</u>	<u>\$ 391,958</u>	<u>\$ 17,449</u>	<u>\$ 37,507,228</u>	<u>\$ 34,840,558</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,587,115	\$ 645,080
-	-	-	-	-	95,325	73,524
-	-	-	-	-	119,686	334,072
-	15,000	-	-	-	39,902	38,908
-	-	-	-	-	65,076	54,037
-	-	-	-	-	245,258	232,092
-	15,000	-	-	-	2,152,362	1,377,713
-	-	-	-	-	1,323,545	1,414,825
-	-	-	-	-	747,508	799,939
-	-	-	-	-	2,071,053	2,214,764
-	-	-	-	-	1,272,224	1,376,549
-	-	-	-	-	10,475,793	9,179,963
-	-	350,814	391,958	-	9,085,173	6,580,177
-	-	-	-	17,449	17,449	7,278
668,391	-	-	-	-	668,391	642,253
-	529,208	-	-	-	11,800,193	12,500,167
-	-	-	-	-	(35,410)	961,694
<u>668,391</u>	<u>529,208</u>	<u>350,814</u>	<u>391,958</u>	<u>17,449</u>	<u>33,283,813</u>	<u>31,248,081</u>
<u>\$ 668,391</u>	<u>\$ 544,208</u>	<u>\$ 350,814</u>	<u>\$ 391,958</u>	<u>\$ 17,449</u>	<u>\$ 37,507,228</u>	<u>\$ 34,840,558</u>

CITY OF COSTA MESA, CALIFORNIA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Special Revenue				
	HOME Program	Air Quality Improvement	Community Development	Supplemental Law Enforcement Services	Rental Rehabilitation Program
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	930,234	150,191	619,833	321,103	-
Investment income (loss)	38,292	17,512	6	258	11,293
Rental income	-	-	-	-	-
Miscellaneous	123,856	-	30,900	-	-
Total revenues	1,092,382	167,703	650,739	321,361	11,293
Expenditures:					
Current:					
General government	-	-	-	-	-
Protection of persons and property	-	-	-	359,983	-
Community programs	788,957	-	587,184	-	-
Public services	-	114,998	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	788,957	114,998	587,184	359,983	-
Excess (deficiency) of revenues over (under) expenditures	303,425	52,705	63,555	(38,622)	11,293
Other financing sources (uses):					
Transfer in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	303,425	52,705	63,555	(38,622)	11,293
Fund balances (deficit) at beginning of the year	1,412,778	446,004	89,160	48,492	277,480
Fund balances (deficit) at end of year	\$ 1,716,203	\$ 498,709	\$ 152,715	\$ 9,870	\$ 288,773

Special Revenue						
Narcotics Forfeiture	Local Law Enforcement Block Grant	Office of Traffic Safety	Opioid Settlement	Housing Authority	Disaster Fund	Behavioral Health
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
125,118	-	-	-	-	-	-
-	-	170,221	748,204	1,320,654	-	25,705
62,501	1,383	-	18,425	231,987	-	-
-	-	-	-	538,955	-	-
-	-	-	-	117,032	-	-
187,619	1,383	170,221	766,629	2,208,628	-	25,705
-	-	-	-	-	-	-
254,705	-	197,736	-	-	-	-
-	-	-	-	6,118,708	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
254,705	-	197,736	-	6,118,708	-	-
(67,086)	1,383	(27,515)	766,629	(3,910,080)	-	25,705
-	-	-	-	3,927,637	-	-
-	-	-	-	3,927,637	-	-
(67,086)	1,383	(27,515)	766,629	17,557	-	25,705
1,294,104	33,953	(7,895)	69,589	8,300,545	50,527	-
\$ 1,227,018	\$ 35,336	\$ (35,410)	\$ 836,218	\$ 8,318,102	\$ 50,527	\$ 25,705

CITY OF COSTA MESA, CALIFORNIA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2024
(Continued)
(With Comparative Data for Prior Year)

Capital Projects

	Measure "M2"	Parking Districts	Golf Course Improvements	Park Development	Drainage Fees	Traffic Impact Fees
Revenues:						
Taxes	\$ -	\$ 24,610	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	142,598	81,806	130,601
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental	4,207,029	-	-	-	-	-
Investment income (loss)	295,795	6,885	24,763	103,835	86,162	209,507
Rental income	-	-	179,443	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	4,502,824	31,495	204,206	246,433	167,968	340,108
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Protection of persons and property	-	-	-	-	-	-
Community programs	-	-	-	-	-	-
Public services	2,484,874	-	247,921	787,433	183,061	1,490,324
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	2,484,874	-	247,921	787,433	183,061	1,490,324
Excess (deficiency) of revenues over (under) expenditures	2,017,950	31,495	(43,715)	(541,000)	(15,093)	(1,150,216)
Other financing sources (uses):						
Transfer in	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	2,017,950	31,495	(43,715)	(541,000)	(15,093)	(1,150,216)
Fund balances (deficit) at beginning of the year	5,749,510	152,901	676,384	2,872,722	2,174,951	6,276,338
Fund balances (deficit) at end of year	\$ 7,767,460	\$ 184,396	\$ 632,669	\$ 2,331,722	\$ 2,159,858	\$ 5,126,122

Capital Projects				Debt Service		
Fire System Development Fees	Jack Hammett Sports Complex	Lions Park Capital Improvements	Park Acquisition	Financing Authority	Totals	
					2024	2023
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,610	\$ 357,364
-	-	-	-	-	355,005	1,268,832
-	-	-	-	-	125,118	76,487
-	-	-	-	-	8,493,174	9,558,795
26,138	17,337	16,678	7,382	10,171	1,186,310	256,379
-	165,000	-	-	-	883,398	726,933
-	-	-	-	-	271,788	268,280
26,138	182,337	16,678	7,382	10,171	11,339,403	12,513,070
-	-	-	-	-	-	12,564
-	-	-	-	-	812,424	826,415
-	-	-	-	-	7,494,849	6,692,394
-	-	-	-	-	5,308,611	3,957,882
-	-	-	-	1,920,000	1,920,000	1,830,000
-	-	-	-	879,550	879,550	973,300
-	-	-	-	2,799,550	16,415,434	14,292,555
26,138	182,337	16,678	7,382	(2,789,379)	(5,076,031)	(1,779,485)
-	-	-	384,576	2,799,550	7,111,763	8,729,864
-	-	-	384,576	2,799,550	7,111,763	8,729,864
26,138	182,337	16,678	391,958	10,171	2,035,732	6,950,379
642,253	346,871	334,136	-	7,278	31,248,081	24,297,702
\$ 668,391	\$ 529,208	\$ 350,814	\$ 391,958	\$ 17,449	\$ 33,283,813	\$ 31,248,081

CITY OF COSTA MESA, CALIFORNIA
HOME Program Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 509,260	\$ 930,234	\$ 420,974	\$ 137,581
Investment income (loss)	14,803	38,292	23,489	15,117
Miscellaneous	20,000	123,856	103,856	40,000
Total revenues	544,063	1,092,382	548,319	192,698
Expenditures:				
Current:				
Community programs	2,608,397	788,957	1,819,440	267,310
Total expenditures	2,608,397	788,957	1,819,440	267,310
Excess (deficiency) of revenues over (under) expenditures	(2,064,334)	303,425	2,367,759	(74,612)
Net change in fund balance	(2,064,334)	303,425	2,367,759	(74,612)
Fund balance at beginning of year	1,412,778	1,412,778	-	1,487,390
Fund balance at end of year	<u>\$ (651,556)</u>	<u>\$ 1,716,203</u>	<u>\$ 2,367,759</u>	<u>\$ 1,412,778</u>

CITY OF COSTA MESA, CALIFORNIA
Air Quality Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 145,800	\$ 150,191	\$ 4,391	\$ 177,214
Investment income (loss)	-	17,512	17,512	3,843
Total revenues	145,800	167,703	21,903	181,057
Expenditures:				
Current:				
Public services	489,577	114,998	374,579	117,963
Total expenditures	489,577	114,998	374,579	117,963
Excess (deficiency) of revenues over (under) expenditures	(343,777)	52,705	396,482	63,094
Net change in fund balance	(343,777)	52,705	396,482	63,094
Fund balance at beginning of year	446,004	446,004	-	382,910
Fund balance at end of year	\$ 102,227	\$ 498,709	\$ 396,482	\$ 446,004

CITY OF COSTA MESA, CALIFORNIA
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 1,010,506	\$ 619,833	\$ (390,673)	\$ 1,794,310
Investment income	-	6	6	609
Miscellaneous	-	30,900	30,900	-
Total revenues	1,010,506	650,739	(359,767)	1,794,919
Expenditures:				
Current:				
Community programs	1,748,216	587,184	1,161,032	1,800,563
Total expenditures	1,748,216	587,184	1,161,032	1,800,563
Excess (deficiency) of revenues over (under) expenditures	(737,710)	63,555	801,265	(5,644)
Net change in fund balance	(737,710)	63,555	801,265	(5,644)
Fund balance at beginning of year	89,160	89,160	-	94,804
Fund balance at end of year	\$ (648,550)	\$ 152,715	\$ 801,265	\$ 89,160

CITY OF COSTA MESA, CALIFORNIA
Supplemental Law Enforcement Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 331,480	\$ 321,103	\$ (10,377)	\$ 284,819
Investment income (loss)	-	258	258	522
	<u>331,480</u>	<u>321,361</u>	<u>(10,119)</u>	<u>285,341</u>
Total revenues				
Expenditures:				
Current:				
Protection of persons and property	<u>331,480</u>	<u>359,983</u>	<u>(28,503)</u>	<u>254,738</u>
Total expenditures	<u>331,480</u>	<u>359,983</u>	<u>(28,503)</u>	<u>254,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(38,622)</u>	<u>(38,622)</u>	<u>30,603</u>
Net change in fund balance	-	(38,622)	(38,622)	30,603
Fund balance at beginning of year	<u>48,492</u>	<u>48,492</u>	<u>-</u>	<u>17,889</u>
Fund balance (deficit) at end of year	<u>\$ 48,492</u>	<u>\$ 9,870</u>	<u>\$ (38,622)</u>	<u>\$ 48,492</u>

CITY OF COSTA MESA, CALIFORNIA
Rental Rehabilitation Program Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income (loss)	\$ -	\$ 11,293	\$ 11,293	\$ 2,837
Total revenues	-	11,293	11,293	2,837
Expenditures:				
Current:				
Community programs	80,000	-	80,000	-
Total expenditures	80,000	-	80,000	-
Excess (deficiency) of revenues over (under) expenditures	(80,000)	11,293	91,293	2,837
Net change in fund balance	(80,000)	11,293	91,293	2,837
Fund balance at beginning of year	277,480	277,480	-	274,643
Fund balance at end of year	<u>\$ 197,480</u>	<u>\$ 288,773</u>	<u>\$ 91,293</u>	<u>\$ 277,480</u>

CITY OF COSTA MESA, CALIFORNIA
Narcotics Forfeiture Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Fines and forfeitures	\$ -	\$ 125,118	\$ 125,118	\$ 76,487
Investment income (loss)	-	62,501	62,501	17,752
Total revenues	-	187,619	187,619	94,239
Expenditures:				
Current:				
Protection of persons and property	537,596	254,705	282,891	42,402
Total expenditures	537,596	254,705	282,891	42,402
Excess (deficiency) of revenues over (under) expenditures	(537,596)	(67,086)	470,510	51,837
Net change in fund balance	(537,596)	(67,086)	470,510	51,837
Fund balance at beginning of year	1,294,104	1,294,104	-	1,242,267
Fund balance at end of year	<u>\$ 756,508</u>	<u>\$ 1,227,018</u>	<u>\$ 470,510</u>	<u>\$ 1,294,104</u>

CITY OF COSTA MESA, CALIFORNIA
Local Law Enforcement Block Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income (loss)	\$ -	\$ 1,383	\$ 1,383	\$ 347
Total revenues	-	1,383	1,383	347
Excess (deficiency) of revenues over (under) expenditures	-	1,383	1,383	347
Net change in fund balance	-	1,383	1,383	347
Fund balance at beginning of year	33,953	33,953	-	33,606
Fund balance at end of year	<u>\$ 33,953</u>	<u>\$ 35,336</u>	<u>\$ 1,383</u>	<u>\$ 33,953</u>

CITY OF COSTA MESA, CALIFORNIA
Office of Traffic Safety Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 285,000	\$ 170,221	\$ (114,779)	\$ 259,141
Total revenues	<u>285,000</u>	<u>170,221</u>	<u>(114,779)</u>	<u>259,141</u>
Expenditures:				
Current:				
Protection of persons and property	<u>285,000</u>	<u>197,736</u>	<u>87,264</u>	<u>226,977</u>
Total expenditures	<u>285,000</u>	<u>197,736</u>	<u>87,264</u>	<u>226,977</u>
Excess (deficiency) of revenues over (under) expenditures	-	(27,515)	(27,515)	32,164
Fund balance (deficit) at beginning of year	<u>(7,895)</u>	<u>(7,895)</u>	<u>-</u>	<u>(40,059)</u>
Fund balance (deficit) at end of year	<u>\$ (7,895)</u>	<u>\$ (35,410)</u>	<u>\$ (27,515)</u>	<u>\$ (7,895)</u>

CITY OF COSTA MESA, CALIFORNIA
Housing Authority Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 342,011
Intergovernmental	2,146,579	1,320,654	(825,925)	2,686,381
Investment income (loss)	21,550	231,987	210,437	9,416
Rental income	370,000	538,955	168,955	416,489
Miscellaneous	6,000	117,032	111,032	221,113
Total revenues	<u>2,544,129</u>	<u>2,208,628</u>	<u>(335,501)</u>	<u>3,675,410</u>
Expenditures:				
Current:				
Community programs	<u>10,212,005</u>	<u>6,118,708</u>	<u>4,093,297</u>	<u>4,286,833</u>
Total expenditures	<u>10,212,005</u>	<u>6,118,708</u>	<u>4,093,297</u>	<u>4,286,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,667,876)</u>	<u>(3,910,080)</u>	<u>3,757,796</u>	<u>(611,423)</u>
Other financing sources (uses):				
Transfers in	<u>3,927,637</u>	<u>3,927,637</u>	<u>-</u>	<u>5,288,708</u>
Total other financing sources (uses)	<u>3,927,637</u>	<u>3,927,637</u>	<u>-</u>	<u>5,288,708</u>
Net change in fund balance	<u>(3,740,239)</u>	<u>17,557</u>	<u>3,757,796</u>	<u>4,677,285</u>
Fund balance at beginning of year	<u>8,300,545</u>	<u>8,300,545</u>	<u>-</u>	<u>3,623,260</u>
Fund balance at end of year	<u>\$ 4,560,306</u>	<u>\$ 8,318,102</u>	<u>\$ 3,757,796</u>	<u>\$ 8,300,545</u>

CITY OF COSTA MESA, CALIFORNIA
Capital Improvements Fund - Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ -	\$ 152,972	\$ 152,972	\$ 190,599
Investment income (loss)	-	1,203,727	1,203,727	216,228
Miscellaneous	-	35,852	35,852	64,585
Total revenues	-	1,392,551	1,392,551	471,412
Expenditures:				
Current:				
General government	501,359	7,200	494,159	-
Protection of persons and property	5,551,610	792,490	4,759,120	1,275,395
Community programs	1,957,857	256,672	1,701,185	40,505
Public services	23,883,250	3,297,238	20,586,012	2,969,206
Total expenditures	31,894,076	4,353,600	27,540,476	4,285,106
Excess (deficiency) of revenues over (under) expenditures	(31,894,076)	(2,961,049)	28,933,027	(3,813,694)
Other financing sources (uses):				
Transfers in	7,194,994	7,194,994	-	13,482,325
Transfers out	(384,576)	(384,576)	-	-
Total other financing sources (uses)	6,810,418	6,810,418	-	13,482,325
Net change in fund balance	(25,083,658)	3,849,369	28,933,027	9,668,631
Fund balance at beginning of year	31,538,022	31,538,022	-	21,869,391
Fund balance at end of year	\$ 6,454,364	\$ 35,387,391	\$ 28,933,027	\$ 31,538,022

CITY OF COSTA MESA, CALIFORNIA
Measure "M2" Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 3,395,812	\$ 4,207,029	\$ 811,217	\$ 3,650,774
Investment income (loss)	-	295,795	295,795	53,052
Total revenues	3,395,812	4,502,824	1,107,012	3,703,826
Expenditures:				
Current:				
Public services	8,374,320	2,484,874	5,889,446	2,456,115
Total expenditures	8,374,320	2,484,874	5,889,446	2,456,115
Excess (deficiency) of revenues over (under) expenditures	(4,978,508)	2,017,950	6,996,458	1,247,711
Net change in fund balance	(4,978,508)	2,017,950	6,996,458	1,247,711
Fund balance at beginning of year	5,749,510	5,749,510	-	4,501,799
Fund balance at end of year	\$ 771,002	\$ 7,767,460	\$ 6,996,458	\$ 5,749,510

CITY OF COSTA MESA, CALIFORNIA
Parking Districts Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 16,311	\$ 24,610	\$ 8,299	\$ 15,353
Investment income (loss)	-	6,885	6,885	1,478
Total revenues	16,311	31,495	15,184	16,831
Excess (deficiency) of revenues over (under) expenditures	16,311	31,495	15,184	16,831
Net change in fund balance	16,311	31,495	15,184	16,831
Fund balance at beginning of year	152,901	152,901	-	136,070
Fund balance at end of year	\$ 169,212	\$ 184,396	\$ 15,184	\$ 152,901

CITY OF COSTA MESA, CALIFORNIA
Golf Course Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income (loss)	\$ -	\$ 24,763	\$ 24,763	\$ 6,255
Rental income	110,000	179,443	69,443	159,695
Total revenues	110,000	204,206	94,206	165,950
Expenditures:				
Current:				
Public services	1,500,000	247,921	1,252,079	28,023
Total expenditures	1,500,000	247,921	1,252,079	28,023
Excess (deficiency) of revenues over (under) expenditures	(1,390,000)	(43,715)	1,346,285	137,927
Net change in fund balance	(1,390,000)	(43,715)	1,346,285	137,927
Fund balance at beginning of year	676,384	676,384	-	538,457
Fund balance at end of year	\$ (713,616)	\$ 632,669	\$ 1,346,285	\$ 676,384

CITY OF COSTA MESA, CALIFORNIA
Park Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Charges for services	\$ 328,095	\$ 142,598	\$ (185,497)	\$ 158,327
Investment income (loss)	-	103,835	103,835	33,194
Total revenues	328,095	246,433	(81,662)	191,521
Expenditures:				
Current:				
Community programs	637,445	-	637,445	338,019
Public services	2,373,166	787,433	1,585,733	596,217
Total expenditures	3,010,611	787,433	2,223,178	934,236
Excess (deficiency) of revenues over (under) expenditures	(2,682,516)	(541,000)	2,141,516	(742,715)
Net change in fund balance	(2,682,516)	(541,000)	2,141,516	(742,715)
Fund balance at beginning of year	2,872,722	2,872,722	-	3,615,437
Fund balance at end of year	\$ 190,206	\$ 2,331,722	\$ 2,141,516	\$ 2,872,722

CITY OF COSTA MESA, CALIFORNIA
Drainage Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 107,327
Charges for services	213,206	81,806	(131,400)	76,516
Investment income (loss)	-	86,162	86,162	22,712
	<u>213,206</u>	<u>167,968</u>	<u>(45,238)</u>	<u>206,555</u>
Total revenues				
Expenditures:				
Current:				
Public services	<u>2,300,614</u>	<u>183,061</u>	<u>2,117,553</u>	<u>273,825</u>
Total expenditures	<u>2,300,614</u>	<u>183,061</u>	<u>2,117,553</u>	<u>273,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,087,408)</u>	<u>(15,093)</u>	<u>2,072,315</u>	<u>(67,270)</u>
Net change in fund balance	(2,087,408)	(15,093)	2,072,315	(67,270)
Fund balance at beginning of year	<u>2,174,951</u>	<u>2,174,951</u>	<u>-</u>	<u>2,242,221</u>
Fund balance (deficit) at end of year	<u>\$ 87,543</u>	<u>\$ 2,159,858</u>	<u>\$ 2,072,315</u>	<u>\$ 2,174,951</u>

CITY OF COSTA MESA, CALIFORNIA
Traffic Impact Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Charges for services	\$ 1,533,025	\$ 130,601	\$ (1,402,424)	\$ 1,033,989
Investment income (loss)	-	209,507	209,507	63,154
Miscellaneous	-	-	-	7,167
Total revenues	1,533,025	340,108	(1,192,917)	1,104,310
Expenditures:				
Current:				
Public services	5,473,308	1,490,324	3,982,984	485,739
Total expenditures	5,473,308	1,490,324	3,982,984	485,739
Excess (deficiency) of revenues over (under) expenditures	(3,940,283)	(1,150,216)	2,790,067	618,571
Net change in fund balance	(3,940,283)	(1,150,216)	2,790,067	618,571
Fund balance at beginning of year	6,276,338	6,276,338	-	5,657,767
Fund balance at end of year	\$ 2,336,055	\$ 5,126,122	\$ 2,790,067	\$ 6,276,338

CITY OF COSTA MESA, CALIFORNIA
Fire System Development Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income (loss)	\$ -	\$ 26,138	\$ 26,138	\$ 6,569
Total revenues	-	26,138	26,138	6,569
Net change in fund balance	-	26,138	26,138	6,569
Fund balance at beginning of year	642,253	642,253	-	635,684
Fund balance at end of year	\$ 642,253	\$ 668,391	\$ 26,138	\$ 642,253

CITY OF COSTA MESA, CALIFORNIA
 Jack Hammett Sports Complex Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Year ended June 30, 2024
 (With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ -	\$ 17,337	\$ 17,337	\$ 2,165
Rental income	150,750	165,000	14,250	150,749
Total revenues	150,750	182,337	31,587	152,914
Net change in fund balance	150,750	182,337	31,587	152,914
Fund balance at beginning of year	346,871	346,871	-	193,957
Fund balance at end of year	\$ 497,621	\$ 529,208	\$ 31,587	\$ 346,871

CITY OF COSTA MESA, CALIFORNIA
Lions Park Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income (loss)	\$ -	\$ 16,678	\$ 16,678	\$ 9,577
Total revenues	-	16,678	16,678	9,577
Net change in fund balance	-	16,678	16,678	9,577
Fund balance at beginning of year	334,136	334,136	-	324,559
Fund balance at end of year	<u>\$ 334,136</u>	<u>\$ 350,814</u>	<u>\$ 16,678</u>	<u>\$ 334,136</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one City department to another City department on a cost-reimbursement basis.

Equipment Replacement Fund

Established to account for all motorized equipment used by City departments.

Self Insurance Fund – Workers' Compensation/General Liability/Unemployment

Established to account for receipt and disbursement of funds used to pay worker's compensation, general liability, and unemployment premiums and claims filed against the City.

Information Technology Replacement Fund

Established to provide funds for future replacements and upgrades to City computer equipment, systems, and supporting infrastructure.

CITY OF COSTA MESA, CALIFORNIA
Internal Service Funds
Combining Statement of Net Position
June 30, 2024
(With Comparative Data for Prior Year)

	Equipment Replacement	Self-Insurance Workers' Compensation/ General Liability/ Unemployment	Information Technology Replacement	Totals	
				2024	2023
<u>Assets:</u>					
Current assets:					
Cash and investments	\$ 8,140,146	\$ 18,940,547	\$ 11,650,369	\$ 38,731,062	\$ 37,810,030
Interest receivable	11,741	26,590	15,689	54,020	43,592
Prepaid items	4,245,906	-	-	4,245,906	2,376,236
Inventories	266,236	-	-	266,236	149,203
Total current assets	12,664,029	18,967,137	11,666,058	43,297,224	40,379,061
Capital assets:					
Construction in progress	-	-	-	-	1,932,537
Motorized equipment	22,875,746	-	-	22,875,746	18,802,993
Other equipment	3,808,165	-	2,120,336	5,928,501	3,901,560
Accumulated depreciation	(13,631,537)	-	(101,411)	(13,732,948)	(12,495,503)
Net capital assets	13,052,374	-	2,018,925	15,071,299	12,141,587
Total assets	25,716,403	18,967,137	13,684,983	58,368,523	52,520,648
<u>Liabilities:</u>					
Current liabilities:					
Accounts payable	1,996,958	82,981	3,521	2,083,460	1,125,434
Accrued liabilities	86,988	14,665	21,258	122,911	133,260
Notes payable	864,738	-	-	864,738	564,329
Claims payable	-	862,543	-	862,543	1,134,946
Total current liabilities	2,948,684	960,189	24,779	3,933,652	2,957,969
Long-term liabilities:					
Notes payable	5,151,138	-	-	5,151,138	3,738,263
Claims payable	-	14,098,024	-	14,098,024	12,692,453
Total long-term liabilities	5,151,138	14,098,024	-	19,249,162	16,430,716
Total liabilities	8,099,822	15,058,213	24,779	23,182,814	19,388,685
<u>Net Position:</u>					
Net investment in capital assets	7,036,498	-	2,018,925	9,055,423	7,838,995
Unrestricted	10,580,083	3,908,924	11,641,279	26,130,286	25,292,968
Total net position	\$ 17,616,581	\$ 3,908,924	\$ 13,660,204	\$ 35,185,709	\$ 33,131,963

CITY OF COSTA MESA, CALIFORNIA
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Equipment Replacement	Self-Insurance Workers' Compensation/ General Liability/ Unemployment	Information Technology Replacement	Totals	
				2024	2023
Operating revenues:					
Charges for services	\$ 5,846,393	\$ 5,092,315	\$ -	\$ 10,938,708	\$ 10,284,896
Total operating revenues	5,846,393	5,092,315	-	10,938,708	10,284,896
Operating expenses:					
Allocated administrative costs	2,283,984	865,768	1,138,916	4,288,668	3,961,064
Depreciation	1,532,452	-	-	1,532,452	1,120,805
Fuel and repair parts	1,423,961	-	-	1,423,961	1,050,894
Materials and supplies	-	-	138,345	138,345	71,077
Claims and premiums	-	6,768,057	-	6,768,057	3,589,183
Total operating expenses	5,240,397	7,633,825	1,277,261	14,151,483	9,793,023
Operating income (loss)	605,996	(2,541,510)	(1,277,261)	(3,212,775)	491,873
Nonoperating revenues (expenses):					
Investment income (loss)	310,755	735,721	422,982	1,469,458	305,212
Intergovernmental	-	-	-	-	159,985
Other nonoperating revenue	10,000	-	-	10,000	1,367,944
Interest expense	(55,041)	-	-	(55,041)	(121,301)
Gain (loss) on disposal of equipment	145,438	-	-	145,438	(17,270)
Total nonoperating revenues (expenses)	411,152	735,721	422,982	1,569,855	1,694,570
Income (loss) before transfers	1,017,148	(1,805,789)	(854,279)	(1,642,920)	2,186,443
Transfers in	170,000	432,039	3,114,347	3,716,386	6,210,662
Transfers out	(220)	-	(19,500)	(19,720)	-
Total transfers	169,780	432,039	3,094,847	3,696,666	6,210,662
Change in net position	1,186,928	(1,373,750)	2,240,568	2,053,746	8,397,105
Net position at beginning of year	16,429,653	5,282,674	11,419,636	33,131,963	24,734,858
Net position at end of year	\$ 17,616,581	\$ 3,908,924	\$ 13,660,204	\$ 35,185,709	\$ 33,131,963

CITY OF COSTA MESA, CALIFORNIA
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2024
(With Comparative Data for Prior Year)

	Equipment Replacement	Self-Insurance Workers' Compensation/ General Liability/ Unemployment	Information Technology Replacement	Totals	
				2024	2023
Cash flows from operating activities:					
Cash received from customers and user departments	\$ 5,846,393	\$ 5,092,315	\$ -	\$ 10,938,708	\$ 10,284,896
Cash payments to suppliers for goods and services	(86,898)	(5,829,479)	(1,280,812)	(7,197,189)	(6,308,170)
Cash payments to employees for services	(2,292,787)	(633,675)	-	(2,926,462)	(2,286,589)
Net cash provided by (used for) operating activities	3,466,708	(1,370,839)	(1,280,812)	815,057	1,690,137
Cash flows from noncapital financing activities:					
Cash received from other funds	170,000	432,039	3,114,347	3,716,386	6,210,662
Cash paid to other funds	(220)	-	(19,500)	(19,720)	-
Intergovernmental revenue received	-	-	-	-	159,985
Net cash provided by (used for) noncapital financing activities	169,780	432,039	3,094,847	3,696,666	6,370,647
Cash flows from capital and related financing activities:					
Principal paid on capital debt	(563,165)	-	-	(563,165)	(325,038)
Interest paid on capital debt	(55,041)	-	-	(55,041)	(121,301)
Proceeds from note payable	2,276,449	-	-	2,276,449	1,241,068
Proceeds from insurance settlement	10,000	-	-	10,000	1,367,944
Proceeds from sale of capital assets	178,217	-	-	178,217	67,960
Acquisition of capital assets	(6,606,639)	-	(289,542)	(6,896,181)	(4,096,041)
Net cash provided by (used for) capital and related financing activities	(4,760,179)	-	(289,542)	(5,049,721)	(1,865,408)
Cash flows from investing activities:					
Investment income (loss)	309,322	731,409	418,299	1,459,030	321,589
Net cash provided by (used for) investing activities	309,322	731,409	418,299	1,459,030	321,589
Net increase (decrease) in cash and cash equivalents	(814,369)	(207,391)	1,942,792	921,032	6,516,965
Cash and cash equivalents at beginning of year	8,954,515	19,147,938	9,707,577	37,810,030	31,293,065
Cash and cash equivalents at end of year	\$ 8,140,146	\$ 18,940,547	\$ 11,650,369	\$ 38,731,062	\$ 37,810,030
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 605,996	\$ (2,541,510)	\$ (1,277,261)	\$ (3,212,775)	\$ 491,873
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,532,452	-	-	1,532,452	1,120,805
(Increase) decrease in prepaid items	-	242,026	-	242,026	(45,022)
(Increase) decrease in inventories	(117,033)	-	-	(117,033)	90,986
Increase (decrease) in accounts payable	1,454,096	(206,528)	-	1,247,568	415,196
Increase (decrease) in accrued liabilities	(8,803)	2,005	(3,551)	(10,349)	88,342
Increase (decrease) in claims payable	-	1,133,168	-	1,133,168	(472,043)
Net cash provided by (used for) operating activities	\$ 3,466,708	\$ (1,370,839)	\$ (1,280,812)	\$ 815,057	\$ 1,690,137

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
STATISTICAL SECTION



STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

FINANCIAL TRENDS

TABLES 1 - 4

These schedules contain financial trend information to help the reader understand how the government's financial performance and well-being have changed over time.

REVENUE CAPACITY

TABLES 5 - 12

These schedules contain revenue information to help the reader assess the government's most significant local revenue source.

DEBT CAPACITY

TABLES 13 - 15

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

TABLES 16 - 17

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

OPERATING INFORMATION

TABLES 18 - 20

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

TABLE 1

CITY OF COSTA MESA, CALIFORNIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net investment in capital assets	\$ 211,133,458	\$ 216,195,466	\$ 219,280,752	\$ 235,177,233	\$ 248,255,931	\$ 248,815,081	\$ 255,443,158	\$ 249,096,798	\$ 258,068,790	\$ 257,950,628
Restricted										
Protection of Persons and										
Property	552,573	1,022,546	217,303	150,169	872,898	1,628,892	1,329,350	1,333,365	1,672,814	1,568,489
Community programs	8,892,751	12,793,475	9,588,998	3,767,377	6,162,341	5,687,227	6,176,036	6,796,140	10,118,512	12,663,845
Public services	17,660,289	15,495,090	20,253,747	13,625,826	14,845,159	17,051,750	18,047,015	20,103,188	7,236,370	9,246,161
Unrestricted	(170,836,260)	(159,357,224)	(161,805,274)	(224,657,548)	(241,478,263)	(251,417,100)	(243,934,825)	(225,702,393)	(166,151,695)	(168,224,238)
Total governmental activities net position	<u>\$ 67,402,811</u>	<u>\$ 86,149,353</u>	<u>\$ 87,535,526</u>	<u>\$ 28,063,057</u>	<u>\$ 28,658,066</u>	<u>\$ 21,765,850</u>	<u>\$ 37,060,734</u>	<u>\$ 51,627,098</u>	<u>\$ 110,944,791</u>	<u>\$ 113,204,885</u>

Source: Government-Wide Financial Statements

TABLE 2

CITY OF COSTA MESA, CALIFORNIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities:										
General government	\$ 25,225,607	\$ 24,631,010	\$ 28,474,037	\$ 31,695,402	\$ 34,008,731	\$ 32,124,703	\$ 36,763,868	\$ 31,808,370	\$ 34,980,361	\$ 46,273,963
Protection of persons and property	64,184,047	63,956,413	70,786,483	86,777,544	86,440,751	96,625,585	88,643,852	98,324,072	73,551,002	112,351,024
Community programs	10,189,480	4,639,743	12,069,675	10,126,755	16,363,506	17,285,898	22,007,275	14,887,015	21,097,340	29,965,511
Public services	21,549,681	22,498,495	21,415,061	20,062,183	27,937,004	16,269,612	17,663,842	21,645,247	13,379,020	22,489,959
Interest on long-term debt	1,210,723	1,081,605	974,233	1,082,361	1,138,694	1,083,190	986,593	929,979	962,189	1,033,694
Total primary government expenses	122,359,538	116,807,266	133,719,489	149,744,245	165,888,686	163,388,988	166,065,430	167,594,683	143,969,912	212,114,151
Program Revenues										
Governmental Activities:										
Charges for services:										
Protection of persons and property	2,299,476	2,707,819	2,819,809	3,805,473	7,267,233	7,461,872	5,497,350	6,846,240	8,548,513	9,792,484
Community programs	7,498,348	8,232,995	7,577,878	9,536,570	8,207,122	4,816,413	5,243,843	6,220,199	5,440,973	6,118,182
Public services	3,089,801	3,721,366	3,232,506	5,046,984	6,179,653	7,096,062	6,372,272	8,896,422	8,551,558	7,080,894
Operating grants and contributions	8,562,955	4,907,815	4,487,089	7,727,382	9,339,283	10,576,719	32,519,129	14,404,940	19,907,594	23,659,800
Capital grants and contributions	5,143,592	3,370,260	7,114,471	4,755,573	9,142,040	6,251,484	8,267,623	5,528,637	3,905,958	4,395,853
Total primary government revenues	26,594,172	22,940,255	25,231,753	30,871,982	40,135,331	36,202,550	57,900,217	41,896,438	46,354,596	51,047,213
Total primary government net expense	\$ (95,765,366)	\$ (93,867,011)	\$ (108,487,736)	\$ (118,872,263)	\$ (125,753,355)	\$ (127,186,438)	\$ (108,165,213)	\$ (125,698,245)	\$ (97,615,316)	\$ (161,066,938)
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	\$ 24,139,297	\$ 26,168,612	\$ 37,925,385	\$ 40,373,351	\$ 43,226,688	\$ 45,548,585	\$ 47,891,698	\$ 49,706,079	\$ 53,806,587	\$ 56,411,786
Sales and use taxes	52,117,128	58,524,162	57,591,889	56,971,636	62,689,811	55,866,831	63,738,411	77,165,533	79,851,289	76,400,160
Transient occupancy tax	7,995,154	8,622,505	8,924,854	8,819,617	8,595,417	6,587,224	4,282,802	8,366,278	9,830,790	10,150,696
Franchise taxes	4,885,925	5,060,402	4,593,631	4,965,515	5,042,551	4,822,964	4,895,574	5,318,541	6,094,232	6,542,802
Business tax	954,408	973,521	918,928	919,450	1,093,154	1,663,100	1,227,843	1,468,202	1,907,551	3,902,514
Other intergovernmental unrestricted	5,660,305	11,209,989	51,340	60,031	55,343	91,674	84,182	130,289	275,292	138,951
Investment income (loss)	1,692,528	1,871,216	496,650	256,438	4,264,987	4,075,623	(80,831)	(3,609,117)	1,821,815	7,200,904
Miscellaneous	949,533	913,351	1,333,610	1,903,266	1,380,413	1,638,221	1,420,418	1,718,804	3,345,453	2,579,219
Settlements	-	-	-	-	-	-	-	-	-	-
Total primary government	98,394,278	113,343,758	111,836,287	114,269,304	126,348,364	120,294,222	123,460,097	140,264,609	156,933,009	163,327,032
Change in Net Position	\$ 2,628,912	\$ 19,476,747	\$ 3,348,551	\$ (4,602,959)	\$ 595,009	\$ (6,892,216)	\$ 15,294,884	\$ 14,566,364	\$ 59,317,693	\$ 2,260,094

Source: Government-Wide Financial Statements

TABLE 3

CITY OF COSTA MESA, CALIFORNIA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund										
Nonspendable	\$ 4,165,795	\$ 2,486,085	\$ 2,253,843	\$ 2,038,518	\$ 280,195	\$ 362,189	\$ 964,846	\$ 603,547	\$ 458,687	\$ 630,182
Restricted	-	-	-	-	-	-	1,778,220	3,061,154	3,178,229	3,367,408
Committed	16,125,000	16,125,000	16,125,000	16,125,000	23,625,000	25,125,000	25,125,000	25,125,000	25,125,000	25,125,000
Assigned	11,325,819	13,820,663	13,819,088	13,730,832	8,940,072	9,151,062	8,195,429	12,469,067	13,946,622	13,554,327
Unassigned	22,199,337	32,040,713	30,867,198	23,329,730	20,451,232	18,825,417	17,428,766	16,517,079	16,328,416	17,685,984
Total general fund	<u>\$ 53,815,951</u>	<u>\$ 64,472,461</u>	<u>\$ 63,065,129</u>	<u>\$ 55,224,080</u>	<u>\$ 53,296,499</u>	<u>\$ 53,463,668</u>	<u>\$ 53,492,261</u>	<u>\$ 57,775,847</u>	<u>\$ 59,036,954</u>	<u>\$ 60,362,901</u>
All other governmental funds										
Restricted	\$ 20,914,771	\$ 19,309,083	\$ 28,056,898	\$ 30,108,463	\$ 21,753,832	\$ 25,676,330	\$ 25,200,380	\$ 26,636,885	\$ 35,221,550	\$ 43,106,614
Assigned	19,147,805	23,738,380	27,619,480	25,415,708	24,337,823	25,474,636	31,173,285	34,939,313	44,680,442	47,855,975
Unassigned	(368,083)	(139,064)	(248,979)	(6,353)	(9,453)	(2,312,520)	(451,068)	(1,850,787)	961,694	(1,573,428)
Total all other governmental funds	<u>\$ 39,694,493</u>	<u>\$ 42,908,399</u>	<u>\$ 55,427,399</u>	<u>\$ 55,517,818</u>	<u>\$ 46,082,202</u>	<u>\$ 48,838,446</u>	<u>\$ 55,922,597</u>	<u>\$ 59,725,411</u>	<u>\$ 80,863,686</u>	<u>\$ 89,389,161</u>

Source: Fund Financial Statements

TABLE 4

CITY OF COSTA MESA, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 90,091,915	\$ 99,349,202	\$ 99,464,729	\$ 110,884,896	\$ 123,969,423	\$ 114,463,599	\$ 122,138,588	\$ 141,919,878	\$ 151,484,175	\$ 153,486,531
Licenses and permits	2,313,296	2,983,081	2,933,305	3,837,564	5,104,022	5,496,049	4,368,740	7,331,252	6,342,557	5,982,422
Fines and forfeits	1,367,190	1,609,134	1,352,682	1,612,230	2,468,993	2,067,884	1,061,346	1,176,357	1,266,768	1,422,437
Intergovernmental	22,010,125	17,612,288	23,205,265	10,558,481	16,646,740	15,006,292	39,855,634	18,077,452	26,254,095	26,518,073
Charges for services	6,117,030	6,668,445	5,909,112	9,553,421	9,990,454	9,489,827	7,309,872	9,030,556	10,155,524	10,568,751
Rental	3,113,662	3,336,053	3,289,222	3,404,676	3,479,527	3,566,255	4,773,662	4,815,577	4,722,383	5,396,192
Investment income (loss)	1,771,527	1,775,765	420,561	244,606	3,616,606	3,394,398	(37,016)	(2,767,803)	1,516,600	5,731,450
Settlements	-	-	-	-	-	-	-	-	-	-
Miscellaneous	2,206,428	1,679,917	2,170,215	2,081,739	3,226,941	2,161,633	1,410,996	1,545,970	1,615,437	1,650,312
Total revenues	<u>128,991,173</u>	<u>135,013,885</u>	<u>138,745,091</u>	<u>142,177,613</u>	<u>168,502,706</u>	<u>155,645,937</u>	<u>180,881,822</u>	<u>181,129,239</u>	<u>203,357,539</u>	<u>210,756,168</u>
Expenditures										
General government	24,699,226	25,102,067	26,518,266	29,048,355	29,219,530	30,808,182	31,851,632	33,567,585	36,619,271	43,466,720
Protection of persons and property	61,096,404	64,426,376	66,141,703	70,198,327	78,762,212	82,939,180	84,027,648	90,698,363	98,044,159	104,825,629
Community programs	8,821,298	8,019,356	9,410,168	10,888,393	13,265,742	14,297,137	18,578,311	16,267,400	19,397,579	25,158,889
Public services	21,860,252	19,836,633	21,680,495	42,305,565	50,429,478	20,506,675	27,033,542	20,962,292	17,514,252	20,328,775
Debt service:										
Principal	2,540,000	2,650,000	2,755,000	4,070,000	1,795,261	1,815,392	1,890,391	2,202,563	2,172,370	2,486,391
Interest	1,213,671	1,109,037	992,383	1,041,853	1,298,315	1,230,958	1,155,360	1,095,786	999,864	941,676
Bond issuance costs	-	-	-	344,858	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	2,302,225	-	-	-	-	-	-
Total expenditures	<u>120,230,851</u>	<u>121,143,469</u>	<u>127,498,015</u>	<u>160,199,576</u>	<u>174,770,538</u>	<u>151,597,524</u>	<u>164,536,884</u>	<u>164,793,989</u>	<u>174,747,495</u>	<u>197,208,080</u>
Excess of revenues over (under) expenditures	<u>8,760,322</u>	<u>13,870,416</u>	<u>11,247,076</u>	<u>(18,021,963)</u>	<u>(6,267,832)</u>	<u>4,048,413</u>	<u>16,344,938</u>	<u>16,335,250</u>	<u>28,610,044</u>	<u>13,548,088</u>
Other financing sources (uses):										
Transfers in	14,253,945	12,852,940	16,058,019	12,370,819	15,899,228	10,811,227	26,619,517	13,116,263	22,212,189	15,195,375
Transfers out	(14,253,945)	(12,852,940)	(19,658,019)	(18,063,009)	(21,148,507)	(11,936,227)	(35,851,711)	(21,365,113)	(28,422,851)	(18,892,041)
Issuance of debt	-	-	-	29,735,000	153,914	-	-	-	-	-
Premium on debt issue	-	-	-	3,694,172	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	(14,530,520)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,600,000)</u>	<u>13,206,462</u>	<u>(5,095,365)</u>	<u>(1,125,000)</u>	<u>(9,232,194)</u>	<u>(8,248,850)</u>	<u>(6,210,662)</u>	<u>(3,696,666)</u>
Net change in fund balances	<u>\$ 8,760,322</u>	<u>\$ 13,870,416</u>	<u>\$ 7,647,076</u>	<u>\$ (4,815,501)</u>	<u>\$ (11,363,197)</u>	<u>\$ 2,923,413</u>	<u>\$ 7,112,744</u>	<u>\$ 8,086,400</u>	<u>\$ 22,399,382</u>	<u>\$ 9,851,422</u>
Debt service as a percentage of noncapital expenditures	3.37%	3.38%	3.18%	5.64%	2.21%	2.19%	2.10%	2.27%	2.03%	1.86%

Source: Fund Financial Statements

TABLE 5

CITY OF COSTA MESA, CALIFORNIA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

<u>Fiscal Years</u>	<u>Sales</u>	<u>Property</u>	<u>Transient Occupancy</u>	<u>Franchise</u>	<u>Business</u>	<u>Proposition 172</u>	<u>Total</u>
2015	\$ 51,115,064	\$ 24,139,297	\$ 7,995,154	\$ 4,885,926	\$ 954,408	\$ 1,002,064	\$ 90,091,914
2016	57,593,561	26,168,612	8,622,505	5,060,402	973,521	930,601	99,349,202
2017	56,556,867	27,435,427	8,924,854	4,593,631	918,928	1,035,022	99,464,729
2018	54,656,183	40,458,402	8,819,617	4,965,515	919,450	1,065,729	110,884,896
2019	64,902,009	42,873,901	8,595,417	5,042,551	1,093,154	1,126,008	123,633,040
2020	55,866,831	45,548,585	6,587,224	4,822,964	1,663,100	1,102,506	115,591,210
2021	63,738,411	47,891,698	4,282,802	4,895,574	1,227,843	1,151,953	123,188,281
2022	77,165,533	49,706,079	8,366,278	5,318,541	1,468,199	1,467,173	143,491,803
2023	79,851,289	53,442,949	9,830,790	6,094,232	1,907,551	1,396,896	152,523,707
2024	76,400,160	56,465,749	10,150,696	6,542,802	3,902,514	1,396,143	154,858,064

Source: Required Supplementary Information

TABLE 6

CITY OF COSTA MESA, CALIFORNIA
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(in thousands of dollars)

	Calendar Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Apparel stores	\$ 715,097	\$ 727,073	\$ 754,197	\$ 714,478	\$ 814,593	\$ 835,594	\$ 569,776	\$ 1,031,162	\$ 1,167,167	\$ 1,096,912
General merchandise	615,702	618,702	582,500	565,635	534,747	512,500	315,884	515,117	553,045	547,467
Food stores	88,872	103,225	90,941	88,385	90,178	91,470	92,557	91,147	91,789	99,534
Eating and drinking establishments	443,384	469,465	496,041	515,683	535,744	556,504	405,696	589,711	681,847	698,632
Building materials	193,248	205,343	224,225	236,497	242,750	251,846	251,117	314,137	351,411	320,238
Auto dealers and supplies	753,804	858,187	924,641	1,006,804	1,153,396	1,230,062	1,149,598	1,380,887	1,402,985	1,476,879
Service stations	245,432	215,707	190,969	200,170	235,572	232,911	161,495	242,199	315,387	274,997
Other retail stores	1,025,424	1,047,009	1,050,063	1,116,930	1,178,337	1,165,897	943,056	1,320,071	1,509,430	1,491,955
All other outlets	1,015,134	1,112,851	1,206,829	1,157,415	1,269,997	1,402,675	1,447,700	1,697,098	1,809,139	1,865,556
	<u>\$ 5,096,097</u>	<u>\$ 5,357,562</u>	<u>\$ 5,520,406</u>	<u>\$ 5,601,997</u>	<u>\$ 6,055,314</u>	<u>\$ 6,279,459</u>	<u>\$ 5,336,879</u>	<u>\$ 7,181,529</u>	<u>\$ 7,882,200</u>	<u>\$ 7,872,170</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State of California Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office and the HdL Companies

TABLE 7

CITY OF COSTA MESA, CALIFORNIA
 PRINCIPAL SALES TAX REMITTERS BY CATEGORY
 CURRENT YEAR AND NINE YEARS AGO

Category	2023			2014		
	Taxable Sales	Rank	Percentage of Total City Taxable Sales	Taxable Sales	Rank	Percentage of Total City Taxable Sales
All other outlets	\$ 1,865,556	1	23.70%	\$ 1,015,134	2	19.92%
Other retail stores	1,491,955	2	18.95%	1,025,424	1	20.12%
Auto dealers and supplies	1,476,879	3	18.76%	753,804	3	14.79%
Apparel stores	1,096,912	4	13.93%	715,097	4	14.03%
Eating and drinking establishment:	698,632	5	8.87%	443,384	6	8.70%
General merchandise	547,467	6	6.95%	615,702	5	12.08%
Building materials	320,238	7	4.07%	193,248	8	3.79%
Service stations	274,997	8	3.49%	245,432	7	4.82%
Food stores	99,534	9	1.26%	88,872	9	1.74%

Source: State of California Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office and the HdL Companies

TABLE 8

CITY OF COSTA MESA, CALIFORNIA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Years	City Local Rate	Orange County Rate	State of California Rate	Total Sales Tax Rate
2015	1.00	0.50	6.50	8.00
2016	1.00	0.50	6.50	8.00
2017	1.25	0.50	6.00	7.75
2018	1.25	0.50	6.00	7.75
2019	1.25	0.50	6.00	7.75
2020	1.25	0.50	6.00	7.75
2021	1.25	0.50	6.00	7.75
2022	1.25	0.50	6.00	7.75
2023	1.25	0.50	6.00	7.75
2024	1.25	0.50	6.00	7.75

Source: State of California Board of Equalization

TABLE 9

CITY OF COSTA MESA, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected for Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (1)
2015	\$ 23,405,838	\$ 22,897,171	97.83%	\$ 242,634	\$ 23,139,805	98.86%
2016	24,960,369	24,222,713	97.04%	227,104	24,449,817	97.95%
2017	26,330,538	25,640,344	97.38%	216,963	25,857,308	98.20%
2018	27,825,846	27,272,459	98.01%	198,624	27,471,083	98.73%
2019	29,820,941	29,186,740	97.87%	196,710	29,383,450	98.53%
2020	31,300,931	30,714,805	98.13%	214,204	30,929,009	98.81%
2021	32,769,949	32,203,394	98.27%	294,030	32,497,424	99.17%
2022	33,917,865	33,032,650	97.39%	298,304	33,330,954	98.27%
2023	37,663,468	36,812,087	97.74%	268,998	37,081,085	98.45%
2024	38,940,043	38,085,358	97.81%	315,831	38,401,189	98.62%

⁽¹⁾ The Percentage of Levy may exceed 100% if the amounts collected for subsequent years exceed the delinquency.

⁽²⁾ The County of Orange only makes this data available by collection year. Data by levy year is not available.

Source: Orange County Assessor 2023/2024 Combined Tax Rolls

TABLE 10

CITY OF COSTA MESA, CALIFORNIA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

Fiscal Years	Residential Property	Commercial Property	Industrial Property	Miscellaneous Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽¹⁾	Taxable Assessed Value as a Percentage of Actual Taxable Value
2015	\$ 9,745,389,688	\$ 3,633,678,888	\$ 1,126,437,386	\$ 1,206,217,946	-	\$ 15,711,723,908	0.15035%	\$ 15,711,723,908	100.00%
2016	10,456,976,124	3,766,616,981	1,190,970,066	1,118,171,362	-	16,532,734,533	0.15038%	16,532,734,533	100.00%
2017	11,033,602,522	3,918,807,590	1,336,961,702	1,180,683,099	-	17,470,054,913	0.15014%	17,470,054,913	100.00%
2018	11,685,011,850	4,096,390,455	1,500,236,782	1,222,877,713	-	18,504,516,800	0.15009%	18,504,516,800	100.00%
2019	12,557,043,739	4,473,583,090	1,646,413,988	1,223,132,784	-	19,900,173,601	0.15002%	19,900,173,601	100.00%
2020	13,389,240,208	4,687,990,535	1,744,806,502	1,290,509,110	-	21,112,546,355	0.14848%	21,112,546,355	100.00%
2021	14,143,690,438	4,858,631,950	1,822,103,130	1,295,199,231	-	22,119,624,749	0.14856%	22,119,624,749	100.00%
2022	14,753,436,539	4,866,777,961	1,875,392,912	1,244,087,188	-	22,739,694,600	0.14824%	22,739,694,600	100.00%
2023	15,853,782,350	5,070,138,124	2,052,311,019	1,390,912,662	-	24,367,144,155	0.15103%	24,367,144,155	100.00%
2024	17,022,360,496	5,352,310,983	2,214,212,560	1,426,931,653	-	26,015,815,692	0.14476%	26,015,815,692	100.00%

⁽¹⁾ In 1978 the voters of the State of California passed Proposition 13 which limited 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 of 2%). With few exceptions, property is only reassessed as a result of new construction or at the purchase price (market value) or economic value 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. Therefore, the estimated actual taxable value equals the total taxable assessed value.

Source: HdL Coren & Cone, Orange County Assessor 2014/2015 - 2023/2024 Combined Tax Rolls.

TABLE 11

CITY OF COSTA MESA, CALIFORNIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates		Overlapping Rates		
	Basic Rate	Total Direct Rate ⁽¹⁾	County of Orange Debt	School District Debt	Special Districts Debt
2015	0.14879	0.15035	0.36649	0.48300	0.00515
2016	0.14879	0.15038	0.36649	0.48300	0.00515
2017	0.14879	0.15014	0.36649	0.48300	0.00515
2018	0.14879	0.15009	0.36649	0.48300	0.00515
2019	0.14879	0.15002	0.36649	0.48300	0.00515
2020	0.14879	0.14848	0.36649	0.48300	0.00515
2021	0.14879	0.14856	0.36649	0.48300	0.00515
2022	0.14879	0.14824	0.36649	0.48300	0.00515
2023	0.14879	0.15103	0.36649	0.48300	0.00515
2024	0.14879	0.14476	0.36649	0.48300	0.00515

(1) Per the Government Finance Officers Association, the definition of "total direct rate" is as follows:
"The weighted average of all individual rates applied by the government preparing the statistical section
The "total direct rate" for the City of Costa Mesa is a weighted average derived by dividing total City
revenue by taxable assessed value.

Source: HdL Coren & Cone, Orange County Assessor 2014/2015 - 2023/2024 Combined Tax Rolls.

TABLE 12

CITY OF COSTA MESA, CALIFORNIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023-2024			2014-2015		
	Property Tax Revenue	Rank	Percentage of Total City Property Tax Revenue	Property Tax Revenue	Rank	Percentage of Total City Property Tax Revenue
The Irvine Company LLC	\$ 743,803	1	2.00%	\$ 427,803	1	1.58%
South Coast Plaza	522,518	2	1.40%	402,977	3	1.49%
PR II MCC South Coast Property Owner	403,811	3	1.08%			
United Dominion Realty LP	328,837	4	0.88%	256,811	7	0.95%
Automobile CLUB of Southern CA	274,073	5	0.74%			
580 Anton Woner LLC	254,633	6	0.68%			
LMC Costa Mesa Holdings LLC	212,965	7	0.57%			
Casden Lakes LP	211,794	8	0.57%	184,607	10	0.68%
CJ Segerstrom and Sons	206,399	9	0.55%			
CRC SOCO LLC	197,796	10	0.53%			
Trust Costa Mesa Courtyards LLC				409,936	2	1.51%
RREEF America Reit II Corporation				391,154	4	1.44%
1901 Newport LLC Royal Street				321,505	5	1.19%
WWG TSQ Owner LLC				262,780	6	0.97%
Marjack LLC Irvine Company LLC				222,438	8	0.82%
Advanced Group				216,461	9	0.80%
Total	<u>\$ 3,356,631</u>		<u>9.00%</u>	<u>\$ 3,096,472</u>		<u>11.42%</u>

Source: HdL Coren & Cone, Orange County Assessor 2023/2024 & 2014/2015 Combined Tax Rolls.

TABLE 13

CITY OF COSTA MESA, CALIFORNIA
RATIO OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2015	2016	2017	2018	FISCAL YEARS		2021	2022	2023	2024
					2019	2020				
General bonded debt outstanding										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Redevelopment bonds (1)	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage of taxable assessed value	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Per capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Amounts set aside to repay general debt	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Legal debt limit (3.75% of Assessed Value)	637,377,201	669,713,004	705,606,516	743,516,945	796,252,660	842,737,426	881,515,407	907,985,504	968,274,281	1,035,775,785
Legal debt margin	637,377,201	669,713,004	705,606,516	743,516,945	796,252,660	842,737,426	881,515,407	907,985,504	968,274,281	1,035,775,785
Legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

⁽¹⁾ As of February 1, 2012, the Successor Agency to the former Costa Mesa Redevelopment Agency is responsible for the outstanding Redevelopment debt.

Source: City of Costa Mesa Finance Department and Orange County Assessor 2022/2023 combined tax rolls

TABLE 14

CITY OF COSTA MESA, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Percentage of Total Taxable Assessed Value	Per Capita	Other Governmental Activities Debt							Total Primary Government	Percentage of Personal Income	Per Capita
			Revenue Bonds ⁽¹⁾	Certificates of Participation	Loan Payable	Lease Payable	SBITA ⁽²⁾ Payable	Notes Payable	Lease Purchase Financing			
2015	0.0000%	-	\$ 5,830,000	\$ 21,195,000	-	-	-	-	-	\$27,025,000	0.73%	832.10
2016	0.0000%	-	4,600,000	19,775,000	-	-	-	-	-	24,375,000	0.64%	732.66
2017	0.0000%	-	3,325,000	18,295,000	-	-	-	-	-	21,620,000	0.57%	649.85
2018	0.0000%	-	34,103,345	-	-	-	-	-	-	34,103,345	0.77%	991.21
2019	0.0000%	-	32,170,580	-	143,653	-	-	-	-	32,314,233	0.78%	906.39
2020	0.0000%	-	30,222,813	-	128,261	-	-	-	-	30,351,074	0.69%	788.54
2021	0.0000%	-	28,200,046	-	112,870	-	-	-	1,472,402	29,785,318	0.64%	721.65
2022	0.0000%	-	26,102,279	-	97,479	-	-	-	1,336,909	27,536,667	0.55%	613.11
2023	0.0000%	-	24,124,512	-	82,086	-	-	-	1,198,931	25,405,529	0.48%	528.74
2024	0.0000%	-	22,056,745	-	66,693	740,267	3,575	3,415,603	2,600,273	28,883,156	0.48%	526.05

(1) Amount includes the unamortized Bond Premium.

(2) Subscription-Based Information Technology Arrangements
Source: City of Costa Mesa Finance Department

TABLE 15

CITY OF COSTA MESA, CALIFORNIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽²⁾</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Debt			
Newport Mesa Unified School District	\$ 215,994,635	26.111%	\$ 56,398,359
Coast Community College District	886,956,084	13.383%	118,701,333
Santa Ana Unified School District	409,228,633	3.595%	14,711,769
Santa Ana Unified School District Certificates of Participation	42,399,216	3.595%	1,524,252
Rancho Santiago Community College District	154,276,441	1.558%	2,403,627
Rancho Santiago Community College District SFID No. 1	144,765,000	2.919%	4,225,690
Metropolitan Water District	18,210,000	0.674%	122,735
OC General Fund Obligation	440,385,000	3.391%	14,933,455
OC Board of Education Certificate of Participation	10,030,000	3.391%	340,117
Coast Community College District General Fund Obligations	2,000,000	13.383%	267,660
Total Overlapping Debt	<u>2,324,245,009</u>		<u>213,628,997</u>
City Direct Debt			
Costa Mesa Public Financing Authority 2006 Revenue Refunding Bonds/ Costa Mesa Community Facilities District No. 91-1	\$ -	100%	\$ -
City of Costa Mesa General Fund Obligations ⁽¹⁾	22,056,745	100%	22,056,745
Financed Lease	2,600,273	100%	2,600,273
Lease Payable	740,267	100%	740,267
Loan Payable	66,693	100%	66,693
Note Payable	3,415,603	100%	3,415,603
Total Direct Debt	<u>28,879,581</u>		<u>28,879,581</u>
Total Direct and Overlapping Debt			<u><u>\$ 242,508,578</u></u>

⁽¹⁾ See Note 8 in Finance Statement for more information about the City's direct debt. The amount included the unamortized Bond Premium \$2,696,745

⁽²⁾ Overlapping governments are those that coincide with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: California Municipal Statistics, Inc., Orange County Assessor and Auditor Combined 2023/24 Lien Data Tax Rolls.

TABLE 16

CITY OF COSTA MESA, CALI FORNIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population ⁽²⁾	Personal Income (thousands of dollars)	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	School Enrollment ⁽³⁾	Orange County Unemployment Rate ⁽⁴⁾
2015	111,835	3,780,694	33,806	34	21,540	4.30%
2016	114,603	3,722,083	32,478	34	21,392	4.40%
2017	114,044	3,794,132	33,269	34	20,801	3.80%
2018	115,296	3,966,839	34,406	35	20,853	3.30%
2019	115,830	4,129,505	35,651	35	20,316	3.00%
2020	114,778	4,417,883	38,490	35	20,008	13.60%
2021	112,780	4,654,963	41,274	35	20,173	6.50%
2022	111,394	5,003,062	44,913	36	17,962	5.40%
2023	111,183	5,342,262	48,049	36	17,816	3.70%
2024	109,423	6,007,994	54,906	36	17,768	4.00%

Source: (1) - City of Costa Mesa Finance Department / and The HdL Companies
(2) - California State Department of Finance
(3) - Newport-Mesa Unified School District.
(4) - State of California Employment Development Department as of June 30th each year.

TABLE 17

CITY OF COSTA MESA, CALI FORNIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2023-2024</u>			<u>2014-2015</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
EPL Intermediate, Inc.	3,998	1	6.21%			
Experian Information Solutions, Inc.	3,700	2	5.75%	3,700		5.73%
Coast Community College District	2,900	3	4.51%	2,900		4.49%
Orange Coast College	1,900	4	2.95%	1,900		2.94%
Automobile Club of Southern California	1,773	5	2.75%			
Anduril Industries	1,100	6	1.71%			
Deloitte & Touche LLP	700	7	1.09%			
FileNet Corporation	600	8	0.93%			
Vans	550	9	0.85%			
Vanguard University	319	10	0.50%			

Source: City of Costa Mesa Department of Economic Development, Dunn & Bradstreet, State of California Employment Development Department

TABLE 18

CITY OF COSTA MESA, CALIFORNIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2015	2016	2017	Fiscal Years 2018	2019	2020	2021	2022	2023	2024
General Government										
Number of residents served via public services programs	1,500	785	750	700	700	700	700	1,042	1,123	1,058
Accounts payable checks issued	9,764	9,182	9,031	8,734	8,857	8,604	7,269	7,079	7,347	7,816
Total printshop photocopies produced	1,806,965	1,619,784	1,749,460	1,996,486	1,699,007	1,116,892	1,250,000	1,250,000	1,250,000	1,000,000
Protection of persons and property										
Police protection										
Emergency calls	1,330	N/A	1,000	1,029	882	876	847	1,027	1,248	954
Calls responded to within 5 minutes	77%	N/A	66%	72%	75%	72%	76%	96%	96%	80%
Assigned theft cases	400	900	1,200	N/A	N/A	N/A	N/A	2,171	1,597	3,442
Percentage of theft cases cleared	40%	40%	60%	74%	64%	52%	31%	59%	59%	36%
Assigned burglary cases	350	400	200	N/A	N/A	N/A	N/A	897	1,097	1,056
Percentage of burglary cases cleared	40%	40%	70%	69%	64%	50%	38%	54%	38%	37%
Case and arrest reports processed	15,128	14,584	19,310	19,319	18,382	19,079	18,794	22,135	20,050	18,270
Fire protection										
Number of calls for service	11,100	12,955	12,721	12,936	10,572	10,637	10,073	11,249	12,063	11,815
Fire related responses	214	238	271	218	261	245	246	222	251	261
Emergency medical aid responses	7,250	9,366	9,374	9,603	9,639	9,454	8,960	10,055	10,746	10,439
Community Programs										
Number of Recreation program enrollments processed	(1) N/A	N/A	N/A	N/A	N/A	N/A	N/A	6,400	7,700	8,000
Over-the-counter plan checks reviewed within five working days	(2) 225	240	240	522	630	630	630	N/A	N/A	N/A
Number of inspections performed	(1) 22,560	29,100	31,040	29,585	29,100	18,966	28,012	35,000	37,000	32,000
Complaint response within two working days	(2) 90%	90%	90%	90%	90%	90%	90%	100%	100%	N/A
Public services										
Number of trees trimmed annually	7,700	7,750	6,250	6,250	6,250	8,750	5,291	3,317	3,611	5,105
Number of catch basins cleaned annually	1,165	1,165	1,115	1,100	1,100	1,165	1,165	1,165	1,165	1,165

(1) Previous statistical Performance Measures and Workload Indicators have been revised to reflect on-line software implementation, current Department goals and City Council priorities.

(2) Performance Measures and Workload Indicators for these programs are no longer tracked.

Source: City of Costa Mesa Finance Department

TABLE 19

CITY OF COSTA MESA, CALIFORNIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government										
City Council	6.0	6.0	6.0	6.0	8.0	10.5	10.5	10.5	10.5	8.0
City Manager's Office	38.41	33.30	37.59	39.74	41.60	36.48	37.00	37.88	47.95	51.32
Financial Services	20.21	21.71	21.50	22.25	22.50	22.00	23.00	23.00	24.00	25.00
Information Technology	10.50	12.50	12.94	13.16	12.16	13.70	15.50	17.50	20.50	22.00
Administrative Services	-	-	-	-	-	-	-	-	-	-
Development Services	37.25	43.50	46.23	45.95	44.80	48.79	51.64	52.64	53.34	55.34
Parks and Community Services	53.43	70.70	74.00	80.54	87.23	96.71	95.67	96.73	88.16	88.82
Protection of Persons and Property										
Police Protection	236.41	232.63	234.46	235.60	233.76	235.17	235.86	236.36	240.36	254.86
Fire Protection	84.75	87.25	87.50	94.00	94.00	95.00	96.25	97.25	98.75	99.25
Public Services	83.37	81.77	84.82	77.47	72.05	76.70	76.50	80.00	81.25	85.50
	<u>570.33</u>	<u>589.36</u>	<u>605.04</u>	<u>614.71</u>	<u>616.10</u>	<u>635.05</u>	<u>641.92</u>	<u>651.86</u>	<u>664.81</u>	<u>690.09</u>

⁽¹⁾ The Information Technology was separated from the Finance Department and Parks & Community Services Department was separated from the Public Works Department.

Source: City of Costa Mesa Finance Department

TABLE 20

CITY OF COSTA MESA, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations/substations	2	2	2	2	2	2	2	2	2	2
Fire										
Fire stations	6	6	6	6	6	6	6	6	6	6
Other public works										
Streets (lane miles)	529.0	529.0	529.0	535.6	535.6	535.6	540.0	522.0	522.0	522.0
Streetlights	6,674	6,674	6,674	6,674	6,881	6,869	6,869	6,882	6,882	6,904
Traffic signals	124	124	124	125	126	127	128	131	131	131
Parks and recreation										
Acres of open space	1,957	1,957	1,957	1,957	1,957	2,067	2,067	2,067	2,067	2,067
Park sites	31	31	31	31	31	32	32	30	30	30
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football fields	10	10	10	10	10	6	6	6	6	6
Community centers	4	4	3	3	3	4	4	3	3	3
Wastewater (miles)										
Sanitary sewers	325.7	325.7	325.7	325.7	325.7	325.7	325.7	325.7	325.7	325.7
Storm sewers	45.5	45.5	45.5	45.5	45.5	45.5	64.7	45.5	45.5	45.5

Source: City of Costa Mesa Finance Department



