

City of Mission Viejo, California Annual Comprehensive Financial Report

YEAR ENDED JUNE 30, 2025

2025 saw the completion of the largest Capital Improvement Project in Mission Viejo's history with the widening of the La Paz Bridge. The bridge was originally constructed in 1965 and served as the primary entryway to Mission Viejo, and the widening project added a third lane in each direction to increase traffic flow, improved the structural integrity of the bridge, and enhanced bicyclist and pedestrian access. The bridge on La Paz Road spans the railroad tracks between Chrisanta Drive and Muirlands Boulevard and serves as a critical link for traffic to and from Interstate 5.

The photos on the front cover represent some of the aesthetic improvements of the La Paz Bridge project including the new monument sign entering the City. The top photo on the back cover is the exit from the City heading toward the northbound Interstate 5 on-ramp. The bottom photo on the back page is an overhead view of the project during construction.

**CITY OF MISSION VIEJO
CALIFORNIA**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2025**

CITY COUNCIL

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

CITY MANAGER

Elaine Lister

**PREPARED BY
ADMINISTRATIVE SERVICES DEPARTMENT**

Ellis Chang
Director of Administrative Services



MISSION VIEJO

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City of Mission Viejo

**Annual Financial Report
For the Fiscal Year Ended June 30, 2025**

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City of Mission Viejo

Administrative Services Department

Bob Ruesch
Mayor

Wendy Bucknum
Mayor Pro Tem

Brian Goodell
Council Member

Trish Kelley
Council Member

Cynthia Vasquez
Council Member

December 5, 2025

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

The Annual Comprehensive Financial Report (ACFR) of the City of Mission Viejo for the fiscal year ended June 30, 2025 is submitted herewith.

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

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

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

Profile of Mission Viejo

Mission Viejo is located in southern California approximately halfway between Los Angeles and San Diego, in the southern-most portion of Orange County commonly referred to as the Saddleback Valley. The City's current population is 91,740, making it the largest city in the Saddleback Valley and the ninth largest of the county's 34 cities.

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

The City is governed under the Council-Manager form of government, with a five-member City Council elected on a non-partisan basis. Beginning with the 2022 General Election, the City was divided into five election districts with each City Council member elected to represent each district. All five council seats were up for election in 2022 for four-year terms, set to expire following the General Election in 2026. To comply with the requirement for staggered terms, the City Council adopted an ordinance in October 2025 establishing the term lengths and election schedule beginning with the 2026 General Municipal Election. Council members representing Districts 1, 3, and 5 will be elected to four-year terms. Council members representing Districts

2 and 4 will be elected to two-year terms, which will count as full terms. All City Council members will be elected to four-year terms in subsequent elections. There is a three consecutive term limit for all council seats. Council elections are held in November of even-numbered years. The Mayor is selected by the City Council from among its membership and serves a one-year term. The City Manager is appointed by the City Council to carry out the policies and direction of the City Council, oversee the day-to-day operations of the City and appoint the heads of the various City departments.

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

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

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

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

Local economy

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

The two largest employers in the City are Providence Mission Hospital and Saddleback College. Both have been major employers in the community since incorporation. Providence Mission Hospital is the largest hospital in South Orange County and one of only three trauma centers in all of Orange County with over

2,900 employees. The hospital began a three-part multistage expansion plan in the fall of 2022. The expansion will include a new tower at Providence Mission Hospital, adding 100 private patient rooms covering intensive care, medical/surgical, and acute rehabilitation; introduce a new cardiology department with advanced cardiac catheterization and electrophysiology suites; provide new surgical and procedural suites including the campus's first hybrid operating room; and feature expanded radiology, clinical laboratory, and emergency department observation facilities. Construction of the new tower is projected to be completed in 2030. At the completion of the new tower, construction will begin on a 3-acre park to be located at the site. Part two expansion includes enhancements to neuroscience, cardiovascular and maternity services and part three expansion includes construction of two health centers, including one location in Rancho Mission Viejo. Saddleback College, the City's second largest employer with 1,880 employees, is a two-year community college serving over 22,000 students each semester. It was established in 1968 and is part of the California Community College system. The college is fully accredited and offers over 300 associate degrees, certificates and occupational skills awards in 190 program areas, including accounting, engineering, fashion, journalism and nursing.

The commercial sector of the City is anchored by The Shops at Mission Viejo, a regional mall of 1.1 million square feet. Tenants include Macy's, Nordstrom, Apple, Tesla, Dick's Sporting Goods, and Sephora. The Shops at Mission Viejo is currently undergoing a major expansion project set to introduce approximately 50,000 square feet of new retail and dining space, with completion expected by the 2026 holiday season. The expansion aims to revitalize the existing property and respond to regional demand for experiential retail and dining opportunities. In addition to Tesla, five other auto dealers are located in Mission Viejo: Audi, Jaguar/Land Rover, Kia, Lexus, and Volvo. Home Depot also has a major presence in town as does Floor & Décor and Target, with three locations in Mission Viejo. The Mission Viejo Freeway Center, located adjacent to Interstate 5, is home to Best Buy, Michael's, Petco, and World Market. In September 2020, an Amazon Fulfillment Center opened at the former Unisys site on Jeronimo Road between Alicia Parkway and Los Alisos Boulevard. The station powers Amazon's last-mile delivery capabilities to speed up deliveries for customers in the south Orange County area and has created over 230 jobs.

Since its incorporation, Mission Viejo has had a strong tax base. Over the years, the relatively high property values and personal income levels within the City have generated tax revenues sufficient to support a very high level of municipal services and facilities for the community to enjoy, as well as healthy fund balances. Since 2015, assessed valuation of property in the City has grown at an average annual rate of 4.6%. City property tax revenue accounts for 42.5% of total governmental revenues. Sales tax revenue represents 19.3% of governmental revenues. The remainder of the tax base (franchise taxes, real property transfer taxes and transient occupancy taxes (TOT)) contributes another 5.6% of governmental revenues.

During the past ten years, the unemployment rate peaked at 8.6% in 2020 due to the impacts of the pandemic. The unemployment rate at the end of June 2025 is 4.8%. Median housing values were not affected by the pandemic and continued to grow throughout the pandemic and each year since. Median housing values have grown from \$700,000 in 2019 to a peak of \$1,175,000 in 2025. Sales tax revenue rebounded after declining in the first year of the pandemic. Total sales tax revenue received for fiscal year (FY) 2024/25 was \$20.5 million, a decrease of \$0.3 million, or 1.6%, compared to the prior fiscal year. Hotels have rebounded from the pandemic, with occupancy rates in Orange County averaging around 72.3%. Total TOT revenue, including short-term rentals, for the fiscal year was approximately \$1.2 million.

Long-term financial planning

The City prepared a Master Financial Plan (MFP) as part of the 2025-2027 biennial budget and is an integral part of the City's budget process. The MFP includes a seven-year General Fund revenue forecast and expenditure plan. The MFP also provides essential information on projected General Fund reserves, and allows for analysis of the amount of resources available to fund equipment replacement as well as asset rehabilitation and repair. The long-range nature of the MFP also allows management and staff to be more proactive in budget planning, using the seven years of projections to plan for anticipated swings in revenues or expenditures. The 2027-32 revenue forecast indicated that general fund revenue would grow throughout the forecast period on an average of 2.98% per year. Property tax and sales tax revenue represents 80% of General Fund revenue and are important revenue sources for the City. The MFP projects that both these revenue sources will grow annually on an average of 3.90% for property taxes and 1.0% for sales taxes through FY 2031/32. Actual revenue growth for property taxes was 4.90% in FY 2024/25, exceeding the projection of 3.58%. Sales tax revenue in FY 2024/25 fell below original revenue projections by \$0.52 million. The current MFP was prepared with a conservative approach to future expenditure planning. The FY 2025/26 adopted budget is balanced without the use of General Fund reserves. The MFP indicates that, with careful planning, the city can maintain a balanced budget through FY 2026/27. Modest deficits are anticipated in FY 2027/28 and FY 2028/29, followed by a return to balanced budgets from FY 2029/30 through FY 2031/32. This emphasizes the importance of continuous strategic financial management and revenue monitoring to address future fiscal challenges and maintain financial stability.

Financial policy requires the City to adopt a balanced operating budget. This means that budgeted revenues are sufficient to support current operating expenditures while maintaining a positive operating position. Any one-time revenues that are received are to be used for one-time costs. The City's General Fund reserve policy requires that reserves will be established through a risk analysis performed biennially in coordination with the preparation of the two-year budget. The analysis for the 2025-2027 biennial budget was adopted in May 2025. The City Council approved the General Fund reserves at \$40.9 million, effective June 30, 2025.

The City received the GFOA Distinguished Budget Presentation Award and CSMFO Excellence in Operational Budgeting Award for its 2023-2025 biennial budget document. To qualify for the GFOA award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The CSMFO award reflects excellence in the budget document and the underlying budget process through which the budget is implemented. The 2025-2027 biennial budget document was submitted to GFOA and CSMFO for award consideration.

Major initiatives/projects

LOS OSOS Project (Core Area Vision Plan Project) – In March 2017, the City Council approved the Core Area Vision Plan. This vision plan articulates the future development potential of the City's Core Area which includes the properties around the intersection of La Paz Road and Marguerite Parkway, and along Marguerite Parkway, to the south, including the intersection of Marguerite and Oso Parkways. At the September 14, 2021 City Council meeting, the City Council approved the purchase and sale agreement of the Stein Mart property located at the Village Center and closed escrow on the property on November 24, 2021. At the November 9, 2021 City Council meeting, the City Council authorized the issuance of \$19.0 million of Mission Viejo Community Development Financing Authority Lease Revenue Bonds (Core Area Vision Plan Project), to finance the first phase cost of the project which includes; acquisition of the Stein Mart

property and easements to implement the project; professional services for conceptual design, design development, and working drawings and construction management; and other costs necessary to implement the overall vision plan. The phase one bonds were issued on December 22, 2021. On August 25, 2023, the City issued a Request for Qualifications (RFQ) to find a potential development partner. Only one response was received. At the October 24, 2023 meeting, the City Council approved the LOS OSOS Go Forward Plan. This plan presented five phases for the further development of the property. Phase I development includes the design, environmental clearance and construction of the North Paseo from Marguerite Parkway to the front of the current MART (formerly Stein Mart) building. The City received construction proposals for Phase 1 of the project; however, following the closures of several key retail stores, the City paused consideration of an award to further research and evaluate new options that address evolving market trends, vacancies, and community needs. In Fall 2025, the City issued a RFQ to expand the pool of potential partners and explore a broader range of development options. The 2017 Core Area Vision Plan is located at <https://cityofmissionviejo.org/sites/default/files/mission-viejo-core-area-vision-plan.pdf>. Information about the project including concept videos are located at <https://envisionmv.com/vision/>. The Resources page at the envisionMV website contains materials of past public presentations and City Council meeting agenda reports.

Oso Creek Public Golf Course – In July 2020, the City issued a contract to MR-ProFun to develop a golf course and open space vision plan. The scope of the plan was to include potential future use and operation of the golf course, including potential complementary uses such as hospitality or other recreational uses that would serve to enhance and sustain the existing golf course facility. The effort also included potential future uses of approximately 5 acres of undeveloped land adjacent to the golf course and the Marguerite Recreation Center. The vision plan was presented to the City Council and public at the November 9, 2021 City Council meeting. The City Council approved moving forward with the near term project recommendations which include creating a temporary outdoor event area at the golf course, additional parking at the golf course for staff and valet service, a new pedestrian crossing on Casta Del Sol Drive, additional parking at the Marguerite Recreation Center, a new trail head and parking lot along the Oso Creek Trail off Casta Del Sol Drive, and improvements to the Oso Creek Trail between Casta Del Sol Drive and Jeronimo Road. An event structure, The Atrium, at the golf course was completed in August 2024 and is adjacent to the Garden + Grille. Evaluation of parking expansion at the Marguerite Recreation Center is underway.

Quad Cities Trail – The Quad Cities Trail Project is an initiative in Mission Viejo focused on improving active transportation along the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency (LOSSAN) rail corridor and enhancing bicycle and pedestrian connectivity throughout the city and region. The planned trail network will connect key destinations, including the Laguna Niguel/Mission Viejo Metrolink Station, local parks, and other civic amenities, providing a safe and accessible off-street bikeway and pedestrian path. These improvements aim to close gaps in Mission Viejo's bike infrastructure, boost mobility for residents, and support regional sustainability goals by encouraging active travel modes.

Costco Standalone Gas Station – In June 2025, the City approved plans for the construction of Costco's first-ever standalone gas station. This member-exclusive facility will be the largest Costco fueling center in the nation, offering 40 fueling positions. The site will focus on providing high-capacity, efficient fueling for area residents and neighboring communities.

Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mission Viejo for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. The Certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Mission Viejo received its first Certificate of Achievement in 1988/89, its first full year of incorporation as a city, and has received the certificate every year since then. I believe this 2024/25 ACFR continues to conform to the Certificate of Achievement program requirements, and it will be submitted to GFOA for award consideration.

The preparation and publication of the ACFR is a team effort, requiring the dedication and cooperation of the entire Administrative Services Department staff and the City's independent auditors, Rogers, Anderson, Malody & Scott LLP. I would like to acknowledge the following individuals who contributed significant effort toward the publication of this document: Administrative Services Manager Andrea Pham, Principal Accountant John Ji, and Accountant Jennifer Frye.

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

Respectfully submitted,



Ellis Chang
Director of Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Mission Viejo
California**

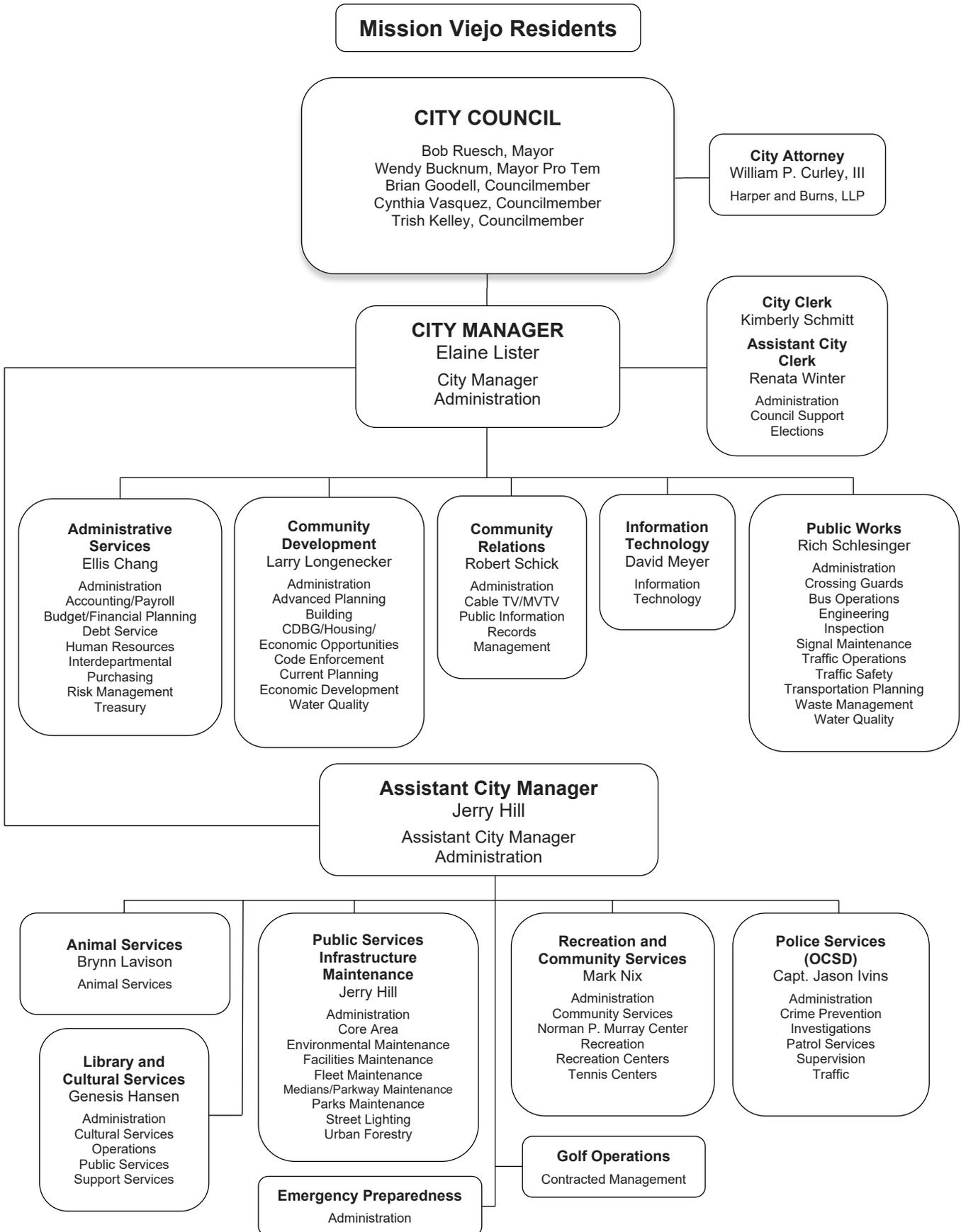
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

CITY OF MISSION VIEJO
 Organizational Structure
 as of June 30, 2025



CITY OF MISSION VIEJO
List of Principal Officials
as of June 30, 2025

City Manager.....Elaine Lister
Assistant City Manager Jerry Hill
Director of Administrative Services..... Ellis Chang
Director of Animal ServicesBrynn Lavison
Director of Community Development..... Larry Longenecker
Director of Community Relations..... Robert Schick
Director of Information Technology David Meyer
Director of Library and Cultural Services..... Genesis Hansen
Director of Public Services Jerry Hill
Director of Public Works..... Rich Schlesinger
Director of Recreation and Community Services..... Mark Nix
City Clerk..... Kimberly Schmitt
City Attorney..... William P. Curley III
Chief of Police Services (O.C. Sheriff Department)..... Captain Jason Ivins



MISSION VIEJO

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Independent Auditor's Report

To the Honorable City Council
City of Mission Viejo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mission Viejo (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinions.

Emphasis of Matter

As described in Note 1 to the financial statements during the year ended June 30, 2025, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the City's 2024 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, CA
December 5, 2025



Management's Discussion and Analysis



MISSION VIEJO

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City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

As management of the City of Mission Viejo ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. Please read it in conjunction with the accompanying transmittal letter at the front of this report, and the basic financial statements, which follow this section.

Financial Highlights

- Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources on June 30, 2025, by \$729.1 million. This amount is referred to as the net position of the City. Of this amount, \$36.6 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased \$7.1 million from the prior year.
- As of June 30, 2025, the City's governmental funds (the General Fund plus Special Revenue, Debt Service and Capital Projects funds) reported combined ending fund balances of \$79.9 million. Governmental revenues and other financing sources exceeded expenditures and other financing uses by \$4.2 million in FY 2024/25. Of the \$79.9 million combined ending fund balances on June 30, 2025, \$9.7 million is categorized as unassigned, \$40.9 million is categorized as assigned, \$29.2 million is categorized as restricted and \$31,253 is categorized as non-spendable.
- Of the \$40.9 million General Fund assigned fund balance, \$25.2 million is assigned to economic and budgetary uncertainty, \$5.2 million is assigned to extreme events/natural disasters, \$8.2 million is assigned to debt liabilities, \$1.3 million is assigned to capital asset replacement, and \$1.0 million assigned to capital projects.
- Unassigned General Fund fund balance of \$11.9 million includes \$6.2 million for carryover appropriations to FY 2025/26, including encumbrances. The balance of \$5.7 million is available for any purpose at the Council's discretion.
- The City's total long-term liabilities, as reported on the Statement of Net Position, is \$64.6 million, a decrease of \$4.7 million. Liabilities for bond debt, leases, and information technology subscription agreements decreased \$4.0 million due to principal payments during the year, while net pension and OPEB liabilities decreased \$0.9 million. Acquisition of new equipment leases and the implementation of GASB statement 101 increased the liability by \$0.2 million.

Overview of the Financial Statements

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

Government-wide financial statements. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. There are two government-wide financial statements: the Statement of Net Position and the Statement of Activities. They present information for the government as a whole and present a longer-term view of the City's finances. These two statements help to answer the question: "Is the City as a whole better off or worse off as a result of this year's activities?"

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

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

The Statement of Activities presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused employee leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include police services, public works, infrastructure maintenance, most general government activities, recreation and community services, community development, and library services. The business-type activities of the City include golf course operations, animal services, and government-access cable television.

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

The government-wide financial statements can be found on pages 25-27 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

The City reports on 19 individual governmental funds for financial statement reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Developer Fees Fund, Grants Fund, Capital Projects Fund, Housing Authority Fund and American Rescue Plan Act Fund, which are considered to be the City's six major funds for the current fiscal year. Data from the other thirteen governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these other governmental funds is provided in the form of combining schedules elsewhere in the report.

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

The basic governmental fund financial statements can be found on pages 30-35 of this report.

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

The basic proprietary fund financial statements can be found on pages 36-38 of this report.

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

The basic fiduciary fund financial statements can be found on page 39-40 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 41-92 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's "modified approach" method of accounting for its street infrastructure assets, budgetary policies and supplemental information on the City's defined benefit plans. Required supplementary information can be found on pages 94-107 of this report.

The supplemental schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 109-137 of this report.

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

Net Position at Year-End (in millions)

	Governmental		Business-Type		Total		Total
	Activities		Activities		Total		Percentage
	2025	2024	2025	2024	2025	2024	Change
							2024-2025
Current assets	\$ 96.0	\$ 99.2	\$ 10.7	\$ 8.5	\$ 106.7	\$ 107.7	-0.9%
Noncurrent assets	4.9	-	0.4	0.4	5.3	0.4	1225.0%
Capital assets	671.0	671.7	14.2	14.3	685.2	686.0	-0.1%
Total assets	771.9	770.9	25.3	23.2	797.2	794.1	0.4%
Deferred outflows of resources	7.8	10.3	1.1	1.3	8.9	11.6	-23.3%
Current liabilities	13.6	12.4	2.0	0.8	15.6	13.2	18.2%
Noncurrent liabilities	57.0	65.5	3.4	3.8	60.4	69.3	-12.8%
Total liabilities	70.6	77.9	5.4	4.6	76.0	82.5	-7.9%
Deferred inflows of resources	0.6	0.8	0.4	0.4	1.0	1.2	-16.7%
Net position:							
Net investment							
in capital assets	642.0	644.4	14.0	14.0	656.0	658.4	-0.4%
Restricted	36.5	31.2	-	-	36.5	31.2	17.0%
Unrestricted	30.0	26.9	6.6	5.5	36.6	32.4	13.0%
Total net position	\$ 708.5	\$ 702.5	\$ 20.6	\$ 19.5	\$ 729.1	\$ 722.0	1.0%

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$729.1 million as of June 30, 2025, the close of the most recent fiscal year. In comparison to 2024 and 2023, net position was \$722.0 million and \$708.8 million, respectively. The City's total net position increased by \$7.1 million from the prior year.

The largest portion of the City's net position on June 30, 2025 (\$656.0 million, or 90.0% of total net position) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are further discussed later in this analysis.

An additional \$36.5 million of the City's net position is restricted net position, representing resources that are subject to external restrictions on how they may be used. Restricted net position increased \$5.3 million, or 17.0% from June 30, 2024. The increase was primarily due to \$6.2 million in unspent bond proceeds that was previously reported as net investment in capital assets in the prior fiscal year. That increase was offset by decreases in restricted resources in Community Development and Infrastructure Maintenance by \$0.4 million and \$0.5 million, respectively, due to a reimbursement of

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

grant related projects and the CARES Act. An increase in pensions restricted net position of \$0.2 million is due to investment income.

Unrestricted net position increased by \$4.2 million to \$36.6 million from the prior year. At the close of the current fiscal year, the City reported positive balances in all categories of net position, both for the government as a whole, and for its separate governmental and business-type activities. This same condition also held true for the prior fiscal year. The City's overall net position increase of \$7.1 million from the prior fiscal year is discussed in the following sections for governmental activities and business-type activities.

Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2025	2024	2025	2024	2025	2024	2024-2025
Revenues							
Program revenues:							
Charges of services	\$ 12.1	\$ 10.3	\$ 8.9	\$ 8.2	\$ 21.0	\$ 18.5	13.5%
Operating grants and contributions	13.3	12.7	0.5	0.7	13.8	13.4	3.0%
Capital grants and contributions	4.1	9.0	-	-	4.1	9.0	-54.4%
General revenues:							
Property taxes	47.4	45.3	-	-	47.4	45.3	4.6%
Sales and use taxes	20.5	20.9	-	-	20.5	20.9	-1.9%
Other taxes	5.8	6.0	-	-	5.8	6.0	-3.3%
Investment earnings	3.6	2.3	0.5	0.3	4.1	2.6	57.7%
Other	0.3	3.8	-	-	0.3	3.8	-92.1%
Total revenues	107.1	110.3	9.9	9.2	117.0	119.5	-2.1%
Expenses							
General government- legislative	1.1	2.2	-	-	1.1	2.2	-50.0%
General government- management/support	13.1	13.5	-	-	13.1	13.5	-3.0%
Public safety	26.9	25.1	-	-	26.9	25.1	7.2%
Community development	4.4	5.0	-	-	4.4	5.0	-12.0%
Engineering & transportation	12.1	11.1	-	-	12.1	11.1	9.0%
Infrastructure maintenance	28.4	27.9	-	-	28.4	27.9	1.8%
Recreation, community and library services	13.4	11.6	-	-	13.4	11.6	15.5%
Golf operations	-	-	5.1	4.6	5.1	4.6	10.9%
Animal services	-	-	4.4	3.9	4.4	3.9	12.8%
Mission Viejo television	-	-	0.2	0.2	0.2	0.2	0.0%
Interest on long-term debt	0.8	1.2	-	-	0.8	1.2	-33.3%
Total expenses	100.2	97.6	9.7	8.7	109.9	106.3	3.4%
Excess/(deficiency) in net position before transfers and extraordinary item	6.9	12.7	0.2	0.5	7.1	13.2	-46.2%
Transfers	(0.9)	(0.8)	0.9	0.8	-	-	0.0%
Increase (decrease) in net position	6.0	11.9	1.1	1.3	7.1	13.2	-46.2%
Net position, beginning of year	702.5	690.6	19.5	18.2	722.0	708.8	1.9%
Net position, end of year	\$ 708.5	\$ 702.5	\$ 20.6	\$ 19.5	\$ 729.1	\$ 722.0	1.0%

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

Governmental activities. During the current year, net position for governmental activities increased \$6.0 million from the prior fiscal year ending balance of \$702.5 million. Total revenues of \$107.1 million were more than expenses and net transfers of \$101.1 million.

Revenue Analysis

Total revenues decreased by \$3.2 million over the prior year. General revenues decreased by \$0.7 million. Property tax revenue was up \$2.1 million. The property tax growth rate for secured and unsecured property for FY 2024/25 was 5.29%, accounting for most of this increase. Sales tax revenue decreased from the prior year in the amount of \$0.4 million. Other taxes, which include Transient Occupancy Tax (TOT) and Franchise Fees, decreased \$0.2 million. Investment income increased \$1.3 million as higher interest rates were sustained throughout the fiscal year. Other revenues declined significantly by \$3.5 million compared to the previous year, attributed to the sale of City property that took place in the prior year.

Program revenues are classified into three categories: charges for services, operating grants and contributions and capital grants and contributions. Overall, program revenue decreased by \$2.5 million. Charges for services increased by \$1.8 million. Operating grants and contributions increased by \$0.6 million and capital grants and contributions decreased by \$4.9 million.

The Recreation, Community and Library Services program area experienced the largest increase in charges for services during the year of \$0.6 million. Recreation class revenue across all facilities increased \$123,000. Recreation center memberships and day use revenue increased \$258,000. The City added a Community Outreach and Engagement program during FY 2024/25 providing professional outreach services to surrounding cities. This resulted in \$118,000 in additional revenues for cost sharing. Charges for services under General Government-Management and Support increased by \$0.4 million due to a rise in forfeited construction and demolition deposits, as well as one-time forfeitures of employer contributions to employees' defined contribution plan. The Successor Agency reimbursed the City \$75,000 for administrative expenses which also increased revenue. The Infrastructure Maintenance program area experienced an increase of \$0.3 million due to a \$250,000 increase from the Municipal Water District of Orange County water rebates. The Community Development program area experienced an increase of \$0.3 million attributable to a rise in permit issuance across various categories and the implementation of new online permitting software that streamlined the process.

In the area of operating grants and contributions, overall revenue was up \$0.6 million. The largest increase was reflected in the General Government-Management and Support function in the amount of \$2.0. This increase was attributed to the American Rescue Plan Act (ARPA) funding of \$2.9 million being reported in the General Government-Management and Support function whereas in the prior year it was reported in the Infrastructure Maintenance function. The \$2.9 million increase was slightly offset by a decrease of \$0.3 million in one-time grant reimbursement received in the prior year. Additionally, \$0.4 of interest income was reported under operating grants and contributions in the prior year, which is reported in investment earnings in FY 2024/25.

In the area of capital grants and contributions, net revenues were down \$4.9 million. In the current year, the city received reimbursement of \$5.1 million less from Federal grants for the La Paz Bridge Rehabilitation and Road Widening.

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

Expenses Analysis

Expenses associated with governmental activities increased by \$2.6 million, or 2.7%, over the prior year. The largest increase, \$1.8 million in Public Safety, was driven primarily by higher costs for the Orange County Sheriff's Department contract. Recreation, Community and Library Services increased \$1.8 million due to an increase in personnel costs, the addition of the Community Outreach and Engagement program, and an increase in transportation services for the Senior Mobility Program. The \$1.0 million increase under Engineering and Transportation is primarily due to capital project expenditures not eligible for capitalization over the prior year and increased personnel costs. The \$0.5 million increase under Infrastructure Maintenance is a result of cost-of-living increases to landscape maintenance contracts and functional supplies for all parks, medians, slopes and other open spaces. The largest decrease, \$1.1 million in General Government-Legislative, was primarily due to settlement payments for election related lawsuits in the prior year. General Government-Management and Support function decreased \$0.4 million from the prior year primarily due to a decrease in general liability insurance costs. The Community Development function decrease of \$0.6 million is primarily due to a distribution to Families Forward to fund the purchase of two transitional housing units in the prior fiscal year.

The cost of all governmental activities in FY 2024/25 was \$100.2 million. That cost was financed by those who directly benefited from the programs and services (12.1%); other governments and organizations that subsidized certain programs and projects with grants and contributions (17.3%); and general tax revenues and other general revenues of the City (70.6%). Net cost of services borne by general revenue sources increased by \$5.0 million compared to the prior year.

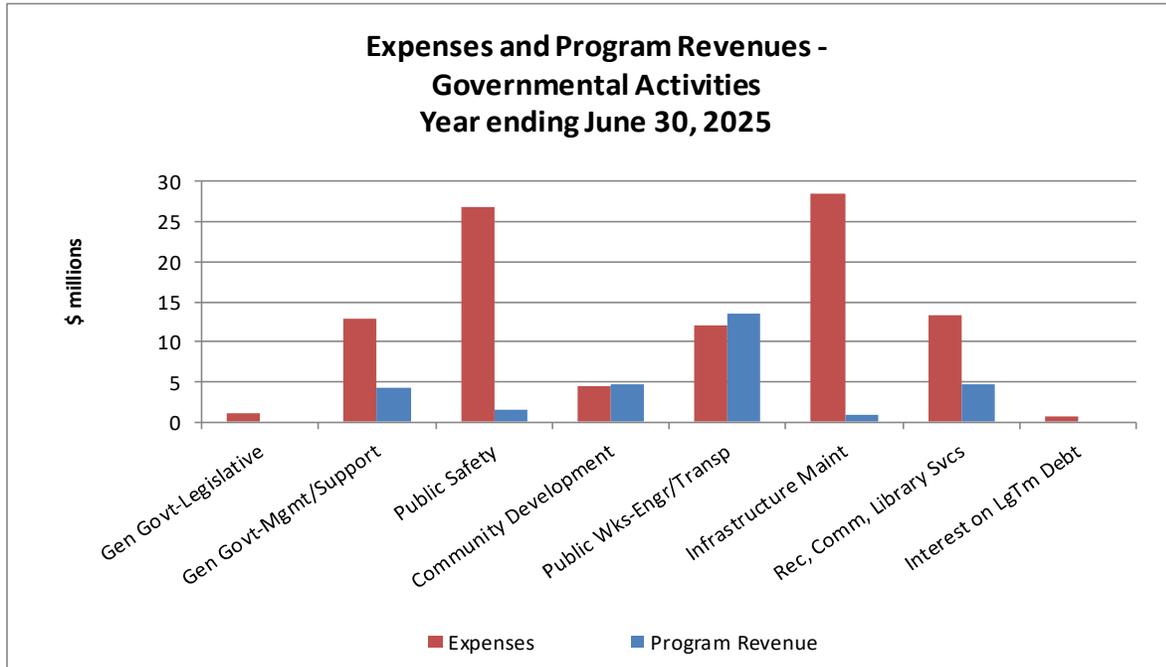
Net Cost of Governmental Activities (in millions)

	2025			2024		
	Total Cost of Services	Net Cost of Services	% of Total Cost Borne By General Revenues	Total Cost of Services	Net Cost of Services	% of Total Cost Borne By General Revenues
General government-legislative	\$ 1.1	\$ 1.1	100.0%	\$ 2.2	\$ 2.2	100.0%
General government-management/support	13.1	8.8	67.2%	13.5	11.6	85.9%
Public safety	26.9	25.4	94.4%	25.1	23.6	94.0%
Community development	4.4	(0.4)	-9.1%	5.0	0.3	6.0%
Engineering & transportation	12.1	(1.5)	-12.4%	11.1	(6.8)	-61.3%
Infrastructure maintenance	28.4	27.6	97.2%	27.9	25.9	92.8%
Recreation, community and library services	13.4	8.9	66.4%	11.6	7.7	66.4%
Interest on long-term debt	0.8	0.8	100.0%	1.2	1.2	100.0%
	<u>\$ 100.2</u>	<u>\$ 70.7</u>	<u>70.6%</u>	<u>\$ 97.6</u>	<u>\$ 65.7</u>	<u>67.3%</u>

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

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



Business-type activities. There are three business-type activities of the city: Golf Course operations, comprising 52.6% of total expenses; Animal Services, comprising 45.4% of the total expenses; and Mission Viejo Television, comprising 2.0% of expenses. Business-type activities continue to be a relatively small component of overall City operations, representing about 8.8% of total City expenses for the current fiscal year.

Golf Course

Net position for the Golf Course Fund increased approximately \$585,000 in FY 2024/25. Program revenue increased \$0.7 million compared to the prior year, while total expenses increased \$0.5 million. The increase in revenue was primarily due to growth in green fees and restaurant operations, which offset the higher operational costs. The increase in green fee revenue reflects the fee adjustments implemented in FY 2024/25. The City contracts with American Golf Corporation to manage the day-to-day operations of the golf course.

Animal Services

Net position for the Animal Services Fund increased approximately \$161,000 in FY 2024/25 primarily due to an increase in overall shared costs allocated to member cities including the City. This was offset by decreased program revenues of \$213,000, increased operating expenses of \$460,000 from the prior year. The increase in expenses include a \$353,000 increase in personnel services, a \$65,000 increase in contractual service, primarily driven by cost-of-living increases, and an increase of \$31,000 in depreciation expense. The City provides animal services to four neighboring cities in addition to the

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

residents of Mission Viejo. Net costs of the operation are allocated to each city based on population. Charges for services collected from other cities were \$2.0 million for FY 2024/25, an increase of \$190,000 over the prior year. The City's share of the operating costs was \$880,000, an increase of \$118,000 from the prior year. In addition, donations to the animal shelter decreased \$406,000 as two large donations from estates were received in the prior year.

Mission Viejo Television

Net position for Mission Viejo Television (MVTV) increased by approximately \$312,000 in FY 2024/25. Program revenue decreased approximately \$20,000 over the prior year. The primary revenue for funding this operation are franchise fees from local cable operators. This revenue stream tends to be relatively flat or may reflect small increases or decreases year over year. Changes in revenue are a reflection of small changes in population, changes in demand for cable services or small increases in franchise fees due to increased cable services fees to customers. This revenue category decreased by \$19,000 compared to the prior year. Operating expenses decreased \$78,000 from the prior year, with the largest decline reflected in personnel services in the amount of \$74,000 as all personnel costs, including pension and other post-employment benefit (OPEB) liabilities, previously reported in this fund were shifted to the General Fund.

Financial Analysis of the Governmental Funds

Governmental funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending as this category of fund balance represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

On June 30, 2025, the City's governmental funds (as presented in the balance sheet on pages 30-31) reported combined fund balances of \$79.9 million, an increase of \$4.2 million in comparison with the prior year balance of \$75.7 million. Approximately \$9.7 million of this total amount (12.2%) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted or assigned to indicate that it is 1) not in spendable form (\$31,000), 2) legally required to be spent on specific uses or be maintained intact (\$29.2 million), or 3) assigned for a particular purpose (\$40.9 million).

General Fund. The General Fund is the chief operating fund of the City. As of June 30, 2025, the total fund balance of the General Fund was \$61.2 million, an increase of \$7.1 million from the \$54.1 million prior year balance. General Fund revenues were up overall approximately \$4.0 million. Tax revenues were up \$1.9 million. Property tax revenue was up \$2.0 million. The property tax growth rate for secured and unsecured property for FY 2024/25 was 5.29%, accounting for most of this increase. Sales tax revenue increased from the prior year in the amount of \$0.2 million. Transient Occupancy Tax (TOT) decreased by \$212,000 compared to the prior year, primarily due to a late payment from a hotel operator that fell outside the 60-day availability period. Franchise Fees decreased \$161,000 and property transfer tax increased \$121,000. License and permit revenues were up \$0.5 million due to an increase in building permit and encroachment permit revenue over the prior year. Intergovernmental revenue decreased \$0.3 million primarily due to a one-time grant received in the prior year and a decrease in state mandated cost reimbursements. Charges for services revenue was up \$0.5 million.

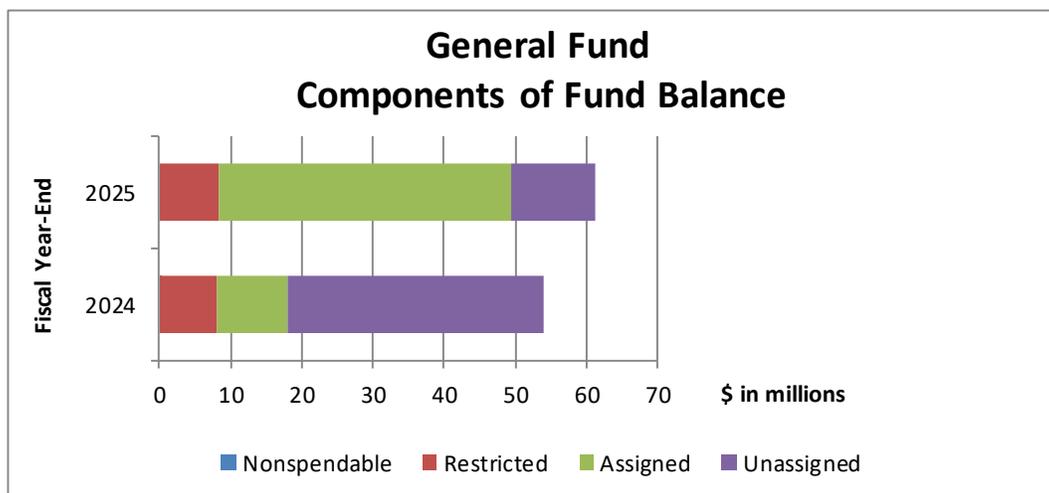
City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

Recreation class revenue across all facilities increased \$0.4 million. Investment earnings increased \$0.4 million as higher interest rates were sustained throughout the fiscal year. Fines and forfeiture revenue had a net increase of \$44,000 due to an increase in forfeited construction and demolition deposits and parking penalties over the prior year in the amount of \$64,000, however, it was offset by a decrease of \$20,000 in vehicle code fines. Other revenue increased by \$0.9 million, driven by \$0.3 million in receipts from local water districts for a water rebate and grant, \$0.3 million in one-time forfeitures of employer contributions to employees' defined contribution plan, and a net increase from one-time reimbursements related to street capital improvement project costs.

Expenditures increased \$1.1 million compared to the prior year. Under the General Government-Legislative program area, legal costs decreased \$1.0 million primarily due to settlement payments for election related lawsuits in the prior fiscal year. General Government-Management and Support program area costs decreased \$0.1 million due to decreases in personnel and operating costs. The increase in the Public Safety function of \$1.9 million is a result of the increase in the Orange County Sheriff's Department over the prior year. The \$0.6 million increase under Engineering and Transportation is primarily due to \$0.4 million more in capital outlay expenditures related to the La Paz Bridge Rehabilitation and Road Widening project. Infrastructure Maintenance program areas costs decreased a net total of \$1.0 million including capital outlay expenditures. The \$1.0 million decrease under Infrastructure Maintenance is primarily due to lower operating and capital activity in the current year following the completion of major projects in the prior year of \$1.7 million, which was offset by an increase of \$0.7 million in personnel costs. Capital projects completed in the prior year include the Crucero Park playground rehabilitation project. Projects substantially completed in the current year include the World Cup Soccer Fields Security Lighting and the Crucero Park Playground Rehabilitation projects. Projects carried over to the next fiscal year include the Core Area Vision Plan. The Recreation, Community and Library Services increase of \$0.7 million is primarily due to a \$0.6 million increase in personnel costs, and \$30,000 for the purchase of a vehicle.

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

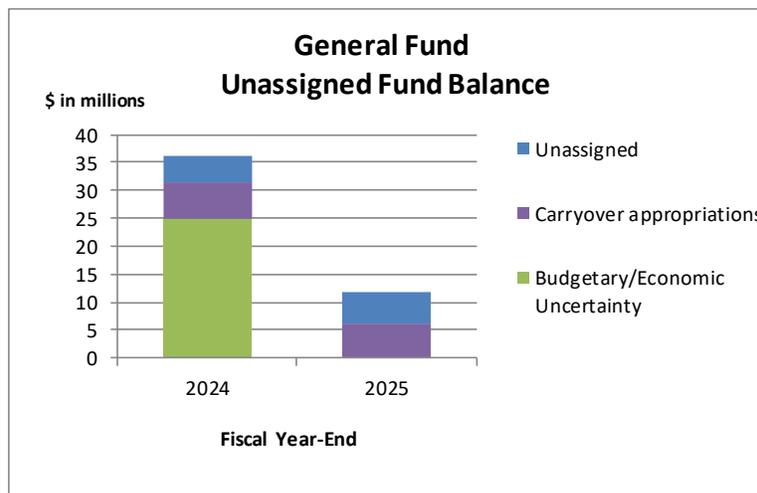


Restricted fund balance of \$8.4 million is primarily comprised of assets held in a Section 115 Trust account for the payment of pension obligations to eligible employees of the City and their eligible dependents and beneficiaries. Restricted fund balance increased \$0.5 million from the prior year primarily due to investment income generated from Section 115 Trust assets during the year. Assigned

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

fund balance of \$40.9 million is comprised of \$5.2 million for extreme events/natural disasters, \$8.2 million for debt liabilities, \$1.3 million for capital asset replacement, \$1.0 million for capital projects, and \$25.2 million for economic/budgetary uncertainty. These amounts were designated by the City Council on May 13, 2025 with Resolution 25-17 as a result of the 2025 General Fund Reserve Risk Analysis. Unassigned fund balance decreased from \$36.1 million to \$11.9 million. In prior years, amounts set aside for economic/budgetary uncertainty were reported as part of the unassigned fund balance. Unassigned fund balance includes \$6.2 million for carry over appropriations, including amounts for encumbrances. The remaining balance in unassigned fund balance of \$5.7 million, is available for any purpose at the Council's discretion. Unassigned fund balance increased \$1.0 million from the prior year.



As a measure of the General Fund's relative fiscal strength, it is useful to calculate the General Fund reserve balance as a percentage of total General Fund revenues. The City Council has defined reserves under their discretion for purposes of this calculation as the total balance of assigned reserves in the amount of \$40.9 million, and unassigned reserve of \$5.7 million, to comprise the balance of the City Council's discretionary reserve balance of \$46.6 million on June 30, 2025. This amount represents 57.2% of FY 2024/25 on-going General Fund revenue of \$81.5 million. The revenue used for this calculation excludes one-time and non-operating revenue (e.g. rolling reserve, CIP reimbursements, etc.)

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

Developer Fees Fund. The Developer Fees Fund ended the year with a negative fund balance of \$0.2 million which remained the same from the prior year ending fund balance of negative \$0.2 million. There is an intergovernmental receivable in this fund of \$0.3 million for amounts due to the City on June 30, 2025. This receivable slightly increased \$0.1 million over the prior year balance and are amounts due from the County of Orange.

Grants Fund. The Grants Fund ended the year with a positive fund balance of \$0.5 million which remained the same from the prior year. The grants fund includes activity for the Regional Narcotics Suppression, Community Development Block Grant (CDBG) grant, Senior Mobility grant funded through the Orange County Transportation Authority (OCTA), CAL Fire grant funded through the State

City of Mission Viejo

Management's Discussion and Analysis **Year Ended June 30, 2025**

of California, Highway Safety Improvement Program (HSIP) funded by the Federal Highway Administration, and a project funded with Bicycle Corridor Improvement Grant funds through OCTA. Grant revenues in the current year were \$0.9 million compared to \$0.9 million in expenditures. Both CDBG program expenditures and Senior Mobility grant expenditures were \$0.3 million. Capital improvement program expenditures were \$0.2 million expended on the Audible Pedestrian Push Button Systems project. There is a CDBG housing rehabilitation loan receivable balance in this fund of \$1.8 million on June 30, 2025. These loans are repaid when a home is either refinanced, sold by the owner, or when the loan recipient no longer occupies the home. The loan receivable balance increased by \$20,000 from the prior year. There were loan repayments of \$130,000 against new loans issued of \$150,000. Individual loans are capped at \$25,000. There is an intergovernmental receivable in this fund of \$154,000 for amounts due the City on June 30, 2025. This receivable increased \$59,000 over the prior year balance and are amounts due from the Department of Housing and Urban Development (HUD) under the CDBG program, AQMD, CalTrans under the Highway Safety Improvement Program, and OCTA under the Bicycle Corridor Improvement Grant. The largest amount due from any one agency is \$75,000 from HUD.

Capital Projects Fund. The Capital Projects Fund had a deficit fund balance of \$1.3 million on June 30, 2025, a decrease of \$1.7 million from the prior year. This fund includes activity for all Measure M2 resources, both apportionments and funds awarded through competitive grants, restricted for street and road related projects. Other resources accounted for in this fund include federal highway and transit administration grants. Revenues in the current year were \$5.2 million, including \$2.2 million from Measure M2 apportionments, \$0.7 from Measure M2 competitive grants, and \$2.3 million from a Highway Bridge Program grant from the U.S. Department of Transportation. Capital projects funded with these resources include the Marguerite Parkway Signal Synchronization, Felipe/Olympiad Signal Synchronization, La Paz Bridge Rehabilitation and Road Widening, North Oso Creek Bike/Pedestrian Open Space, Bicycle Corridor Improvement Program, and catch basin debris screen projects, and the annual street resurfacing programs. There is an intergovernmental receivable in this fund of \$2.3 million for amounts due the City on June 30, 2025. This receivable decreased \$8.0 million over the prior year balance and are amounts due from the Federal Highway Administration under the Highway Bridge Program and OCTA. The largest amount due from any one agency is \$1.3 million from the Federal Highway Administration.

Housing Authority Fund. The Housing Authority Fund had a fund balance of \$6.0 million on June 30, 2025. The expenditures for the fiscal year amounted to \$13,000, primarily attributed to legal services. Revenue consisted of \$26,000 of investment earnings. There is a housing rehabilitation loan receivable balance in this fund of \$105,000 on June 30, 2025. There were no loan repayments during the year. These loans are repaid when a home is either refinanced, sold by the owner, or when the loan recipient no longer occupies the home. There are no longer new loans made for housing rehabilitation using funds from the Housing Authority. All payoff proceeds are used for other affordable housing purposes. There is an amount due from developers in the amount of \$1.9 million on June 30, 2025. This amount was loaned under affordable housing agreements executed by the former redevelopment agency and the Housing Authority. Additional information on these agreements can be found in note 5 in the Notes to Basic Financial Statements. The fund has a note payable balance due the City in the amount of \$4.9 million against a note agreement dated May 8, 2015, for the purchase of land (Site C) for future affordable housing purposes. Additional information on this note can be found in note 7 in the Notes to Basic Financial Statements.

American Rescue Plan Act Fund. The American Rescue Plan Act (ARPA) fund was created in FY 2020/21 to account for resources received from the United States Treasury in response to the COVID-19 pandemic. The ARPA fund had no fund balance on June 30, 2025. The City received an allocation

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

of \$4.9 million in May 2021 and a second \$4.9 million allocation in June 2022. The City expended \$435,000 during FY 2020/21, \$1.7 million during FY 2021/22, \$3.5 million during FY 2022/23, \$1.3 million during FY 2023/24, and the remaining \$2.9 million during FY 2024/25. ARPA funded the following projects/programs in FY 2024/25: Madrid Fore Playground Rehabilitation, Crucero Park Playground Rehabilitation, Oso Viejo Park Renovation, La Paz Bridge Road Widening, and OC Sheriff's department contract.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements for the City's business-type activities, but in more detail for each fund. Please refer to the business-type activities section starting on page 13 for details on each proprietary fund.

General Fund Budgetary Highlights

Original budget compared to final budget. After each fiscal year is closed, outstanding encumbrances at year end and unencumbered appropriations are determined for carryover to the subsequent fiscal year. These amounts for FY 2024/25 were approved by the City Council in October 2024 and increased the original budget accordingly. Total carryover appropriations for FY 2024/25 were \$13.2 million, with \$5.3 million appropriated in the operating budget and \$7.9 million for the capital improvement program (CIP) budget. The most significant operating carryover appropriations were \$0.2 million for a parking garage feasibility study, \$0.3 million for various information technology projects, \$0.3 million for consulting services, and \$0.2 million for parks and facilities maintenance. Significant CIP carryover appropriations were \$0.5 million for the La Paz Bridge Rehabilitation and Road Widening project, \$5.5 million for the Core Area Vision Plan project, and \$1.3 million for the Crucero Park Playground Rehabilitation project.

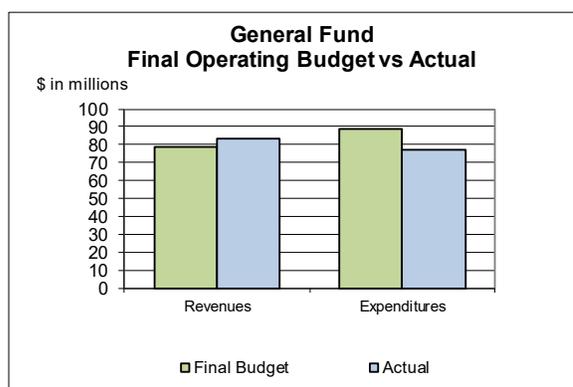
During the year, there were a net total of \$1.6 million additional appropriations approved by the City Council. In July 2024, the City Council approved a \$0.2 million appropriation for expenses related to the November 2024 special tax ballot measure. In December 2024, \$0.1 million was appropriated for the replacement of aged light fixtures which was offset by the Energy Efficiency and Conservation Block Grant. In February 2025, \$0.2 million was appropriated for the Crucero Park Area Rehabilitation project which was offset by the Water Conservation Grants. Additionally, \$0.5 million was appropriated for the La Paz Bridge Rehabilitation and Road Widening project which was offset by a reimbursement from Moulton Niguel Water District. Included the mid-year appropriations were net increases in appropriations of \$0.6 million to the General Government, Public Safety, Engineering and Transportation, Infrastructure Maintenance, and Recreation, Community, and Library Services program areas for various operational needs.

Final budget compared to actual results. Actual revenues for the year were \$4.3 million more than revised budget projections. Recreation and cultural services charges for services fees exceeded projections by \$1.1 million. Actual revenues for licenses and permits and other revenues exceeded projections by \$0.6 million and \$0.5 million, respectively. Investment earnings exceeded projections by \$1.5 million, however, \$0.7 million was from unrealized gains.

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Actual operating expenditures were \$11.4 million less than the final appropriations budget. All six program areas in the General Fund underspent their budgets. The CIP budget came in \$6.3 million under budget with the largest unspent CIP budget for the Core Area Vision Plan project in the amount of \$5.2 million. Although these appropriations were not spent during FY 2024/25, \$11.3 million has been carried over for continued use in FY 2025/26 for on-going active projects, including: \$0.4 million for personnel costs, \$0.2 million for the parking expansion study, \$0.2 million for consulting and inspection services, \$0.2 million for the La Paz Bridge Rehabilitation and Road Widening project, \$0.8 million for the Crucero Park playground rehabilitation project, and \$5.2 million for the Core Area Vision Plan project.



Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$685.2 million, net of accumulated depreciation. This investment in assets includes land, buildings, machinery, equipment, vehicles, library materials, subscription arrangements and infrastructure. The total decrease in capital assets for the current fiscal year was \$0.8 million.

Capital Assets, Net of Depreciation (in millions)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2024-2025
	2025	2024	2025	2024	2025	2024	
Land	\$ 57.4	\$ 57.4	\$ 11.1	\$ 11.1	\$ 68.5	\$ 68.5	0.0%
Rights of way	243.9	243.9	-	-	243.9	243.9	0.0%
Buildings and Improvements	49.2	53.3	2.3	2.0	51.5	55.3	-6.9%
Park improvements	7.2	6.2	0.4	0.4	7.6	6.6	15.2%
Machinery, equipment and furniture	0.9	1.1	0.2	0.2	1.1	1.3	-15.4%
Vehicles	0.2	0.1	0.1	0.1	0.3	0.2	50.0%
Lease equipment, furniture and vehicles	0.6	0.6	0.1	0.2	0.7	0.8	-12.5%
Library materials	0.6	0.4	-	-	0.6	0.4	50.0%
Subscription arrangements	0.4	0.7	-	-	0.4	0.7	-42.9%
Infrastructure	304.7	288.1	-	-	304.7	288.1	5.8%
Water rights	0.6	0.6	-	-	0.6	0.6	0.0%
Construction in progress	5.3	19.3	-	0.3	5.3	19.6	-73.0%
Total	\$ 671.0	\$ 671.7	\$ 14.2	\$ 14.3	\$ 685.2	\$ 686.0	-0.1%

Governmental activities. Total capital asset additions are \$22.7 million. Equipment, computers and furniture increased by \$0.2 million for new IT equipment and a pool heater. Two new vehicles were purchased for a total of \$0.1 million, library collection materials were added for \$0.3 million, and two

City of Mission Viejo

Management's Discussion and Analysis Year Ended June 30, 2025

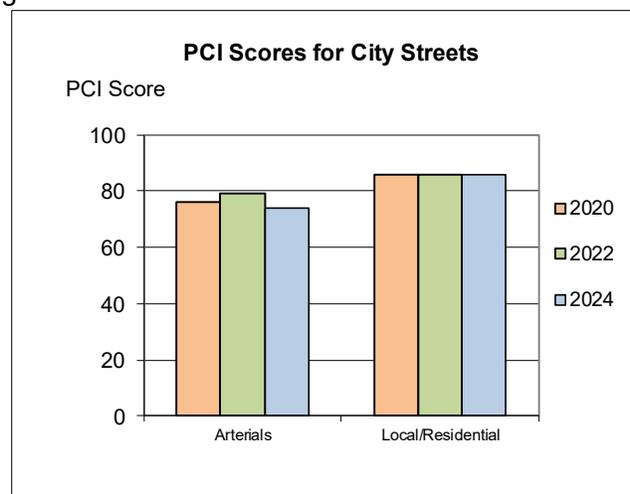
leased vehicle additions for \$0.1 million. Construction in Progress increased by \$1.4 million from new additions, but this was offset by \$15.4 million in deletions for completed projects, resulting in a net decrease of \$14.0 million. Projects continuing from the prior year and are on-going include the Bicycle Corridor project, Crucero Park playground rehabilitation, Felipe Road and Oso Parkway intersection improvement project, the Oso Parkway and I-5 freeway on ramp improvement project, I-5 Sound Wall project, the Olympiad Road/Lake Mission Viejo pedestrian crossing project, and the Core Area Vision Plan project. Projects completed during FY 2024/25 include the La Paz Bridge Rehabilitation and Road Widening project, Madrid Fore playground rehabilitation, World Cup Security Lighting project, the Audible Pedestrian Push Button project, and a catch basin debris screen installation project, increasing infrastructure and park improvements by a total of \$20.6 million. Generally, as the notice of completion (NOC) is filed on each project, the costs associated with each project will be deleted from the construction in progress capital asset category and added to the appropriate capital asset category in the year the NOC is filed. There were \$0.1 million in deletions of assets, including IT, playground, and recreation equipment, and one police motorcycle. Total asset additions were offset by current year depreciation of \$8.0 million, resulting in a net decrease in governmental activities capital assets of \$0.8 million.

The City funded a grant in the amount of \$1.0 million to Santa Margarita Water District to provide financial assistance for the construction of the Lake Mission Viejo Advanced Purified Water Treatment Facility. As part of that agreement, the City has the right to reduced water rates from the water district over a twenty-year period. This asset will be amortized at \$50,000 per year over twenty years. FY 2024/25 is the ninth year of amortization.

Business-type activities. Overall, capital assets decreased \$0.1 million. Total additions of \$0.6 million included \$0.4 million for the golf course event structure which was offset by a \$0.3 million decrease in Construction in Progress. There was an addition of \$94,000 for two vehicles for the animal services operation, \$82,000 for an HVAC unit for the golf course event structure, and \$20,000 for golf course irrigation controllers. Capital asset additions were offset by current year depreciation of \$0.4 million.

As allowed by GASB Statement No. 34, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the "modified approach," the City expenses certain maintenance and preservation costs and does not report depreciation expense. The assets accounted for under the "modified approach" are 226.2 miles of roads that the City is responsible for maintaining.

The City has continued to maintain the condition of its roads at a high level. The City Council's established minimum condition level is for categories of roads to have a Pavement Condition Index (PCI) rating of 75 or above, using the PCI methodology. There are five PCI categories ranging from "Very Good" to "Very Poor". Street categories are classified as Arterials or Local/Residential streets. The most recent condition assessment, completed in June 2024, indicated that arterial roadways were in "fair" condition with a PCI score of 74 and local/residential streets were in "very good" condition with a PCI score of 86. The current



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citywide weighted average Pavement Condition Index is 82, which is a decrease of two PCI points since the 2022 assessment. The City has 74.5% of its streets reported in the "Very Good" and "Good" categories, with 15.2% reported in the "Fair" category and 10.3% of its streets reported in the "Poor" and "Very Poor" categories.

For the last five fiscal years, total actual maintenance fell below total projected preservation needs by \$2.8 million. For FY 2024/25, actual expenditures fell below projected needs by \$1.1 million. On June 30, 2025, the City had \$0.4 million of unspent appropriations for arterial highway and residential street resurfacing projects that were carried over to FY 2025/26. The estimate assumes the streets in the worst condition will be repaired first. However, for street maintenance purposes the City is divided into seven geographic areas. By grouping the streets into these seven areas the City can maintain and preserve its streets in a more economical and productive manner. Once every seven years all streets in each area receive the maintenance and preservation work required to maintain the streets at or above the condition level adopted by City Council.

Additional information about the City's capital assets is presented in Note 6 of the Notes to Basic Financial Statements on pages 63-64 of this report and Note 2 of the Notes to Required Supplementary Information on pages 105-107.

Long-Term Debt. At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$64.6 million, decreasing \$4.7 million from the prior year balance of \$69.3 million.

Long-Term Liabilities (in millions)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2025	2024	2025	2024	2025	2024	2024-2025
	Revenue bonds	\$ 34.5	\$ 37.7	\$ -	\$ -	\$ 34.5	\$ 37.7
Bond Premium	1.0	1.1	-	-	1.0	1.1	-9.1%
Subtotal-bonds payable	35.5	38.8	-	-	35.5	38.8	-8.5%
Net pension liability	22.7	23.2	3.3	3.3	26.0	26.5	-1.9%
Net OPEB liability (asset)	(0.4)	0.1	-	-	(0.4)	0.1	-500.0%
Leases	0.5	0.5	0.2	0.3	0.7	0.8	-12.5%
Subscription arrangement	0.4	0.7	-	-	0.4	0.7	-42.9%
Compensated absences	2.3	2.2	0.1	0.2	2.4	2.4	0.0%
Total	\$ 61.0	\$ 65.5	\$ 3.6	\$ 3.8	\$ 64.6	\$ 69.3	-6.8%

Total principal on all bond debt issued decreased by \$3.2 million because of principal payments made during the fiscal year. The net pension liability decreased \$0.5 million from the prior year as net investment income exceeded the expected earnings during fiscal year 2023/24. The retiree healthcare liability shifted from an unfunded position of \$0.1 million to an overfunded position of \$0.4 million fiscal year 2023/24, primarily due to a \$224,000 contribution to the plan and actual experience exceeding actuarial expectations resulting in a gain for the plan. The City has seven active leases as of June 30, 2025. For governmental activities, five vehicle leases are for Chevrolet Silverado trucks used for Public Services Department and Public Works Department operations, one Dodge Ram truck used for Public Services Department operations, and one lease for Dell personal computer equipment for all City staff.

City of Mission Viejo

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Two of the Chevrolet Silverado truck leases were executed in the current fiscal year. Principal payments in the amount of \$152,000 were made during the year and the addition of new leases added \$108,000 to the liability, resulting in a year-end balance of \$474,900 for all governmental activities leases. Liabilities for subscription arrangements decreased \$0.3 million due to principal payments made during the fiscal year. For business-type activities, the City has existing leases for golf course maintenance equipment, golf carts, and a share of the Dell computer equipment lease assumed by the Animal Services and Mission Viejo Television Fund. Principal payments of \$101,700 were made during the fiscal year, resulting in a year-end balance of \$188,000 for business-type leases.

The California State Constitution limits the amount of general obligation bond debt a city may incur to 3.75% of its total assessed valuation, which for the City of Mission Viejo was \$850.3 million at June 30, 2025. The City has no general obligation bond debt outstanding.

Additional information on the City's long-term liabilities can be found in Note 8 of the Notes to Basic Financial Statements on pages 66-72 of this report. Additional information on the City's pension liability can be found in Note 18 on pages 81-87 of this report. Additional information on the City's OPEB liability can be found in Note 20 on pages 88-92 of this report.

Next Year's Budget, Tax Rates and Fee Levies

The fiscal year 2025/26 City budget was adopted in June 2025. This budget was prepared conservatively with property tax and sales tax estimates projected with conservative growth from the previous fiscal year. The total operating and capital improvement program budget were approved for \$97.5 million and \$10.1 million respectively. Prior to the adoption of the 2025/26 budget, City Council approved updates to the Animal Services, Library, Planning, Recreation, and Oso Creek Golf Course fee schedules. The purpose of the updates was to address increased service delivery costs, align fines and fees with state mandates and market comparables, and implement new or revised fees to adequately recover associated staff time and resources. All new fees and fee changes were effective July 1, 2025. There were no tax rate increases as part of the preparation and adoption of the fiscal year 2025/26 budget. The General Fund budget was adopted without the use of reserves, except for accumulated General Fund reserves restricted for environmental purposes, which will be used to convert aging infrastructure with energy efficient replacements. A comprehensive master fee schedule can be located on the finance page of the City website at the following link. <https://cityofmissionviejo.org/departments/finance/master-fee-schedule>.

Requests for Information

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



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Basic Financial Statements



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City of Mission Viejo

Basic Financial Statements Overview Year Ended June 30, 2025

The following basic financial statements, which consist of Government-wide Financial Statements and Fund Financial Statements, along with the Notes to Basic Financial Statements, present an overview of the City's financial position at June 30, 2025 and the results of its operations and cash flows for the fiscal year.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement on the full accrual basis of accounting even though some items will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Fund Types

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

Proprietary Fund Type

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

Fiduciary Fund Types

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



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City of Mission Viejo

Statement of Net Position June 30, 2025 (With Comparative Totals as of June 30, 2024)

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	
			2025	2024
Assets:				
Cash and investments	\$ 60,741,327	\$ 10,634,752	\$ 71,376,079	\$ 64,115,398
Restricted cash and investments - pension	4,704,985	-	4,704,985	8,791,950
Restricted cash and investments - fiscal agent	8,453,608	-	8,453,608	4,279,697
Receivables:				
Accounts	566,114	33,011	599,125	469,930
Taxes	4,490,260	83,179	4,573,439	5,954,660
Loans	1,946,955	-	1,946,955	1,927,054
Interest	544,215	3,412	547,627	455,003
Intergovernmental	4,242,943	11,552	4,254,495	7,525,404
Notes	2,611,140	-	2,611,140	1,958,702
Lease	-	349,056	349,056	358,479
Interfund balances	46,352	(46,352)	-	-
Prepaid items	28,750	3,127	31,877	85,004
Deposits	430	-	430	430
Due from developers	1,878,280	-	1,878,280	1,932,513
Due from Successor Agency	74,927	-	74,927	-
Land held for resale	10,245,000	-	10,245,000	10,245,000
Net OPEB asset	411,975	18,866	430,841	-
Capital assets, not being depreciated	512,076,650	11,083,377	523,160,027	533,863,949
Capital assets, net of accumulated depreciation	158,869,653	3,122,939	161,992,592	152,166,778
Total assets	771,933,564	25,296,919	797,230,483	794,129,951
Deferred outflows of resources:				
Deferred outflows related to pension	7,007,902	1,023,255	8,031,157	9,943,419
Deferred outflows related to OPEB	421,438	19,284	440,722	1,212,414
Deferred outflows related to refunding changes	391,810	-	391,810	457,112
Total deferred outflows of resources	7,821,150	1,042,539	8,863,689	11,612,945
Liabilities:				
Accounts payable	5,898,393	607,423	6,505,816	5,934,639
Accrued payroll	853,659	101,416	955,075	792,473
Accrued interest payable	728,739	13,365	742,104	906,004
Unearned revenue	352,702	56,952	409,654	3,166,473
Deposits payable	926,530	11,458	937,988	1,261,937
Retainage payable	360,149	-	360,149	1,029,874
Interfund note payable	-	794,231	794,231	-
Intergovernmental payable	9,813	187,761	197,574	29,609
Other liabilities	16,794	-	16,794	19,800
Long term liabilities				
Due within one year	4,355,361	252,354	4,607,715	5,376,606
Due in more than one year	34,340,106	36,099	34,376,205	37,351,753
Net pension liability	22,731,168	3,318,388	26,049,556	26,474,164
Net OPEB liability	-	-	-	112,635
Total liabilities	70,573,414	5,379,447	75,952,861	82,455,967
Deferred inflows of resources:				
Deferred inflows related to pension	109,413	15,904	125,317	304,339
Deferred inflows related to OPEB	540,427	24,805	565,232	567,680
Deferred inflows related to leases	-	349,056	349,056	358,479
Total deferred inflows of resources	649,840	389,765	1,039,605	1,230,498
Net position:				
Net investment in capital assets	641,979,247	13,995,196	655,974,443	658,412,095
Restricted for:				
Community development	9,863,015	-	9,863,015	10,282,626
Core Area Vision Plan capital project	6,247,476	-	6,247,476	-
General government - mgmt & support	189,521	-	189,521	-
Engineering and transportation	8,827,604	-	8,827,604	9,137,579
Infrastructure maintenance	16,838	-	16,838	529,391
Library services	1,020,725	-	1,020,725	1,049,295
Public safety	363,965	-	363,965	302,453
Recreation	494,177	-	494,177	600,247
Debt service	2,206,132	-	2,206,132	2,273,984
Pension	7,329,490	-	7,329,490	7,093,992
Unrestricted	29,993,270	6,575,050	36,568,320	32,374,769
Total net position	\$ 708,531,460	\$ 20,570,246	\$ 729,101,706	\$ 722,056,431

See accompanying notes to the basic financial statements

City of Mission Viejo

Statement of Activities

For the Year Ended June 30, 2025 (With Comparative Totals as of June 30, 2024)

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General Government-Legislative	\$ 1,127,442	\$ -	\$ -	\$ -
General Government-Management & Support	13,096,036	1,222,387	3,021,913	-
Public Safety	26,857,486	561,331	915,052	-
Community Development	4,379,911	4,431,281	297,653	-
Engineering & Transportation	12,064,840	974,768	8,488,825	4,075,412
Infrastructure Maintenance	28,448,086	758,624	137,663	-
Rec/Community/Library Services	13,458,878	4,167,384	402,444	-
Interest on long-term debt	764,275	-	-	-
Total governmental activities	100,196,954	12,115,775	13,263,550	4,075,412
Business-type activities:				
Mission Viejo Television Fund	169,614	352,963	-	-
Golf Operations Fund	5,101,941	5,654,301	-	-
Animal Services Fund	4,411,454	2,898,368	489,949	-
Total business-type activities	9,683,009	8,905,632	489,949	-
Total	\$ 109,879,963	\$ 21,021,407	\$ 13,753,499	\$ 4,075,412

General revenues:

Taxes:

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

Transfers

Total general revenues

Change in net position

Net position, beginning of fiscal year

Net position at end of fiscal year

See accompanying notes to the basic financial statements

**Net (Expense) Revenues and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total	
		2025	2024
\$ (1,127,442)	\$ -	\$ (1,127,442)	\$ (2,174,383)
(8,851,736)	-	(8,851,736)	(11,606,654)
(25,381,103)	-	(25,381,103)	(23,635,664)
349,023	-	349,023	(297,809)
1,474,165	-	1,474,165	6,820,482
(27,551,799)	-	(27,551,799)	(25,924,064)
(8,889,050)	-	(8,889,050)	(7,670,928)
(764,275)	-	(764,275)	(1,203,921)
<u>(70,742,217)</u>	<u>-</u>	<u>(70,742,217)</u>	<u>(65,692,941)</u>
-	183,349	183,349	126,550
-	552,360	552,360	410,625
<u>-</u>	<u>(1,023,137)</u>	<u>(1,023,137)</u>	<u>(338,830)</u>
<u>-</u>	<u>(287,428)</u>	<u>(287,428)</u>	<u>198,345</u>
<u>(70,742,217)</u>	<u>(287,428)</u>	<u>(71,029,645)</u>	<u>(65,494,596)</u>
47,455,034	-	47,455,034	45,328,614
20,529,953	-	20,529,953	20,853,891
3,673,001	-	3,673,001	3,834,082
780,125	-	780,125	659,429
1,181,839	-	1,181,839	1,393,578
147,580	-	147,580	115,696
3,564,536	465,989	4,030,525	2,694,217
(110,160)	-	(110,160)	3,355,137
387,023	-	387,023	493,318
<u>(879,629)</u>	<u>879,629</u>	<u>-</u>	<u>-</u>
<u>76,729,302</u>	<u>1,345,618</u>	<u>78,074,920</u>	<u>78,727,962</u>
5,987,085	1,058,190	7,045,275	13,233,366
<u>702,544,375</u>	<u>19,512,056</u>	<u>722,056,431</u>	<u>708,823,065</u>
<u>\$ 708,531,460</u>	<u>\$ 20,570,246</u>	<u>\$ 729,101,706</u>	<u>\$ 722,056,431</u>

See accompanying notes to the basic financial statements

City of Mission Viejo

Basic Financial Statements - Overview Year Ended June 30, 2025

DESCRIPTION OF GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS:

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

City of Mission Viejo

Basic Financial Statements - Overview Year Ended June 30, 2025

NON-MAJOR GOVERNMENTAL FUNDS:

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

DESCRIPTION OF PROPRIETARY FUNDS

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

MAJOR ENTERPRISE FUNDS:

GOLF OPERATIONS FUND - To account for the operation of the Oso Creek Golf Course, which includes the golf course, clubhouse, maintenance yard, and slopes surrounding the golf course. Funded by user fees, merchandise, event revenue, and food and beverage revenue.

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

NON-MAJOR ENTERPRISE FUND:

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

DESCRIPTION OF FIDUCIARY FUNDS

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

PRIVATE-PURPOSE TRUST FUND

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

City of Mission Viejo

Governmental Funds

Balance Sheet

June 30, 2025 (With Comparative Totals as of June 30, 2024)

	General Fund	Developer Fees Fund	Grants Fund	Capital Projects Fund
Assets:				
Cash and investments	\$ 53,239,152	\$ 29,640	\$ 496,155	\$ 849,779
Receivables:				
Accounts	565,794	-	-	-
Taxes	4,019,314	-	30,075	371,592
Loans	2,073	-	1,839,899	-
Interest	538,502	-	-	-
Prepaid items	28,750	-	-	-
Deposits	430	-	-	-
Intergovernmental receivable	35,975	271,729	154,237	2,336,077
Interfund receivable	2,582,612	-	-	-
Notes receivables	2,611,140	-	-	-
Interfund note receivable	4,918,000	-	-	-
Due from developers	-	-	-	-
Due from Successor Agency	74,927	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments - pension	4,704,985	-	-	-
Cash and investments - fiscal agents	-	-	-	-
Total assets	\$ 73,321,654	\$ 301,369	\$ 2,520,366	\$ 3,557,448
Liabilities, deferred inflows of resources, and fund balances:				
Liabilities:				
Accounts payable	\$ 4,657,317	\$ 25,085	\$ 80,907	\$ 726,795
Accrued payroll	761,470	-	1,525	750
Unearned revenues	352,702	-	-	-
Deposits payable	926,530	-	-	-
Intergovernmental payable	8,123	-	-	-
Interfund payable	-	246,644	102,019	1,697,667
Other liabilities	16,794	-	-	-
Retainage payable	38,980	-	-	92,717
Interfund note payable	-	-	-	-
Total liabilities	6,761,916	271,729	184,451	2,517,929
Deferred inflows of resources:				
Unavailable revenue	5,333,220	271,729	1,876,489	2,336,077
Total deferred inflows of resources	5,333,220	271,729	1,876,489	2,336,077
Fund balances:				
Nonspendable	31,253	-	-	-
Restricted for:				
Community development	-	-	636	-
Core Area Vision Plan capital project	-	-	-	-
Debt service	-	-	-	-
Engineering and transportation	1,097,217	-	-	-
Library services	-	-	-	-
Public safety	-	-	-	-
Recreation	-	-	494,177	-
Pension	7,329,490	-	-	-
Assigned	40,900,000	-	-	-
Unassigned	11,868,558	(242,089)	(35,387)	(1,296,558)
Total fund balances	61,226,518	(242,089)	459,426	(1,296,558)
Total liabilities, deferred inflows of resources, and fund balances	\$ 73,321,654	\$ 301,369	\$ 2,520,366	\$ 3,557,448

See accompanying notes to the basic financial statements

Mission Viejo Housing Authority Fund	ARPA Fund	Total Nonmajor Funds	Totals	
			2025	2024
\$ 572,561	\$ -	\$ 5,554,040	\$ 60,741,327	\$ 54,767,919
-	-	320	566,114	461,710
-	-	69,279	4,490,260	5,866,082
104,983	-	-	1,946,955	1,927,054
5,713	-	-	544,215	452,287
-	-	-	28,750	84,889
-	-	-	430	430
-	-	1,444,925	4,242,943	7,525,404
-	-	-	2,582,612	5,673,265
-	-	-	2,611,140	1,958,702
-	-	-	4,918,000	5,755,441
1,878,280	-	-	1,878,280	1,932,513
-	-	-	74,927	-
10,245,000	-	-	10,245,000	10,245,000
-	-	-	4,704,985	4,279,697
-	-	8,453,608	8,453,608	8,791,950
<u>\$ 12,806,537</u>	<u>\$ -</u>	<u>\$ 15,522,172</u>	<u>\$ 108,029,546</u>	<u>\$ 109,722,343</u>
\$ 650	\$ -	\$ 407,639	\$ 5,898,393	\$ 5,319,826
-	-	89,914	853,659	697,358
-	-	-	352,702	3,148,594
-	-	-	926,530	1,250,888
-	-	1,690	9,813	7,735
505	-	489,425	2,536,260	5,625,334
-	-	-	16,794	19,800
-	-	228,452	360,149	1,029,874
4,918,000	-	-	4,918,000	4,918,000
<u>4,919,155</u>	<u>-</u>	<u>1,217,120</u>	<u>15,872,300</u>	<u>22,017,409</u>
<u>1,878,280</u>	<u>-</u>	<u>577,265</u>	<u>12,273,060</u>	<u>11,983,368</u>
<u>1,878,280</u>	<u>-</u>	<u>577,265</u>	<u>12,273,060</u>	<u>11,983,368</u>
-	-	-	31,253	87,536
6,009,102	-	1,365	6,011,103	5,997,461
-	-	6,247,476	6,247,476	6,517,966
-	-	2,206,132	2,206,132	2,273,984
-	-	4,433,598	5,530,815	7,132,674
-	-	1,020,725	1,020,725	1,049,295
-	-	363,965	363,965	302,453
-	-	-	494,177	600,247
-	-	-	7,329,490	7,093,992
-	-	-	40,900,000	10,000,000
-	-	(545,474)	9,749,050	34,665,958
<u>6,009,102</u>	<u>-</u>	<u>13,727,787</u>	<u>79,884,186</u>	<u>75,721,566</u>
<u>\$ 12,806,537</u>	<u>\$ -</u>	<u>\$ 15,522,172</u>	<u>\$ 108,029,546</u>	<u>\$ 109,722,343</u>

See accompanying notes to the basic financial statements
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MISSION VIEJO

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City of Mission Viejo

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2025

Fund balances of governmental funds	\$ 79,884,186
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	670,946,303
Long-term debt, leases, and compensated absences that have not been included in the governmental fund activity:	
Net pension liability	(22,731,168)
OPEB asset	411,975
Bonds payable	(35,512,115)
Lease and SBITA liabilities	(834,294)
Deferred outflows related to refunding charges	391,810
Compensated absences	(2,349,058)
Deferred inflows and outflows of resources related to pension that have not been included in the government funds:	
Pension related deferred outflow of resources	7,007,902
Pension related deferred inflows of resources	(109,413)
Deferred inflows and outflows of resources related to OPEB that have not been included in the government funds:	
OPEB related deferred outflows of resources	421,438
OPEB related deferred inflows of resources	(540,427)
Accrued interest payable for the current portion of interest due on bonds that has not been reported in the governmental funds	(728,739)
Receivables that are measurable, but not available, are recorded as deferred inflow of sources under the modified accrual basis accounting	<u>12,273,060</u>
Net position of governmental activities	<u>\$ 708,531,460</u>

See accompanying notes to the basic financial statements

City of Mission Viejo

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2025 (With Comparative Totals for the Ended June 30, 2024)

	General Fund	Developer Fees Fund	Grants Fund	Capital Projects Fund
Revenues:				
Taxes	\$ 67,377,674	\$ -	\$ -	\$ -
Licenses and permits	3,168,771	-	-	-
Intergovernmental	872,773	-	757,477	5,101,187
Charges for services	6,319,420	-	-	-
Investment earnings	2,759,405	1,073	20,669	83,655
Fines and forfeitures	780,429	-	-	-
Developer fees	-	-	-	-
Other	2,363,626	-	77,030	65,527
Total revenues	83,642,098	1,073	855,176	5,250,369
Expenditures:				
Current:				
General Government-Legislative	1,082,884	-	-	-
General Government-Management and Support	10,651,828	-	6,014	-
Public Safety	26,381,368	-	-	-
Community Development	3,540,566	-	294,824	-
Engineering & Transportation	2,601,552	-	-	45,980
Infrastructure Maintenance	23,378,236	-	2,855	-
Rec/Community/Library Services	7,195,518	-	367,021	-
Debt service:				
Principal	339,399	-	-	-
Interest	35,982	-	-	-
Capital outlay				
Engineering & Transportation	910,104	39,147	225,867	6,861,606
Infrastructure Maintenance	1,399,541	-	9,044	30,280
Rec/Community/Library Services	-	-	-	-
Total expenditures	77,516,978	39,147	905,625	6,937,866
Excess (deficiency) of revenues over (under) expenditures	6,125,120	(38,074)	(50,449)	(1,687,497)
Other financing sources (uses):				
Transfers in	4,152,641	-	-	-
Transfers out	(3,311,119)	-	(33,754)	-
Acquisition of leases and IT subscriptions	102,817	-	-	-
Sale of City property	24,390	-	-	-
Total other financing sources (uses)	968,729	-	(33,754)	-
Net change in fund balances	7,093,849	(38,074)	(84,203)	(1,687,497)
Fund balances, beginning of fiscal year	54,132,669	(204,015)	543,629	390,939
Fund balances, end of fiscal year	\$ 61,226,518	\$ (242,089)	\$ 459,426	\$ (1,296,558)

See accompanying notes to the basic financial statements

Mission Viejo Housing Authority Fund	ARPA Fund	Total Nonmajor Funds	Totals	
			2025	2024
\$ -	\$ -	\$ 4,057,554	\$ 71,435,228	\$ 69,881,792
-	-	-	3,168,771	2,605,937
-	2,919,692	8,712,957	18,364,086	22,412,348
-	-	183,045	6,502,465	5,994,510
25,764	-	673,971	3,564,537	3,269,479
-	-	10,065	790,494	745,411
-	-	-	-	1,451,799
-	-	119,119	2,625,302	1,818,196
<u>25,764</u>	<u>2,919,692</u>	<u>13,756,711</u>	<u>106,450,883</u>	<u>108,179,472</u>
-	-	-	1,082,884	2,128,044
-	-	39,674	10,697,516	11,560,485
-	-	405,424	26,786,792	24,996,144
12,877	-	5,808	3,854,075	4,889,923
-	-	994,643	3,642,175	3,452,659
-	-	564,031	23,945,122	24,658,864
-	-	3,558,868	11,121,407	10,135,138
-	-	3,348,936	3,688,335	3,551,584
-	-	937,392	973,374	1,058,868
-	-	6,268,572	14,305,296	16,895,018
-	-	-	1,438,865	2,047,550
-	-	-	-	366,000
<u>12,877</u>	<u>-</u>	<u>16,123,348</u>	<u>101,535,841</u>	<u>105,740,277</u>
<u>12,887</u>	<u>2,919,692</u>	<u>(2,366,637)</u>	<u>4,915,042</u>	<u>2,439,195</u>
-	-	2,901,267	7,053,908	6,917,933
-	(2,919,692)	(1,668,972)	(7,933,537)	(7,679,069)
-	-	-	102,817	967,663
-	-	-	24,390	5,968
<u>-</u>	<u>(2,919,692)</u>	<u>1,232,295</u>	<u>(752,422)</u>	<u>212,495</u>
12,887	-	(1,134,342)	4,162,620	2,651,690
<u>5,996,215</u>	<u>-</u>	<u>14,862,129</u>	<u>75,721,566</u>	<u>73,069,876</u>
<u>\$ 6,009,102</u>	<u>\$ -</u>	<u>\$ 13,727,787</u>	<u>\$ 79,884,186</u>	<u>\$ 75,721,566</u>

See accompanying notes to the basic financial statements

City of Mission Viejo

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2025

Net changes in fund balances - total governmental funds \$ 4,162,620

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

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.

Capital asset expenditures	7,313,434
Disposition of capital assets	(134,550)
Depreciation/amortization expense	(7,950,560)

Long-term debt and leases that have not been included in governmental fund activity:

Issuance of new debt	(107,940)
Principal payments	3,651,346
Premium and deferred refunding charges amortization	45,219

Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.

Current year interest expense	163,880
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Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

(123,126)

Pension and OPEB expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, these expenses include the change in the net pension and OPEB liability (asset), and related change in pension and OPEB amounts for deferred outflows of resources and deferred inflows of resources.

Pension related net adjustments	(1,107,030)
OPEB related net adjustments	(215,900)

Certain revenues in the governmental funds that are measurable but not available are recorded as a deferred inflow of resources under the modified accrual basis of accounting. These revenues are included on the accrual basis of accounting used in the Government-wide statements. Amount represents the change during the year.

289,692

Change in net position of governmental activities \$ 5,987,085

City of Mission Viejo

Proprietary Funds Statement of Fund Net Position June 30, 2025 (With Comparative Totals as of June 30, 2024)

	Business-Type Activities			Totals	
	Golf	Animal	Nonmajor	2025	2024
	Operations	Services Fund	Mission Viejo		
Fund		Television Fund			
Assets:					
Current:					
Cash and investments	\$ 1,651,334	\$ 6,291,712	\$ 2,691,706	\$ 10,634,752	\$ 9,347,479
Accounts receivable	33,011	-	-	33,011	8,220
Taxes receivable	-	-	83,179	83,179	88,578
Interest receivable	3,412	-	-	3,412	2,716
Prepaid Items	155	2,972	-	3,127	115
Intergovernmental receivable	-	11,552	-	11,552	-
Interfund receivable	-	-	-	-	11,870
Inventories	-	-	-	-	-
Total current assets	1,687,912	6,306,236	2,774,885	10,769,033	9,458,978
Noncurrent:					
Lease receivable	-	349,056	-	349,056	358,479
Net OPEB asset	-	18,064	802	18,866	-
Capital assets not being depreciated	10,522,000	561,377	-	11,083,377	11,419,699
Capital assets - net of accumulated depreciation	1,739,814	1,373,946	9,179	3,122,939	2,893,049
Total noncurrent assets	12,261,814	2,302,443	9,981	14,574,238	14,671,227
Total assets	13,949,726	8,608,679	2,784,866	25,343,271	24,130,205
Deferred outflows of resources:					
Deferred amounts from pension plan	-	1,023,255	-	1,023,255	1,245,911
Deferred amounts from OPEB plan	-	18,272	1,012	19,284	53,010
Total deferred outflows of resources	-	1,041,527	1,012	1,042,539	1,298,921
Liabilities:					
Current:					
Accounts payable	509,122	89,273	9,028	607,423	614,813
Accrued payroll	-	101,416	-	101,416	95,115
Unearned revenues	54,780	2,172	-	56,952	17,879
Interest payable	13,365	-	-	13,365	13,385
Deposits payable	-	11,458	-	11,458	11,049
Intergovernmental payable	-	187,761	-	187,761	21,874
Interfund payable	-	-	46,352	46,352	59,801
Interfund note payable	794,231	-	-	794,231	837,441
Compensated absences, current portion	-	80,078	-	80,078	167,233
Leases payable, current portion	164,955	6,901	420	172,276	101,714
Total current liabilities	1,536,453	479,059	55,800	2,071,312	1,940,304
Noncurrent:					
Compensated absences, net	-	20,319	-	20,319	45,088
Leases payable	-	14,875	905	15,780	188,056
Net pension liability	-	3,318,388	-	3,318,388	3,317,213
Net OPEB liability	-	-	-	-	4,885
Total noncurrent liabilities	-	3,353,582	905	3,354,487	3,555,242
Total liabilities	1,536,453	3,832,641	56,705	5,425,799	5,495,546
Deferred inflows of resources:					
Lease related	-	349,056	-	349,056	358,479
Deferred amounts from pension plan	-	15,904	-	15,904	38,133
Deferred amounts from OPEB plan	-	23,645	1,160	24,805	24,912
Total deferred inflows of resources	-	388,605	1,160	389,765	421,524
Net position:					
Net investment in capital assets	12,073,795	1,913,547	7,854	13,995,196	14,022,978
Unrestricted	339,478	3,515,413	2,720,159	6,575,050	5,489,078
Total net position	\$ 12,413,273	\$ 5,428,960	\$ 2,728,013	\$ 20,570,246	\$ 19,512,056

See accompanying notes to the basic financial statements

City of Mission Viejo

**Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
June 30, 2025 (With Comparative Totals as of June 30, 2024)**

	Business-Type Activities			Totals	
	Golf Operations Fund	Animal Services Fund	Nonmajor Mission Viejo Television Fund	2025	2024
Operating revenues:					
Licenses and permits	\$ -	\$ 799,075	\$ -	\$ 799,075	\$ 872,910
Charges for services	5,654,301	1,982,450	12,415	7,649,166	6,910,539
Franchise fees	-	-	340,548	340,548	359,978
Fines and forfeitures	-	116,843	-	116,843	74,416
Other	-	489,949	-	489,949	722,735
Total operating revenues	<u>5,654,301</u>	<u>3,388,317</u>	<u>352,963</u>	<u>9,395,581</u>	<u>8,940,578</u>
Operating expenses:					
Personnel services	-	3,222,392	403	3,222,795	2,880,464
Supplies	1,249,684	249,896	14,129	1,513,709	1,349,479
Utilities	241,010	163,914	44,535	449,459	412,289
Contractual services	3,276,335	596,741	107,300	3,980,376	3,629,410
Rent	9,327	1,826	-	11,153	9,766
Depreciation	232,432	157,808	3,157	393,397	370,181
Other expenses	64,121	17,402	-	81,523	58,175
Total operating expenses	<u>5,072,909</u>	<u>4,409,979</u>	<u>169,524</u>	<u>9,652,412</u>	<u>8,709,764</u>
Operating income (loss)	<u>581,392</u>	<u>(1,021,662)</u>	<u>183,439</u>	<u>(256,831)</u>	<u>230,814</u>
Nonoperating revenue (expense):					
Investment income	32,808	304,654	128,527	465,989	346,720
Interest expense	(29,032)	(1,475)	(90)	(30,597)	(32,469)
Gain on disposal of property	-	-	-	-	4,169
Total non-operating revenue (expense)	<u>3,776</u>	<u>303,179</u>	<u>128,437</u>	<u>435,392</u>	<u>318,420</u>
Income (loss) before contribution and transfers	<u>585,168</u>	<u>(718,483)</u>	<u>311,876</u>	<u>178,561</u>	<u>549,234</u>
Transfers					
Transfers in	-	879,629	-	879,629	761,136
Total transfer	<u>-</u>	<u>879,629</u>	<u>-</u>	<u>879,629</u>	<u>761,136</u>
Net change in net position	<u>585,168</u>	<u>161,146</u>	<u>311,876</u>	<u>1,058,190</u>	<u>1,310,370</u>
Net position - beginning of year	<u>11,828,105</u>	<u>5,267,814</u>	<u>2,416,137</u>	<u>19,512,056</u>	<u>18,201,686</u>
Net position - end of fiscal year	<u>\$ 12,413,273</u>	<u>\$ 5,428,960</u>	<u>\$ 2,728,013</u>	<u>\$ 20,570,246</u>	<u>\$ 19,512,056</u>

See accompanying notes to the basic financial statements

City of Mission Viejo

Proprietary Funds Statement of Cash Flows For the Year Ended June 30, 2025 (With Comparative Totals as of June 30, 2024)

	Business-Type Activities			Totals	
	Golf	Animal	Nonmajor	2025	2024
	Operations Fund	Services Fund	Mission Viejo Television Fund		
Cash flows from operating activities:					
Cash received from customers and users	\$ 5,668,519	\$ 3,376,829	\$ 358,362	\$ 9,403,710	\$ 8,932,192
Cash paid to suppliers for goods and services	(4,870,826)	(845,997)	(163,503)	(5,880,326)	(5,277,292)
Cash paid to employees for services	-	(3,063,533)	(53,415)	(3,116,948)	(2,760,075)
Net cash provided by (used by) operating activities	797,693	(532,701)	141,444	406,436	894,825
Cash flows from noncapital financing activities:					
Cash transfers in from other funds	-	879,629	-	879,629	761,136
Cash paid (to) from other funds	(11,870)	11,870	(1,579)	(1,579)	-
Net cash provided by (used by) noncapital financing activities	(11,870)	891,499	(1,579)	878,050	761,136
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(193,279)	(93,686)	-	(286,965)	(487,334)
Proceeds on lease debt	-	-	-	-	38,609
Principal on debt paid	(137,965)	(6,560)	(399)	(144,924)	(142,447)
Interest on debt paid	(29,052)	(1,475)	(90)	(30,617)	(33,121)
Disposal of capital assets	-	-	-	-	4,169
Net cash provided by (used by) capital and related financing activities	(360,296)	(101,721)	(489)	(462,506)	(620,124)
Cash flows from investing activities:					
Interest received on investments	32,112	304,654	128,527	465,293	344,004
Net cash provided by (used by) investing activities	32,112	304,654	128,527	465,293	344,004
Net increase in cash and cash equivalents	457,639	561,731	267,903	1,287,273	1,379,841
Cash and cash equivalents at beginning of fiscal year	1,193,695	5,729,981	2,423,803	9,347,479	7,967,638
Cash and cash equivalents at end of fiscal year	\$ 1,651,334	\$ 6,291,712	\$ 2,691,706	\$ 10,634,752	\$ 9,347,479
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 581,392	\$ (1,021,662)	\$ 183,439	\$ (256,831)	\$ 230,814
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	232,432	157,808	3,157	393,397	370,181
Decrease (increase) in receivables	(24,791)	-	5,399	(19,392)	(13,888)
Decrease (increase) in prepaid items	(40)	(2,972)	-	(3,012)	2,880
Decrease (increase) in intergovernmental receivables	-	(11,552)	-	(11,552)	61,037
Decrease (increase) in inventories	-	-	-	-	52,287
Decrease (increase) in net OPEB asset	-	(18,064)	(802)	(18,866)	-
Decrease (increase) in deferred outflows	-	227,107	29,275	256,382	66,361
Increase (decrease) in accounts payable	(30,280)	20,429	2,461	(7,390)	151,499
Increase (decrease) in accrued payroll	-	6,590	(289)	6,301	22,939
Increase (decrease) in intergovernmental payables	(29)	165,916	-	165,887	(103,638)
Increase (decrease) in deposits payable	-	409	-	409	906
Increase (decrease) in compensated absences	-	(105,932)	(5,992)	(111,924)	(7,463)
Increase (decrease) in unearned revenues	39,009	64	-	39,073	13,241
Increase (decrease) in pension and OPEB liabilities	-	70,638	(74,348)	(3,710)	60,881
Increase (decrease) in deferred inflows	-	(21,480)	(856)	(22,336)	(13,212)
Total adjustments	216,301	488,961	(41,995)	663,267	664,011
Net cash provided by operating activities	\$ 797,693	\$ (532,701)	\$ 141,444	\$ 406,436	\$ 894,825

There are no significant noncash investing, capital or financing activities for the years June 30, 2025 and 2024.

See accompanying notes to the basic financial statements

City of Mission Viejo

**Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2025 (With Comparative Totals as of June 30, 2024)**

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private-Purpose Trust Fund	
	2025	2024
Assets:		
Cash and investments	\$ 1,030,449	\$ 971,593
Prepaid items	13,810	13,810
Total assets	1,044,259	985,403
Liabilities:		
Accounts payable	593	6,048
Intergovernmental payable - City	74,927	-
Total liabilities	75,520	6,048
Net position:		
Held in trust for former redevelopment obligations	968,739	979,355
Total net position	\$ 968,739	\$ 979,355

See accompanying notes to the basic financial statements

City of Mission Viejo

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2025 (With Comparative Totals as of June 30, 2024)

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private-Purpose Trust Fund	
	2025	2024
Additions:		
Taxes	\$ 1,913,856	\$ 1,869,421
Total additions	<u>1,913,856</u>	<u>1,869,421</u>
Deductions:		
Administrative expenses	178,614	191,712
Contributions to other governments	1,721,035	1,724,799
Other expenses	24,823	27,353
Total deductions	<u>1,924,472</u>	<u>1,943,864</u>
Change in net position	(10,616)	(74,443)
Net position - beginning of fiscal year	<u>979,355</u>	<u>1,053,798</u>
Net position - end of fiscal year	<u>\$ 968,739</u>	<u>\$ 979,355</u>

See accompanying notes to the basic financial statements



MISSION VIEJO

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City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

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

Blended Component Units

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

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

Mission Viejo Community Development Financing Authority (Financing Authority) was formed as a joint powers authority on June 2, 1997 by the City and the former Community Development Agency. Its purpose is to serve as the issuer of bonds for the construction of capital facilities for the City. The activities of the Financing Authority are recorded in the 1999 Mall Bonds, the 2016 Lease Revenue Refunding Bonds and the 2021 Core Area Lease Revenue Bonds debt service funds. Separate financial statements are not prepared for the Financing Authority.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

(a) Reporting Entity, (continued)

Blended Component Units, (continued)

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

(b) Basis of Accounting and Measurement Focus

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

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

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

Government-wide Financial Statements

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

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

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

Government-wide Financial Statements, (continued)

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

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

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

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

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

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

Government Funds

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

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

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

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

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2025**

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

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

Governmental Funds, (continued)

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

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

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

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

Proprietary Funds

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. In the Mission Viejo Television proprietary fund, the City also recognizes as operating revenue a portion of franchise fees received from the City's cable television provider. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

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

Proprietary Funds, (continued)

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

Fiduciary Funds

The City maintains one fiduciary fund type for the year ended June 30, 2025. The fund is a private-purpose trust fund which uses the economic resources measurement focus and the accrual basis of accounting. Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

(c) Fund Classifications

The City reports the following major governmental funds:

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

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

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

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

Mission Viejo Housing Authority Fund - This special revenue fund represents the remaining resources available to carry out the community's affordable housing obligations after the dissolution of the former Redevelopment Agency effective February 1, 2012.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

(c) Fund Classifications, (continued)

Mission Viejo Housing Authority Fund, (continued)

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

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

The City reports the following major proprietary funds:

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

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

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

Special Revenue Funds - The City maintains a total of twelve special revenue funds: three major special revenue funds discussed above and nine nonmajor special revenue funds. The other funds account for financial resources related to gas tax, library operations, law enforcement grants, air quality, Project V, Building Homes & Jobs Act (SB2), Accessibility Compliance CASp, Federal Opioid Settlement and Coronavirus Aid, Relief, and Economic Security (CARES) Act Assistance. These specific revenues are legally restricted and expended for specific purposes.

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

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

Enterprise Funds - The City maintains a total of three enterprise funds: two major as discussed above and one nonmajor. The nonmajor fund accounts for the operation of Mission Viejo Television (MVTV), a government access channel funded by user fees and charges as well as by a portion of the franchise fee paid by the City's cable television providers.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

(c) Fund Classifications, (continued)

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

(d) Cash and Investments

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

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

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

(e) Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. One of these items arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue related to items received outside the City's availability period.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

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

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, deferred inflows - pension related, is associated with the recording of the pension liability. The third item, deferred inflows - OPEB related, is associated with the recording of the OPEB liability. The fourth item, lease related, is associated with the lease receivable from a ground lease agreement reported in the Animal Services Fund.

(f) Interfund Receivables

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

(g) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets or donated works of art and similar items are reported at acquisition value. Capital assets received in a service concession arrangement are also reported at acquisition value. Capital asset purchases are capitalized if they have an expected useful life of 2 years or more and based on the following thresholds:

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

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

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

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method to depreciate all assets except land, rights of way, street infrastructure network and certain library materials. Land, rights of way and certain library materials are not depreciated. For the street infrastructure network, the City has elected to use the modified approach for recording capital assets. Under the modified approach, infrastructure assets that are part of a network or subsystem of a network are not required to be depreciated as long as two requirements are met. First, the government manages the eligible infrastructure assets using an asset management system that has the following characteristics:

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

(g) Capital Assets, (continued)

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

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

Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The range of lives used for depreciation purposes for each capital asset class is as follows:

<u>Asset Type</u>	<u>Useful Life</u>
Buildings and improvements	32 years
Park improvements	15 years
Equipment, computers, furniture	5-7 years
Vehicles	3-5 years
Library Collection – media	5 years
Library Collection – print/genealogy	10 years
Infrastructure – curbs and gutters	75 years
Infrastructure – sidewalks	75 years
Infrastructure – roadway bridges	75 years
Infrastructure – traffic signals	30 years
Infrastructure – medians, parkways, trees	75 years
Infrastructure – storm drains	75 years
Water rights	20 years

(h) Compensated Absences

The City provides to its employees a comprehensive annual leave program. Leave pay is payable at the time it is taken or upon termination. There is also an optional, voluntary buyback program, subject to certain limitations. An employee cannot accrue more than three times his/her annual entitlement. The City accounts for compensated absences in accordance with GASB Statement No. 101. Expenditures related to compensated absence liabilities are only recognized in the fund financial statements when they become due and payable.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

(i) Property Taxes

Property tax revenue is recognized in accordance with GASB Codification Section P70; that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period. Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 a.m. on the first day of January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year, and are delinquent, if unpaid, on August 31.

(j) Prepaid Items and Inventory

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

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

(k) Use of Estimates

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

(l) Pension Plan

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

(l) Pension Plan (continued)

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

(m) Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

(n) Fair Value Measurements

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

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

(n) Fair Value Measurements (continued)

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

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

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

(o) Prior Year Data

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

(p) New GASB Pronouncements

The City adopted the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard provides a unified approach for recognizing and measuring all types of compensated absences, such as vacation and sick leave. The related disclosures required by this standard are included in Note 8.

The City adopted the Governmental Accounting Standards Board (GASB) Statement No 102, *Certain Risk Disclosures*. This statement requires governments to evaluate whether any events related to significant concentrations or constraints have occurred, are occurring or likely to occur within 12 months of issuing the financial statements. As part of this evaluation, the City reviewed potential risks and did not identify any events or conditions that meet this criteria for disclosure under GASB Statement No. 102.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(2) Cash and Investments

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 71,376,079
Restricted cash and investments - pension	8,453,608
Restricted cash and investments - fiscal agent	4,704,985
Statement of Fiduciary Net Position:	
Cash and investments	1,030,449
Total cash and investments	<u>\$ 85,565,121</u>

Cash and investments at June 30, 2025 consisted of the following:

Cash on hand	\$ 6,205
Deposits with financial institutions	3,952,597
Investments	81,606,319
Total	<u>\$ 85,565,121</u>

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

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

The following table identifies the investment types that are authorized for the City by the California Government Code (or the City of Mission Viejo's policies where more restrictive) at June 30, 2025. The table also identifies certain provisions of the investment policies that address interest rate risk, credit risk and concentration of credit risk. The investment authorized by the Housing Authority is limited to the Local Agency Investment Fund. This table does not address investments of debt proceeds held by bond trustees, which are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policies:

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(2) Cash and Investments, (continued)

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
U.S. Securities	5 years	100%	None
U.S. Government Sponsored Entities Securities (FFC, FHLB, FNMA, FHLMC)	5 years	100%	25% of total portfolio
Banker's Acceptances	180 days	40%	5% of total portfolio
Federal Insured Time Deposits	5 years	20%	Maximum covered under federal insurance
Collateralized Time Deposits	5 years	20%	N/A
Negotiable Certificates of Deposits	5 years	30%	5% of total portfolio
Certificate of Deposit Placement Services	5 years	30%	N/A
Repurchase Agreement	1 years	100%	N/A
Commercial Paper	270 days	25%	5% of total portfolio
Local Agency Investment Funds	N/A	\$65 million	N/A
Orange County Investment Pool	N/A	10%	N/A
California Asset Management Pool	5 years	15%	5% of fair value of total assets in investment pool
Mutual Funds & Money Market Mutual Funds	N/A	20%	10% of total portfolio
Municipal Securities	5 years	30%	5% of total portfolio
Supranational	5 years	30%	10% of total portfolio
Corporate Medium Term Notes	5 years	30%	5% of total portfolio
Asset-Backed, Mortgage-Backed, Mortgage Pass-through Securities	5 years	20%	5% of total portfolio

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(2) Cash and Investments, (continued)

Investments Authorized by Debt Agreements

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

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

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
U.S. Securities	None	100%	None
U.S. Government Sponsored Entities and Federal Agency Securities	None	100%	None
Certificate of Deposit	180 days	100%	None
Commercial Paper	180 days	100%	None
Repurchase Agreements	30 days	100%	None
Local Agency Investment Funds	N/A	100%	N/A
Government Money Market Funds	None	100%	None

CDFA 2016 Lease Revenue Refunding Bonds:

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(2) Cash and Investments, (continued)

Investments Authorized by Debt Agreements, (continued)

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment In One Issuer</u>
U.S. Obligation	None	100%	None
Federal Housing Administration debentures	None	10% of bond proceeds	None
U.S. Government Sponsored Entities (Farm Credit Banks, FHLB, FNMA, FHLMC, FICO, REFCORP)	None	100%	None
Federal Funds, Certificates of Deposit, Time Deposits, Banker's Acceptances	30 days	100%	None
Deposits (FDIC insured)	None	100%	None
Commercial Paper	270 days	100%	None
Money Market Mutual Funds	None	100%	None
Local Agency Investment Fund	N/A	100%	N/A
Repurchase Agreements	None	100%	None
Pre-refunded municipal obligations	None	100%	None
Investments Authorized in the City of Mission Viejo Investment Policy	None	100%	None

Interest Rate Risk

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

The City's investment policy requires that investments only be in fixed-rate, fixed coupon securities and prohibits investments in securities with embedded options and securities that may return all or parts of their principal prior to their stated final maturity date. The investment policies set a Benchmark Index for each portfolio. The Benchmark Index has characteristics similar to those of the portfolio in terms of types of securities and maturities. The City manages its exposure to interest rate risk by keeping the average duration of the portfolio in line with the duration of the Benchmark Index. At June 30, 2025, the average modified duration of the City's portfolio was 1.34 compared to the Benchmark Index of 1.08.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(2) Cash and Investments, (continued)

Interest Rate Risk, (continued)

City of Mission Viejo:

Investment Type	Fair Value	Modified Duration (in years)
U.S. Treasury Notes/Bills	\$ 19,107,838	1.73
U.S. Government Sponsored Entities	2,527,247	1.69
Supranational Securities	828,434	3.75
Corporate Notes	10,625,823	2.01
Asset Backed Securities	3,744,468	1.31
Collateralized Mortgage Obligations	4,147,614	2.29
Municipal Bonds	417,032	2.93
Government Money Market Funds	444,572	-
Local Agency Investment Fund	16,567,043	-
California Asset management Pool	10,703,935	-
	\$ 69,114,006	

Section 115 Pension Trust:

Investment Type	Fair Value	Modified Duration (in years)
Municipal Bonds	\$ 925,864	1.07
Certificate	2,590,753	0.25
	\$ 3,516,617	

Mission Viejo Housing Authority:

Investment Type	Fair Value	Modified Duration (in years)
Local Agency Investment Fund	\$ 522,089	-
	\$ 522,089	

Mission Viejo Community Development Financing Authority:

Investment Type	Fair Value	Modified Duration (in years)
Government Money Market Funds	\$ 8,453,607	-
	\$ 8,453,607	

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(2) Cash and Investments, (continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Credit Risk

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

Investment Type	Fair Value	Minimum				
		Legal Rating	Aaa/AAA*	A1/A2/A3*	A-1/A-1+*	Not Rated
U.S. Treasury Notes/Bills	\$ 19,107,838	N/A	\$ -	\$ 18,362,426	\$ 745,412	\$ -
U.S. Government Sponsored Entities	2,527,247	N/A	2,527,247	-	-	-
Supranational Securities	828,434	AA	828,434	-	-	-
Corporate Notes	10,625,823	AA	446,380	4,175,024	6,004,419	-
Asset Backed Securities	3,744,468	AA	3,744,468	-	-	-
Collateralized Mortgage Obligations	4,147,614	AA	4,147,614	-	-	-
Government Money Market Funds	444,572	AAA	444,572	-	-	-
Municipal Bonds	1,342,896	A	-	1,342,896	-	-
Certificates of Deposits	2,590,753	N/A	-	-	-	2,590,753
LAIIF Pool	17,089,132	N/A	-	-	-	17,089,132
CAMP Pool	10,703,935	N/A	10,703,935	-	-	-
<i>Held by Trustee:</i>						
Government Money Market Funds	8,453,607	AAA	8,453,607	-	-	-
	<u>\$ 81,606,319</u>		<u>\$ 31,296,257</u>	<u>\$ 23,880,346</u>	<u>\$ 6,749,831</u>	<u>\$ 19,679,885</u>

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

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code (see preceding tables). There were no investments with any one issuer (other than U.S. Treasury securities, federal agency securities and external investment pools) that represent 5% or more of total portfolio investments (excluding investments held by trustee) at June 30, 2025.

(2) Cash and Investments, (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Policy requirements that would limit the exposure to custodial risk for deposits or investments, are as follows. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of secured public deposits. The investment policies for all four portfolios require delivery vs. payment procedures and that all securities be held in safekeeping by a third-party bank trust department.

As of June 30, 2025, all City's deposits with financial institutions in excess of federal depository insurance limits were collateralized by an interest in an undivided collateral pool as required by State law.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The City may invest up to \$75 million in LAIF funds. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office at <http://www.treasurer.ca.gov>.

The City's investment in this pool is reported in the accompanying City's financial statements at fair value at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$3.438 billion, which represent 1.93% of the total LAIF portfolio of \$178.1 billion as of June 30, 2025. LAIF's (and the City's) exposure to risk (credit, market or legal) is not currently available. This fund does not calculate duration for their portfolio. The average days to maturity for this fund is 248 days.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(2) Cash and Investments, (continued)

Investment in California Asset Management Program Pool

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Trust's activities are directed by a Board of Trustees, all of whom are employees of the California public agencies which are participants in the Trust. The Pool's investments are limited to investments permitted by subdivision (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. CAMP is not registered with the Securities and Exchange Commission. This fund does not calculate a duration for their portfolio. The average days to maturity was 41 days at June 30, 2025.

Fair Value Measurement

The City categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2025:

	Investments not Subject to Fair Value Hierarchy	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ -	\$ -	\$19,107,838	\$ -	\$19,107,838
U.S. Government Sponsored Entities	-	-	2,527,247	-	2,527,247
Supranationals	-	-	828,434	-	828,434
Corporate Notes	-	-	10,625,823	-	10,625,823
Asset Backed Securities	-	-	3,744,468	-	3,744,468
Collateralized Mortgage Obligations	-	-	4,147,614	-	4,147,614
Municipal Bonds	-	-	1,342,896	-	1,342,896
Certificate of Deposit	-	-	2,590,753	-	2,590,753
Government Money	8,898,179	-	-	-	8,898,179
Market Funds					
CAMP Pool	10,703,935	-	-	-	10,703,935
LAIF Pool	17,089,132	-	-	-	17,089,132
Total Investments	<u>\$36,691,246</u>	<u>\$ -</u>	<u>\$44,915,073</u>	<u>\$ -</u>	<u>\$81,606,319</u>

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(3) Interfund Balances

Interfund balances at June 30, 2025 consisted of the following:

Payable Fund	Receivable Fund	
	General	
Developer Fees	\$	246,644
Grants		102,019
Capital Projects		1,697,667
Mission Viejo Housing Authority		505
Other Governmental		489,425
Nonmajor MV Television		46,352
Totals	\$	<u>2,582,612</u>

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

(4) Notes Receivable/Payable

On April 22, 2016, the City of Mission Viejo entered into an agreement to loan Santa Margarita Water District (SMWD) \$3,000,000 for the design and construction of an Advanced Purified Water Treatment Facility for the benefit of The Lake Mission Viejo Association, which is comprised solely of residents of the City of Mission Viejo. The loan was made with the assets held in the Section 115 pension trust fund. The loan will be repaid by Santa Margarita Water District to the pension trust fund at an interest rate of 2.5% over a period of 20 years commencing October 1, 2016. The balance of the loan at June 30, 2025 was \$1,816,910. All assets in the pension trust fund are restricted for the benefit of members and beneficiaries of the City's pension plan.

(5) Due from Developers

In March 2010, the former Mission Viejo Community Development Agency entered into an affordable housing agreement with Lennar homes which included the development of 22 affordable units located at The Ridge housing development. Upon the sale of each of the 22 affordable units, each homebuyer was required to enter into an Affordable Homebuyer Loan Agreement with the Housing Authority. These loans are secured by a second deed of trust on each property and restrict ownership of each property to qualified Very Low or Low Income Households. The affordability period for each home is 45 years starting on the closing escrow date for each housing unit. As of June 30, 2025, 15 of these loans are still outstanding for a total balance of \$1,878,280 which is reported in the Housing Authority, a major special revenue fund.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(6) Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Addition	Deletions	Balance June 30, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 57,387,075	\$ -	\$ -	\$ 57,387,075
Library collection	783	177	-	960
Rights of way	243,875,306	-	-	243,875,306
Construction in progress	19,331,707	1,414,012	(15,423,646)	5,322,073
Infrastructure - street network	201,849,379	3,641,857	-	205,491,236
Total Capital Assets				
Not Being Depreciated	<u>522,444,250</u>	<u>5,056,046</u>	<u>(15,423,646)</u>	<u>512,076,650</u>
Capital Assets, Being Depreciated/Amortized:				
Buildings and improvements	134,333,337	-	(32,753)	134,300,584
Park improvements	8,905,886	1,708,122	-	10,614,008
Equipment, computers, furniture	11,568,059	236,787	(48,343)	11,756,503
Vehicles	1,122,285	94,808	(27,985)	1,189,108
Lease equipment, furniture, vehicles	655,344	116,637	-	771,981
Library collection	477,651	272,991	(143,719)	606,923
Right-to-use subscription assets	969,761	-	-	969,761
Infrastructure - street network	83,139,223	12,765,181	(30,674)	95,873,730
Infrastructure - medians, parkways	38,535,185	1,459,670	(10,361)	39,984,494
Infrastructure - storm drains	41,799,688	1,026,838	-	42,826,526
Water rights	1,000,000	-	-	1,000,000
Total Capital Assets				
Being Depreciated/Amortized	<u>322,506,419</u>	<u>17,681,034</u>	<u>(293,835)</u>	<u>339,893,618</u>
Less Accumulated Depreciation/Amortization:				
Buildings and improvements	(81,054,752)	(4,075,001)	32,753	(85,097,000)
Park improvements	(2,734,755)	(661,812)	-	(3,396,567)
Equipment, computers, furniture	(10,492,531)	(407,571)	45,418	(10,854,684)
Vehicles	(966,933)	(57,949)	27,985	(996,897)
Lease equipment, furniture, vehicles	(42,651)	(172,213)	-	(214,864)
Library collection	(29,615)	(56,597)	32,415	(53,797)
Right-to-use subscription assets	(300,594)	(225,276)	-	(525,870)
Infrastructure - street network	(42,656,306)	(1,115,166)	15,470	(43,756,002)
Infrastructure - medians, parkways	(15,530,083)	(517,043)	5,244	(16,041,882)
Infrastructure - storm drains	(19,024,470)	(611,932)	-	(19,636,402)
Water rights	(400,000)	(50,000)	-	(450,000)
Total Accumulated Depreciation/Amortization	<u>(173,232,690)</u>	<u>(7,950,560)</u>	<u>159,285</u>	<u>(181,023,965)</u>
Total Capital Assets				
Being Depreciated, Net	<u>149,273,729</u>	<u>9,730,474</u>	<u>(134,550)</u>	<u>158,869,653</u>
Capital Assets, Net	<u>\$ 671,717,979</u>	<u>\$ 14,786,520</u>	<u>\$ (15,558,196)</u>	<u>\$ 670,946,303</u>

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(6) Capital Assets (continued)

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 11,083,377	\$ -	\$ -	\$ 11,083,377
Construction In Progress	336,322	-	(336,322)	-
Total Capital Assets Not Being Depreciated	<u>11,419,699</u>	<u>-</u>	<u>(336,322)</u>	<u>11,083,377</u>
Capital Assets, Being Depreciated:				
Buildings	3,085,536	427,545	-	3,513,081
Improvements other than buildings	1,115,240	-	-	1,115,240
Park improvements	606,505	-	-	606,505
Equipment, computers, furniture	687,462	102,056	-	789,518
Vehicles	550,939	93,686	(64,275)	580,350
Lease equipment, furniture and vehicles	658,766	-	-	658,766
Total Capital Assets Being Depreciated	<u>6,704,448</u>	<u>623,287</u>	<u>(64,275)</u>	<u>7,263,460</u>
Less Accumulated Depreciation:				
Buildings	(1,716,218)	(109,465)	-	(1,825,683)
Improvements other than buildings	(476,112)	(37,732)	-	(513,844)
Park improvements	(172,625)	(40,434)	-	(213,059)
Equipment, computers, furniture	(506,117)	(36,495)	-	(542,612)
Vehicles	(473,321)	(37,518)	64,275	(446,564)
Lease equipment, furniture and vehicles	(467,006)	(131,753)	-	(598,759)
Total Accumulated Depreciation	<u>(3,811,399)</u>	<u>(393,397)</u>	<u>64,275</u>	<u>(4,140,521)</u>
Total Capital Assets Being Depreciated, Net	<u>2,893,049</u>	<u>229,890</u>	<u>-</u>	<u>3,122,939</u>
Capital Assets, Net	<u>\$ 14,312,748</u>	<u>\$ 229,890</u>	<u>\$ (336,322)</u>	<u>\$ 14,206,316</u>

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

General Government - Management and Support	\$ 1,861,736
Public Safety	50,057
Engineering and Transportation	401,527
Infrastructure Maintenance	3,738,432
Recreation, Community and Library Services	1,898,808
Total	<u>\$ 7,950,560</u>

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

Animal Services	\$ 157,808
Mission Viejo Television	3,157
Golf Operations	232,432
Total	<u>\$ 393,397</u>

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(7) Interfund Note Payable and Receivable

On May 18, 2015, the Housing Authority entered into an agreement with the City of Mission Viejo for the purchase of land for future affordable housing under the certified housing element of the City's General Plan. Under the agreement the Housing Authority executed a promissory note payable to the City for \$4,300,000. The Note has a thirty-year term which can be extended up to five additional one-year periods. The Note accrues no interest and is payable July 15 each year until the principal is paid in full. Note principal is paid from unencumbered and available funds in the Housing Authority Fund pursuant to the Housing Authorities law and Redevelopment Dissolution law that are not required for administration or other Housing Authority projects, enforceable obligations, or any other mandated payments due from Housing Authority to a third party. The balance of the note at June 30, 2023 was \$1,573,000. On March 26, 2024 council approved the first amendment to the cooperation, purchase and sale agreement between the City and the Mission Viejo Housing Authority and the first amendment to promissory note related to the configuration of the Site C parcel and adjacent parcels. This first amendment replaces the 8.5 acres Site C parcel with the 12.62 acres Site 3 parcel and adjusted the original purchase price of \$6,900,000 to \$10,245,000 based on the increase in land purchased. The first amendment to the note modified the note amount due by the MVHA to the City by \$3,345,000. As of June 30, 2025, the loan balance is \$4,918,000.

On November 8, 2019, the City of Mission Viejo entered into an agreement to loan the Golf Operation Fund \$1,000,000 for the purchase of the Oso Creek Golf Course (formerly known as Casta del Sol). The loan was made with the assets held in the Section 115 pension trust fund. The loan is secured by a deed of trust executed on October 22, 2019. The deed irrevocably grants, transfers and assigns all rights, title and interest now owned or later acquired in the real property in conjunction with rents, issues and profits. The loan will be repaid with Oso Creek Golf Course resources at an interest rate of 2.5% over a period of 20 years commencing November 8, 2020. The balance of the loan at June 30, 2025 was \$794,231. All assets in the pension trust fund are restricted for the benefit of members and beneficiaries of the City's pension plan.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(8) Long-Term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2025 were as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Bonds payable:					
1999 Series A bonds	\$ 7,135,000	\$ -	\$ (1,495,000)	\$ 5,640,000	\$ 1,550,000
1999 Series B bonds	7,347,326	-	-	7,347,326	-
2016 Refunding bonds	6,475,000	-	(935,000)	5,540,000	970,000
2016 Bond premium	516,978	-	(73,854)	443,124	73,854
2021 Series A Taxable bonds	11,745,000	-	(795,000)	10,950,000	805,000
2021 Series B Tax-exempt bonds	5,005,000	-	-	5,005,000	-
2021 Bond premium	623,332	-	(36,667)	586,665	36,667
Total bonds payable	<u>38,847,636</u>	<u>-</u>	<u>(3,335,521)</u>	<u>35,512,115</u>	<u>3,435,521</u>
Other liabilities:					
Net pension liability	23,156,951	-	(425,783)	22,731,168	-
Net OPEB liability (asset)	107,750	-	(519,725)	(411,975)	-
Lease liability	519,223	107,940	(152,263)	474,900	141,279
Subscription liability	633,477	-	(274,083)	359,394	110,450
Compensated absences	2,225,932	123,126 *	-	2,349,058	668,111
Total other liabilities	<u>26,643,333</u>	<u>231,066</u>	<u>(1,371,854)</u>	<u>25,502,545</u>	<u>919,840</u>
Total long-term liabilities	<u>\$ 65,490,969</u>	<u>\$ 231,066</u>	<u>\$ (4,707,375)</u>	<u>\$ 61,014,660</u>	<u>\$ 4,355,361</u>
Business-Type Activities:					
Net pension liability	\$ 3,317,213	\$ 1,175	\$ -	\$ 3,318,388	\$ -
Net OPEB liability (asset)	4,885	-	(23,751)	(18,866)	-
Compensated absences	212,321	-	(111,924) *	100,397	80,078
Lease liability	289,770	-	(101,714)	188,056	172,276
Total long-term liabilities	<u>\$ 3,824,189</u>	<u>\$ 1,175</u>	<u>\$ (237,389)</u>	<u>\$ 3,587,975</u>	<u>\$ 252,354</u>

*Compensated absences are reported net.

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

Bonds

1999 Series A Revenue Bonds

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(8) Long-Term Liabilities, (continued)

Bonds. (continued)

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

The Financing Authority exercised the option of converting the 1999 Series A bonds from a variable rate to a fixed rate debt on July 31, 2018 through private placement with Opus Bank, subsequently purchased by Pacific Premier Bank. The conversion fixes the rate of the debt at 3.34% for the remaining life of the bonds. As part of the fixed rate conversion, the bond reserve was used to pay down the principal balance of the bonds from \$17.2 million to \$15.24 million. There is no bond reserve requirement on the fixed rate bonds. Payment of debt service under the Bond Purchase Agreement with Pacific Premier Bank is payable solely from certain property tax revenues and lease payments paid by the City from a portion of the sales tax generated by the mall as described in the paragraph above. There is no prepayment allowed under the Bond Purchase Agreement in the first seven years or until July 31, 2025. In the event of default, the interest rate will be 6.34% until the event of default is remedied. Principal amounts will continue to mature every September 1 and March 1 through September 1, 2028 in amounts ranging from \$735,000 to \$840,000. The amount of principal outstanding at June 30, 2025 is \$5,640,000.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,550,000	\$ 175,684	\$ 1,725,684
2027	1,595,000	123,497	1,718,497
2028	1,655,000	69,722	1,724,722
2029	840,000	14,028	854,028
Total	<u>\$ 5,640,000</u>	<u>\$ 382,931</u>	<u>\$ 6,022,931</u>

1999 Series B Subordinate Lien Taxable Revenue Bonds

On May 19, 1999, the Financing Authority authorized \$10,000,000 of 1999 Series B Subordinate Lien Taxable Revenue Bonds to finance a portion of the costs of the acquisition, construction, installation and equipping of various public capital improvements to the Mission Viejo Mall. The balance authorized that has not yet been issued is \$2,652,674.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(8) Long-Term Liabilities, (continued)

Bonds. (continued)

Through July 31, 2018, the interest rate on the bonds was equal to the six-month London Interbank Offered Rate plus 1.5%, not to exceed 8% per annum. If the 1999 Series A Bonds are converted to a fixed interest rate bond, interest on the 1999 Series B Bonds will be equal to the fixed interest rate plus 1%. The 1999 Series A Bonds were converted to a non-rated fixed interest rate bond on July 31, 2018. Interest from July 31, 2018 is calculated at the 3.34% Series A fixed rate plus 1.0% per the Series B Indenture. Interest is payable annually commencing September 1, 1999, subject to certain preconditions. If, in any year, revenues are insufficient to pay interest due on the Series B Bonds, such interest shall remain due and payable. Principal payments on the bonds will commence at the earlier of the conversion of the 1999 Series A Bonds to an investment grade fixed interest rate security or after two consecutive years of two times debt service coverage for the 1999 Series A Bonds. Annual principal payments will be an amount that is proportional to the principal of the 1999 Series A Bonds. The bonds mature on September 1, 2028, at which time, if any outstanding principal or accrued interest remains, such amounts shall cease to be payable. At June 30, 2025, the outstanding principal is \$7,347,326 and the unpaid interest is \$258,176.

No debt service requirement to maturity schedule has been included since neither of the two conditions for the initiation of principal payments had been met as of June 30, 2025.

CDFA 2016 Lease Revenue Refunding Bonds

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

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(8) Long-Term Liabilities, (continued)

Bonds. (continued)

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 970,000	\$ 165,412	\$ 1,135,412
2027	1,015,000	126,613	1,141,613
2028	850,000	97,613	947,613
2029	870,000	80,613	950,613
2030	905,000	45,813	950,813
2031	930,000	20,925	950,925
Total	<u>\$ 5,540,000</u>	<u>\$ 536,989</u>	<u>\$ 6,076,989</u>

2021 Series A Taxable Lease Revenue Bonds

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

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

The amount of principal outstanding at June 30, 2025 is \$10,950,000.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 805,000	\$ 297,387	\$ 1,102,387
2027	565,000	284,386	849,386
2028	575,000	274,227	849,227
2029	585,000	262,739	847,739
2030	600,000	250,085	850,085
2031 - 2035	3,245,000	1,014,496	4,259,496
2036 - 2040	3,750,000	502,676	4,252,676
2041	825,000	26,672	851,672
Total	<u>\$ 10,950,000</u>	<u>\$ 2,912,668</u>	<u>\$ 13,862,668</u>

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(8) Long-Term Liabilities, (continued)

Bonds. (continued)

2021 Series B Tax-Exempt Lease Revenue Bonds

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

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

The amount of principal outstanding at June 30, 2025 is \$5,005,000.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 176,950	\$ 176,950
2027	255,000	176,950	431,950
2028	265,000	166,750	431,750
2029	275,000	156,150	431,150
2030	285,000	145,150	430,150
2031 - 2035	1,600,000	545,950	2,145,950
2036 - 2040	1,910,000	237,600	2,147,600
2041	415,000	12,450	427,450
Total	<u>\$ 5,005,000</u>	<u>\$ 1,617,950</u>	<u>\$ 6,622,950</u>

Legal Debt Margin

The City is subject to a debt limit that is 15% of adjusted gross assessed valuation on taxable property. Adjusted assessed valuation is equal to 25% of gross assessed valuation. At June 30, 2025 that amount was \$850,328,674. As of June 30, 2025, the total outstanding debt applicable to the limit was \$0.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(8) Long-Term Liabilities, (continued)

Leases

Governmental Activities

As of June 30, 2025, the City had 7 active leases. The leases have payments that range from \$11,710 to \$101,107 and interest rates that range from 5.20% to 9.41%. As of June 30, 2025, the total combined value of the lease liability is \$474,900. The combined value of the right to use asset of \$771,981 with accumulated amortization of \$214,864, is included in the lease equipment, furniture, vehicles class of capital assets found in Note 6.

The future principal and interest lease payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 141,279	\$ 28,967	\$ 170,246
2027	150,500	19,746	170,246
2028	152,696	9,911	162,607
2029	26,028	1,631	27,659
2030	4,397	62	4,459
Total	<u>\$ 474,900</u>	<u>\$ 60,317</u>	<u>\$ 535,217</u>

Subscription-Based Information Technology Arrangements (SBITAs)

As of June 30, 2025, the City had 2 active subscriptions. The subscriptions have payments that range from \$58,164 to \$178,062 and interest rates that range from 3.37% to 3.90%. As of June 30, 2025, the total combined value of the subscription liability is \$359,394. The combined value of the right to use asset of \$969,761 with accumulated amortization of \$525,870, is included in the right-to-use subscription assets class of capital assets found in Note 6.

The future principal and interest lease payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 110,450	\$ 14,016	\$ 124,466
2027	119,623	9,709	129,332
2028	129,321	5,044	134,365
Total	<u>\$ 359,394</u>	<u>\$ 28,769</u>	<u>\$ 388,163</u>

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(8) Long-Term Liabilities, (continued)

Leases. (continued)

Business-type Activities

As of June 30, 2025, the City had 4 active leases. The leases have payments that range from \$8,524 to \$73,284 and interest rates that range from 1.57% to 3.99%. As of June 30, 2025, the total combined value of the lease liability is \$188,056. The combined value of the right to use asset of \$658,766 with accumulated amortization of \$598,759, is included in the lease equipment, furniture, vehicles class of capital assets found in Note 6.

The future principal and interest lease payments as of June 30, 2025, are as follows:

Fiscal Year			
Ending June 30,	Principal	Interest	Total
2026	\$ 172,276	\$ 3,215	\$ 175,491
2027	7,702	822	8,524
2028	8,078	421	8,499
Total	<u>\$ 188,056</u>	<u>\$ 4,458</u>	<u>\$ 192,514</u>

(9) Lease Receivable

On April 11, 1994, the City entered into a 55-year ground lease agreement with South Orange County Emergency Veterinary Group, Inc. The lease began in March 1995 and will end in May 2049. On January 31, 2022 South Orange County Emergency Veterinary Group, Inc. assigned this lease to Pathways Vet Alliance LLC. The general terms and conditions will remain the same. The annual base rent is \$12,000 and is adjusted by CPI each year not to exceed 7% of annual rent. A discount rate of 3.36% is used to calculate the net present value of the lease receivable. During the year ended June 30, 2025, the City recognized \$9,423 in lease revenue and \$16,065 in interest revenue. As of June 30, 2025, the City's receivable for lease payments is \$349,056.

Fiscal Year			
Ending June 30,	Principal	Interest	Total
2026	\$ 9,740	\$ 11,728	\$ 21,468
2027	10,067	11,401	21,468
2028	10,405	11,063	21,468
2029	10,755	10,713	21,468
2030	11,116	10,352	21,468
2031 - 2035	61,441	45,899	107,340
2036 - 2040	72,481	34,859	107,340
2041 - 2045	85,503	21,837	107,340
2046 - 2049	77,548	6,535	84,083
Total	<u>\$ 349,056</u>	<u>\$ 164,387</u>	<u>\$ 513,443</u>

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(10) Net Position

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

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

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

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

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

As of June 30, 2025, there was no restricted net position in the proprietary funds. As provided under accounting principles generally accepted in the United States of America, restrictions are only established in proprietary funds for equity legally restricted by parties external to the governmental unit.

(11) Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes determined by the highest formal action of the City Council (adoption of ordinance). The City Council has the authority to establish, modify, or rescind a fund balance commitment. The City has no committed fund balance at June 30, 2025.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(11) Fund Balances, (continued)

Assigned fund balance amounts are designated by City Council, in accordance with the City Council Management and Budget policies, for specific purposes and do not meet the criteria to be classified as restricted or committed. The City Council establishes (modifies or rescinds) assigned fund balance with the passage of a resolution. Assigned fund balances at June 30, 2025 were reported solely in the General Fund.

Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for a specific purpose exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Fund Balance Classifications:

Fund Balances in the governmental funds at June 30, 2025 have been classified as follows:

	General Fund	Developer Fees Fund	Grants Fund	Capital Projects Fund	MV Housing Fund	Nonmajor Funds	Total Governmental Funds
Non Spendable:							
Prepaid items	\$ 28,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,750
Long-term receivables	2,073	-	-	-	-	-	2,073
Deposits	430	-	-	-	-	-	430
Subtotal	31,253	-	-	-	-	-	31,253
Restricted for:							
Community development	-	-	636	-	6,009,102	1,365	6,011,103
Core Area Vision Plan project	-	-	-	-	-	6,247,476	6,247,476
Debt service	-	-	-	-	-	2,206,132	2,206,132
Engineering and transportation	1,097,217	-	-	-	-	4,433,598	5,530,815
Library service	-	-	-	-	-	1,020,725	1,020,725
Public safety	-	-	-	-	-	363,965	363,965
Recreation	-	-	494,177	-	-	-	494,177
Pension	7,329,490	-	-	-	-	-	7,329,490
Subtotal	8,426,707	-	494,813	-	6,009,102	14,273,261	29,203,883
Assigned to:							
Debt liabilities	8,200,000	-	-	-	-	-	8,200,000
Economic/budgetary uncertainty	25,200,000	-	-	-	-	-	25,200,000
Extreme events/disasters	5,200,000	-	-	-	-	-	5,200,000
Capital asset replacement	1,300,000	-	-	-	-	-	1,300,000
Capital projects	1,000,000	-	-	-	-	-	1,000,000
Subtotal	40,900,000	-	-	-	-	-	40,900,000
Unassigned							
	11,868,558	(242,089)	(35,387)	(1,296,558)		(545,474)	9,749,050
Totals	\$ 61,226,518	\$ (242,089)	\$ 459,426	\$ (1,296,558)	\$ 6,009,102	\$ 13,727,787	\$ 79,884,186

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(11) Fund Balances, (continued)

In May 2025, the City Council established the General Fund target reserve level at \$40.9 million for the 2025-27 budget cycle or 49 percent of 2025-26 projected General Fund revenues. The minimum level reserve was set at \$36.7 million and 44 percent. Reserves for the purpose of this calculation include amounts reported under assigned and unassigned fund balance.

(12) Interfund Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the following:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,199,195
General Fund	Grants Fund	33,754
General Fund	ARPA Fund	2,919,692
Nonmajor Governmental Funds	General Fund	2,431,489
Nonmajor Governmental Funds	Nonmajor Governmental Funds	469,778
Animal Services Enterprise	General Fund	879,629
		<u>\$ 7,933,537</u>

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

Transfers to Major Funds

Of the \$1,199,195 transferred out of Other Governmental Funds to the General Fund, \$643,430 was from the CDFA 1999 Mall Bonds Debt Service Fund for release of rolling reserves, \$555,765 was from the CDFA 2021 Lease Revenue Bonds Fund to fund Core Area project costs.

The \$33,754 transferred out of the Grants Fund to the General Fund was to fund indirect personnel costs expended in the General Fund for the Senior Transportation grant program.

Transfers of \$2,919,692 were made from the American Rescue Plan Act (ARPA) Fund to the General Fund to fund approved programs and projects using ARPA resources. Programs and projects include Madrid Fore Playground Rehabilitation, Crucero Park Playground Rehabilitation, and La Paz Bridge Widening projects, and the Orange County Sheriff's Department contract.

Transfers of \$879,629 were made from General Fund to the Animal Services Fund representing Mission Viejo's proportionate share of the net costs of the Animal Services operations.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(12) Interfund Transfers, (continued)

Transfers to Nonmajor Funds

Of the \$2,431,489 transferred from the General Fund to Nonmajor Governmental Funds, \$1,135,922 was transferred to the CDFA 2016 Lease Revenue Refunding Bonds Fund and \$1,279,407 to the CDFA 2021 Core Area Lease Revenue Bonds Fund for payment of debt service, \$15,000 was transferred to the Library Operations Fund to provide funding to replace and upgrade facility components for energy efficiency, and \$1,160 was transferred to the CARES Act Fund to cover COVID-19-related expenditures that were not reimbursed by the Federal Emergency Management Agency (FEMA).

The \$469,778 transfer was made from the Mall Parking Lease Fund to the CDFA 1999 Mall Bonds Fund for debt service payments.

(13) Fund Deficits

The following funds reported deficits in fund balance as of June 30, 2025:

Major Governmental Fund:	
Capital Projects Fund:	
Developer Fees Fund	\$ (242,089)
Capital Projects	(1,296,558)
Non-major Governmental Funds:	
Special Revenue Funds:	
Project V	(413,825)
Building Homes & Jobs Act (SB2)	<u>(131,649)</u>
Total	<u>\$ (2,084,121)</u>

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

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

The City of Mission Viejo is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

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

Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

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

Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes costs incurred up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total costs incurred within the first layer. (3) The second layer of losses includes costs incurred from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2024-25 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

Purchased Insurance

Pollution Legal Liability Insurance

The City of Mission Viejo participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Mission Viejo. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Property Insurance

The City of Mission Viejo participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Mission Viejo property is currently insured according to a schedule of covered property submitted by the City of Mission Viejo to the Authority. City of Mission Viejo property currently has all-risk property insurance protection in the amount of \$155,764,415. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City of Mission Viejo purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Mission Viejo property currently has earthquake protection in the amount of \$84,425,648. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

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

Special Event Tenant User Liability Insurance

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

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2024-25.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(15) Joint Venture - Orange County Fire Authority

In January 1995, the City entered into a joint powers agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, Yorba Linda and the County of Orange to create the Orange County Fire Authority (Authority). Since the creation of the Authority, the Cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita, Santa Ana and Westminster joined the Authority as members eligible for fire protection services and Placentia have withdrawn. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was February 3, 1995. The Authority's governing board consists of one representative from each city and two from the County. The operations of the Authority are funded with fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Seal Beach, Santa Ana and Westminster.

The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Seal Beach, Santa Ana and Westminster are considered "cash contract cities" and accordingly make cash contributions based on the Authority's annual budget. The City of Mission Viejo does not have an equity interest in the assets of the Orange County Fire Authority. Complete financial statements may be obtained from the Orange County Fire Authority, One Fire Authority Road, Irvine, California 92602 or at www.ocfa.org.

(16) Construction and Other Significant Commitments

Construction and Other Project Commitments

The City has active construction projects as of June 30, 2025. The projects include traffic and road improvements and improvements to park recreational facilities. At year end, the City commitments with contractors are as follows:

<u>Projects</u>	<u>Commitment</u>
Core Area Vision Reinvestment	\$ 1,247,702
Lower Curtis Park	955,385
Crucero Park Playground Rehabilitation	783,123
Olympiad Road Pedestrian Crossing Project	425,229
Felipe/Oso Intersection Improvement	324,435
Marguerite Parkway Signal Synchronization	181,406

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(16) Construction and Other Significant Commitments (continued)

Encumbrances

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

General Fund	\$	6,459,699
Developer Fees Capital		370,360
Grants Special Revenue Fund		276,785
Capital Projects Fund		1,056,686
Mission Viejo Housing Authority Fund		2,831
Nonmajor Governmental Funds		1,789,329
Mission Viejo Television Fund		19,638
Golf Operations Fund		260,887
Animal Services Fund		67,711
	\$	<u>10,303,926</u>

(17) Deferred Compensation Plan

The City offers its employees a deferred compensation plan, the Mission Viejo 457 Plan & Trust administered by Voya Financial, created in accordance with Internal Revenue Code Section 457. The plan is a voluntary, employee paid, defined contribution pension plan with no vesting requirement. There are no employer contributions to this plan. It is available to all employees and permits them to defer annually up to the maximum IRS limits, established at \$23,500 for 2025, until future years. Employees over age 50 may elect to defer up to an additional \$7,500 annually. Deferred compensation balances are not available to employees until termination, retirement, death, or unforeseeable emergency.

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(18) Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Plan is an agent, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the Plan's June 30, 2021 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website and the annual actuarial report can be found on the City's website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2025 are summarized as follows:

	<u>Prior to July 8, 2011</u>	<u>Between July 9, 2011 - December 31, 2012</u>	<u>On or After January 1, 2013</u>
Benefit formula	2.7% @ 55	2% @ 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	monthly for life	monthly for life
Retirement age	50-55	50-60	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.000%	1.0% to 2.0%
Required employee contribution rates	9.50%	8.50%	9.00%

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(18) Defined Benefit Pension Plan (continued)

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

Employees Covered

At June 30, 2023 (valuation date), the following employees were covered by the benefit terms:

Retired members and beneficiaries	142
Transferred and terminated members	137
Active employees	<u>152</u>
Total	<u><u>431</u></u>

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan members contributions requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2025 were \$3,853,451.

B. Net Pension Liability

The City of Mission Viejo's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(18) Defined Benefit Pension Plan (continued)

B. Net Pension Liability, (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(18) Defined Benefit Pension Plan, (continued)

B. Net Pension Liability, (continued)

Asset Class	Assumed Asset Allocation	Real Return ^{1,2}
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.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(18) Defined Benefit Pension Plan, (continued)

C. Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2023	\$ 118,471,464	\$ 91,997,300	\$ 26,474,164
Changes recognized for the measurement period:			
Service cost	2,503,846	-	2,503,846
Interest on total pension liability	8,238,392	-	8,238,392
Differences between expected and actual experience	2,230,482	-	2,230,482
Contributions - employer	-	3,422,667	(3,422,667)
Contributions - employee	-	1,249,105	(1,249,105)
Net investment income	-	8,800,414	(8,800,414)
Benefit payments, including refunds of employee contributions	(5,113,759)	(5,113,759)	-
Administrative expense	-	(74,858)	74,858
Net Changes during 2023-24	<u>7,858,961</u>	<u>8,283,569</u>	<u>(424,608)</u>
Balance at: 6/30/2024	<u>\$ 126,330,425</u>	<u>\$ 100,280,869</u>	<u>\$ 26,049,556</u>

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

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

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
	Plan's Net Pension Liability	\$ 42,459,717	\$ 26,049,556

Amortization of Deferred Outflows and Deferred Inflows of Resources

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.

City of Mission Viejo

**Notes to Basic Financial Statements
For the Year Ended June 30, 2025**

(18) Defined Benefit Pension Plan, (continued)

C. Changes in Net Pension Liability (continued)

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 lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

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

As of the start of the measurement period (July 1, 2023), the City's net pension liability was \$26,474,164. For the measurement period ending June 30, 2024 (the measurement date), the City incurred a pension expense of \$5,151,341.

As of June 30, 2025, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 591,956	\$ -
Differences between expected and actual experience	2,129,898	(125,317)
Differences between projected and actual investment earnings	1,455,852	-
Differences between employer's contributions and proportionate share of contributions	-	-
Change in employer's proportion Pension contributions subsequent to the measurement date	3,853,451	-
Total	<u>\$ 8,031,157</u>	<u>\$ (125,317)</u>

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(18) Defined Benefit Pension Plan, (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

These amounts above are net of outflows and inflows recognized in the 2023-24 measurement period expense. Contributions subsequent to the measurement date of \$3,853,451 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ 1,382,364
2026	3,220,621
2027	(55,794)
2028	(494,802)
2029	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2025, the City reported a payable of \$134,982 for the outstanding amount of contributions to the pension plan required for the year then ended.

(19) Supplemental Health Account for Retired Employees

The Supplemental Health Account for Retired Employees (SHARE) plan is a defined contribution post-employment benefits plan established by the City Council. This plan is intended to assist employee's first eligible for City health benefits on or after January 1, 2007, in saving for postemployment health insurance costs. Employer and employee contributions to the plan begin one year after the employee's hire date. The City's monthly contribution is \$100 for full-time employees and is prorated based on full-time equivalency. Employees are required to contribute 1.5% of their salary to this plan. The contributions made by employees are not forfeitable. To receive the City's contributions, employees must separate or retire from the City, have 15 years of service, and attain age 55. As of June 30, 2025, 129 active employees were eligible to participate in this plan. Required employer contributions were made during the year in the amount of \$112,774 and required employee contributions totaled \$128,796. At June 30, 2025, there are two retirees eligible to receive the City's contributions under this plan and there are twelve active employees enrolled in the plan who have attained 15 years of service.

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

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

(20) Other Post-Employment Benefits (OPEB)

A. General Information about the OPEB Plan

Plan Description

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

Eligibility

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

Employees Covered

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

Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>142</u>
Total	<u><u>217</u></u>

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. Employees are not required to contribute to the plan. The valuation for June 30, 2023 reflects that the plan is overfunded, with assets more than the total OPEB liability by \$430,841.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

B. Net OPEB Liability

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age actuarial cost method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Salary Increase	2.75% per annum, in aggregate
Investment Rate of Return	6.75%
Mortality Rate Table	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Healthcare Trend Rate	4.00%

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

<u>Asset Class</u>	<u>% of Portfolio</u>	<u>Assumed Gross Return</u>
All Equities	49.0%	7.250%
All Fixed Income	23.0%	4.250%
Real Estate Investment Trusts	20.0%	7.250%
Treasury Inflation Protected Securities	5.0%	3.000%
All Commodities	3.0%	7.250%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

B. Net OPEB Liability (continued)

Change in the OPEB Liability

The changes in the net OPEB liability are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2024 (measurement date 6/30/23)	\$ 10,638,773	\$ 10,526,138	\$ 112,635
Service cost	194,136	-	194,136
Interest on total OPEB Liability	701,079	-	701,079
Expected investment income	-	697,556	(697,556)
Employer contributions	-	224,000	(224,000)
Benefit payments, including refunds	(604,570)	(604,570)	-
Expected minus actual benefit payments	(94,414)	-	(94,414)
Experience gains/losses	-	-	-
Change in assumptions	-	-	-
Investment gain/(Losses)	-	426,105	(426,105)
Administrative expense	-	(3,384)	3,384
Net changes	<u>196,231</u>	<u>739,707</u>	<u>(543,476)</u>
Balance at June 30, 2025 (measurement date 6/30/24)	<u>\$ 10,835,004</u>	<u>\$ 11,265,845</u>	<u>\$ (430,841)</u>

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

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

	<u>Discount Rate - 1% (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>Discount Rate +1% (7.75%)</u>
Net OPEB Asset	\$ 591,476	\$ (430,841)	\$ (1,303,906)

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Asset	\$ (612,105)	\$ (430,841)	\$ (193,669)

City of Mission Viejo

Notes to Basic Financial Statements For the Year Ended June 30, 2025

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

B. Net OPEB Liability, (continued)

OPEB Plan Fiduciary Net Position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Net difference between projected and actual earnings on OPEB plan investments	5-year straight-line amortization
Experience gains and losses	Straight-line amortization over the expected average remaining service lives (EARSL) of plan participants. Terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.

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

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of \$225,768. As of fiscal year ended June 30, 2025, 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	\$ -	\$ -
Differences between expected and actual experience	118,995	(472,518)
Changes of assumption	75,604	(92,714)
Differences between projected and actual earnings on OPEB plan investments	246,123	-
	<hr/>	<hr/>
Total	<u>\$ 440,722</u>	<u>\$ (565,232)</u>

City of Mission Viejo

**Notes to Basic Financial Statements
For the Year Ended June 30, 2025**

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

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

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

Measurement Period Ended June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ (45,491)
2026	377,047
2027	(119,096)
2028	(149,550)
2029	(87,229)
Thereafter	(100,191)



Required Supplementary Information

City of Mission Viejo

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Fiscal Years

Fiscal Year End	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Total Pension liability:					
Service cost	\$ 1,891,776	\$ 1,906,461	\$ 2,034,934	\$ 2,057,205	\$ 2,097,550
Interest on total Pension liability	5,062,617	5,419,496	5,695,055	5,944,295	6,341,861
Changes of Benefit Term	-	-	-	-	-
Difference Between Expected and Actual Experience	97,537	(96,499)	(914,327)	(732,035)	599,798
Changes of Assumptions	(1,279,571)	-	4,804,274	(782,124)	-
Contribution	(2,016,686)	(2,383,616)	(2,560,608)	(2,921,541)	(3,200,691)
Net change in total Pension liability	3,755,673	4,845,842	9,059,328	3,565,800	5,838,518
Total Pension liability -beginning of year	67,422,489	71,178,162	76,024,004	85,083,332	88,649,132
Total Pension liability - end of year (a)	71,178,162	76,024,004	85,083,332	88,649,132	94,487,650
Plan Fiduciary Net Position:					
Contributions - employer	3,419,577	1,903,477	2,241,112	2,237,131	2,399,958
Contributions - Employee Paid Member Contribution	-	-	-	-	-
Contributions - Employee	844,477	849,550	875,578	926,703	1,041,607
Net Investment Income	1,182,775	321,400	6,319,062	5,343,289	4,510,644
Benefit payments, Including Refunds of Employee Contribution	(2,016,686)	(2,383,616)	(2,560,608)	(2,921,541)	(3,200,691)
Net Plan to Plan Resource Movement	-	-	-	(159)	-
Administrative Expense	(62,955)	(34,069)	(83,505)	(98,717)	(48,990)
Other Miscellaneous Income/(expense)	-	-	-	(187,465)	159
Net change in plan fiduciary net position	3,367,188	656,742	6,791,639	5,299,241	4,702,687
Plan fiduciary net position - beginning of year	52,534,463	55,901,651	56,558,393	63,350,032	68,649,273
Plan fiduciary net position - end of year (b)	55,901,651	56,558,393	63,350,032	68,649,273	73,351,960
Net Pension liability - ending (a)-(b)	\$ 15,276,511	\$ 19,465,611	\$ 21,733,300	\$ 19,999,859	\$ 21,135,690
Plan fiduciary net position as a percentage of the total Pension liability	78.54%	74.40%	74.46%	77.44%	77.63%
Covered - employee payroll	\$ 10,342,493	\$ 10,308,528	\$ 10,655,987	\$ 10,903,806	\$ 11,453,279
Net Pension liability as percentage of covered - employee payroll	147.71%	188.83%	203.95%	183.42%	184.54%

Notes to schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>
	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
\$	2,131,318	\$ 2,143,848	\$ 2,362,197	\$ 2,341,003	\$ 2,503,846
	6,651,250	7,015,775	7,291,393	7,726,223	8,238,392
	-	-	-	93,326	-
	(733,731)	87,211	(662,383)	1,168,105	2,230,482
	-	-	3,128,909	-	-
	(3,590,210)	(3,965,403)	(4,405,980)	(4,799,037)	(5,113,759)
	4,458,627	5,281,431	7,714,136	6,529,620	7,858,961
	94,487,650	98,946,277	104,227,708	111,941,844	118,471,464
	<u>98,946,277</u>	<u>104,227,708</u>	<u>111,941,844</u>	<u>118,471,464</u>	<u>126,330,425</u>
	2,701,238	2,925,917	2,983,253	3,317,621	3,422,667
	-	-	-	-	-
	1,075,002	1,090,808	1,072,896	1,159,967	1,249,105
	3,673,367	17,503,543	(7,177,127)	5,382,816	8,800,414
	(3,590,210)	(3,965,403)	(4,405,980)	(4,799,037)	(5,113,759)
	-	-	-	-	-
	(103,408)	(77,026)	(58,921)	(63,976)	(74,858)
	-	-	-	-	-
	3,755,989	17,477,839	(7,585,879)	4,997,391	8,283,569
	73,351,960	77,107,949	94,585,788	86,999,909	91,997,300
	<u>77,107,949</u>	<u>94,585,788</u>	<u>86,999,909</u>	<u>91,997,300</u>	<u>100,280,869</u>
\$	<u>21,838,328</u>	<u>\$ 9,641,920</u>	<u>\$ 24,941,935</u>	<u>\$ 26,474,164</u>	<u>\$ 26,049,556</u>
	77.93%	90.75%	77.72%	77.65%	79.38%
\$	11,849,760	\$ 11,671,149	\$ 11,507,609	\$ 12,748,436	\$ 13,047,662
	184.29%	82.61%	216.74%	207.67%	199.65%



MISSION VIEJO

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City of Mission Viejo

Required Supplementary Information Schedule of Pension Plan Contributions Last Ten Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2016	\$ 1,909,220	\$ (1,909,220)	\$ -	\$ 10,308,528	18.52%
6/30/2017	2,154,078	(2,154,078)	-	10,655,987	20.21%
6/30/2018	2,237,110	(2,237,110)	-	10,903,806	20.52%
6/30/2019	2,401,838	(2,401,838)	-	11,453,278	20.97%
6/30/2020	2,704,061	(2,704,061)	-	11,849,760	22.82%
6/30/2021	2,928,168	(2,928,168)	-	11,671,149	25.09%
6/30/2022	2,988,806	(2,988,806)	-	11,507,609	25.97%
6/30/2023	3,320,082	(3,320,082)	-	12,748,436	26.04%
6/30/2024	3,422,667	(3,422,667)	-	13,047,662	26.23%
6/30/2025	3,853,451	(3,853,451)	-	14,277,146	26.99%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2024-2025 were from the June 30, 2022 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method/Period	For details, see June 30, 2022 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the <i>2021 CalPERS Experience Study and Review of Actuarial Assumptions</i> . Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.
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 Mission Viejo

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

Fiscal Year End	6/30/2018	6/30/2019	6/30/2020
Measurement Date	6/30/2017	6/30/2018	6/30/2019
Total OPEB liability:			
Service cost	\$ 132,400	\$ 136,041	\$ 139,782
Interest on total OPEB liability	594,854	614,138	636,264
Benefit payments, including refunds and the implied subsidy benefit payments	(496,836)	(427,689)	(440,130)
Expected minus actual benefit payments	-	13,681	(17,769)
Actuarial - experience gains (losses)	-	-	(68,925)
Actuarial - changes in assumptions	-	-	-
Net change in total OPEB liability	230,418	336,171	249,222
Total OPEB liability -beginning of year	8,681,960	8,912,378	9,248,549
Total OPEB liability - end of year (a)	8,912,378	9,248,549	9,497,771
Plan Fiduciary Net Position:			
Contributions - employer	347,000	170,250	-
Net investment income	946,200	102,004	(87,835)
Expected investment income	-	675,022	704,767
Administrative expenses	(4,804)	(18,135)	(2,178)
Actual minus expected benefit payment	-	13,681	-
Benefit payments, including refunds and the implied subsidy benefit payments	(496,836)	(427,689)	(440,130)
Net change in plan fiduciary net position	791,560	515,133	174,624
Plan fiduciary net position - beginning of year	8,982,565	9,774,125	10,289,258
Plan fiduciary net position - end of year (b)	9,774,125	10,289,258	10,463,882
Net OPEB liability - ending (a)-(b)	\$ (861,747)	\$ (1,040,709)	\$ (966,111)
Plan fiduciary net position as a percentage of the total OPEB liability	109.67%	111.25%	110.17%
Covered - employee payroll	\$ 10,655,987	\$ 10,903,806	\$ 11,453,279
Net OPEB liability as percentage of covered - employee payroll	-8.09%	-9.54%	-8.44%

Notes to schedule:

*Fiscal year 2018 was first year of implementation; additional years will be presented as information is available.

6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
\$ 129,642	\$ 133,207	\$ 223,592	\$ 229,741	\$ 194,136
653,351	674,158	697,140	715,354	701,079
(466,507)	(508,938)	(562,279)	(581,725)	(604,570)
8,506	(8,142)	-	-	-
-	249,995	(60,505)	(427,520)	(94,414)
-	164,556	-	(122,624)	-
324,992	704,836	297,948	(186,774)	196,231
9,497,771	9,822,763	10,527,599	10,825,547	10,638,773
9,822,763	10,527,599	10,825,547	10,638,773	10,835,004
-	-	-	-	224,000
(351,092)	2,112,695	(2,480,669)	(28,801)	1,123,661
715,967	707,056	835,745	685,895	-
(5,051)	(3,872)	(3,177)	(2,991)	(3,384)
-	-	-	-	-
(466,507)	(508,938)	(562,279)	(581,725)	(604,570)
(106,683)	2,306,941	(2,210,380)	72,378	739,707
10,463,882	10,357,199	12,664,140	10,453,760	10,526,138
10,357,199	12,664,140	10,453,760	10,526,138	11,265,845
\$ (534,436)	\$ (2,136,541)	\$ 371,787	\$ 112,635	\$ (430,841)
105.44%	120.29%	96.57%	98.94%	103.98%
\$ 11,849,760	\$ 11,671,149	\$ 11,507,609	\$ 12,748,436	\$ 13,047,662
-4.51%	-18.31%	3.23%	0.88%	-3.30%

City of Mission Viejo

Required Supplementary Information Schedule of OPEB Contributions Last Ten Fiscal Years*

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2018	\$ 227,000	\$ (170,250)	\$ 56,750	\$ 10,903,806	1.56%
6/30/2019	-	-	-	11,453,278	0.00%
6/30/2020	-	-	-	11,849,760	0.00%
6/30/2021	-	-	-	11,671,149	0.00%
6/30/2022	-	-	-	11,507,609	0.00%
6/30/2023	-	-	-	12,748,436	0.00%
6/30/2024	-	(224,000)	(224,000)	13,047,662	1.72%
6/30/2025	-	-	-	14,277,146	0.00%

Notes to Schedule:

The actuaries methods and assumptions used to set contributions for Fiscal Year 2024-25 were from the June 30, 2023 actuarial valuation.

Assumptions and Methods:

Actuarial cost method:	Entry-age actuarial cost method
Asset valuation method:	Fair value of asset. For details, see June 30, 2023 funding valuation report
Inflation:	2.50%
Assumed payroll growth:	2.75%
Investment rate of return:	6.75%
Healthcare cost-trend rates:	4.00%
Retirement rates:	2021 CalPERS rates for Miscellaneous Employees
Mortality rate:	2021 CalPERS Mortality for Miscellaneous and Schools Employees

*Fiscal year 2018 was first year of implementation; additional years will be presented as information is available.

City of Mission Viejo

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund For the Year Ended June 30, 2025

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 66,716,992	\$ 66,980,971	\$ 67,377,674	\$ 396,703
Licenses and permits	2,356,907	2,606,907	3,168,771	561,864
Intergovernmental	765,784	910,654	872,773	(37,881)
Charges for services	5,112,852	5,238,852	6,319,420	1,080,568
Investment earnings	1,000,000	1,000,000	2,523,472	1,523,472
Fines and forfeitures	497,000	497,000	780,429	283,429
Other	883,568	1,845,866	2,363,626	517,760
Total revenues	<u>77,333,103</u>	<u>79,080,250</u>	<u>83,406,165</u>	<u>4,325,915</u>
Expenditures				
Current:				
General Government-Legislative	802,113	1,083,006	1,082,884	122
General Government-Management and Support	10,901,543	11,743,541	10,651,393	1,092,148
Public Safety	26,404,446	26,601,307	26,381,368	219,939
Community Development	3,454,267	3,705,001	3,540,566	164,435
Engineering & Transportation	2,601,826	2,847,051	2,601,552	245,499
Infrastructure Maintenance	23,308,580	26,661,630	23,378,236	3,283,394
Rec/Community/Library Services	7,024,222	7,251,372	7,195,518	55,854
Debt service:				
Principal	270,560	339,399	339,399	-
Interest	-	35,982	35,982	-
Capital outlay				
Engineering & Transportation	-	1,272,651	910,104	362,547
Infrastructure Maintenance	-	7,355,952	1,399,541	5,956,411
Total expenditures	<u>74,767,557</u>	<u>88,896,892</u>	<u>77,516,543</u>	<u>11,380,349</u>
Excess of Revenues over (under) Expenditures	<u>2,565,546</u>	<u>(9,816,642)</u>	<u>5,889,622</u>	<u>15,706,264</u>
Other financing sources (uses):				
Transfers in	643,430	3,563,122	4,152,641	589,519
Transfers out	(3,313,028)	(3,313,028)	(3,311,119)	1,909
Acquisition of leases and IT subscriptions	-	51,098	102,817	51,719
Sale of City property	-	-	24,390	24,390
Total other financing sources (uses)	<u>(2,669,598)</u>	<u>301,192</u>	<u>968,729</u>	<u>667,537</u>
Net change in fund balance	(104,052)	(9,515,450)	6,858,351	16,373,801
Fund balances, beginning of fiscal year	<u>47,038,677</u>	<u>47,038,677</u>	<u>47,038,677</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 46,934,625</u>	<u>\$ 37,523,227</u>	<u>\$ 53,897,028</u>	<u>\$ 16,373,801</u>
Reconciliation from Budgetary Basis to GAAP Basis:				
Net change in fund balances (budgetary basis)			\$ 6,858,351	
Adjustments:				
Activity of other funds combined into the General Fund			<u>235,498</u>	
Net change in fund balance (GAAP basis)			<u>\$ 7,093,849</u>	

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Grants Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 606,008	\$ 1,469,802	\$ 757,477	\$ (712,325)
Investment earnings	15,000	15,000	20,669	5,669
Other	-	-	77,030	77,030
Total revenues	621,008	1,484,802	855,176	(629,626)
Expenditures				
Current:				
General Government-Management and Support	7,879	6,014	6,014	-
Public Safety	-	246,300	-	246,300
Community Development	417,920	325,309	294,824	30,485
Infrastructure Maintenance	-	2,855	2,855	-
Rec/Community/Library Services	111,131	400,774	367,021	33,753
Capital outlay				
Engineering & Transportation	-	551,632	225,867	325,765
Infrastructure Maintenance	-	9,044	9,044	-
Total expenditures	536,930	1,541,928	905,625	636,303
Excess of revenues over (under) expenditures	<u>84,078</u>	<u>(57,126)</u>	<u>(50,449)</u>	<u>6,677</u>
Other financing sources (uses):				
Transfers out	-	-	(33,754)	(33,754)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(33,754)</u>	<u>(33,754)</u>
Net change in fund balance	84,078	(57,126)	(84,203)	(27,077)
Fund balances, beginning of fiscal year	<u>543,629</u>	<u>543,629</u>	<u>543,629</u>	<u>-</u>
Fund balances, end of fiscal year	\$ 627,707	\$ 486,503	\$ 459,426	\$ (27,077)

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Mission Viejo Housing Authority Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 5,000	\$ 5,000	\$ 25,764	\$ 20,764
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>25,764</u>	<u>20,764</u>
Expenditures				
Current:				
Community Development	56,800	56,800	12,877	43,923
Capital outlay				
Engineering & Transportation	-	37,299	-	37,299
Total expenditures	<u>56,800</u>	<u>94,099</u>	<u>12,877</u>	<u>81,222</u>
Net change in fund balance	(51,800)	(89,099)	12,887	101,986
Fund balances, beginning of fiscal year	<u>5,996,215</u>	<u>5,996,215</u>	<u>5,996,215</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 5,944,415</u>	<u>\$ 5,907,116</u>	<u>\$ 6,009,102</u>	<u>\$ 101,986</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
American Rescue Plan Act (ARPA) Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 2,919,692	\$ 2,919,692	\$ -
Total revenues	<u>-</u>	<u>2,919,692</u>	<u>2,919,692</u>	<u>-</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>2,919,692</u>	<u>2,919,692</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	-	(2,919,692)	(2,919,692)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,919,692)</u>	<u>(2,919,692)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balances, beginning of fiscal year	-	-	-	-
Fund balances, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Budgetary Policy and Control

General Budget Policies

The City Council adopts a biennial budget for all funds of the primary government prior to the beginning of each biennium, which begins on July 1 of each odd-numbered year. Annual budgets are adopted for the Financing Authority and the Housing Authority. Public discussions are conducted prior to the budget's adoption by the Council. Annual appropriations are approved by the Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end. The City Council has the legal authority to amend the budget at any time during the fiscal year. For the operating budget, the City Manager has the authority to transfer appropriations between accounts (without dollar limitation) within the same fund as long as the transfers are within the broad program areas of: General Government (Legislative & Management and Support combined); Public Safety; Community Development; Engineering & Transportation and Infrastructure Maintenance combined; Golf Operations; and Recreation, Community, Library Services. For the capital improvement program, the City Manager has the authority to transfer up to \$30,000 in appropriations between capital projects within the same fund as long as the transfers are within the responsibility of the same department. All other appropriation changes require City Council approval.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the primary government's operating budget is the program area within each fund and for the capital improvement budget, each individual capital improvement project within each fund. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures.

For the Financing Authority and the Housing Authority budgets, the level of budgetary control is the fund.

Continuing Appropriations

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

Budgetary Basis of Accounting

The budgetary basis for the General Fund represents the legally adopted budget for the General Fund and excludes the activities of other funds that are combined into the General Fund for GAAP reporting. The budgetary comparison schedule for the General Fund includes a reconciliation from the net change in fund balance on a budgetary basis to the net change in fund balance on a GAAP basis. The net changes in this reconciliation includes the activity of the Section 115 Pension Trust Fund. This fund contributed \$235,498 to the net change in fund balance under GAAP.

(2) Capital Assets - Modified Approach for Infrastructure

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

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

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

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

Streets

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

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

City of Mission Viejo

Notes to Required Supplementary Information For the Year Ended June 30, 2025

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

Streets, (continued)

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

<u>PCI Range</u>	<u>Condition</u>
86-100	Very Good
75-85	Good
60-74	Fair
41-59	Poor
0-40	Very Poor

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

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

<u>Condition Levels</u>	<u>2020 Study</u>	<u>2022 Study</u>	<u>2024 Study</u>
Arterials (MPAH)	Good	Good	Fair
Local/Residential	Very Good	Very Good	Very Good

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

City of Mission Viejo

**Notes to Required Supplementary Information
For the Year Ended June 30, 2025**

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

Streets. (continued)

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

Comparison of Needed to Actual Maintenance/Preservation

<u>Overall System</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Needed	\$3,600,000	\$4,280,000	\$6,050,000	\$6,040,000	\$6,090,000
Actual	<u>3,620,995</u>	<u>5,334,163</u>	<u>3,982,187</u>	<u>5,311,217</u>	<u>5,017,873</u>
Difference	\$20,995	\$1,054,163	\$(2,067,813)	\$(728,783)	\$(1,072,127)



Supplementary Schedules



MISSION VIEJO

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City of Mission Viejo

General Fund Combining Balance Sheet June 30, 2025

	General Fund	115 Pension Trust Fund	Total
Assets:			
Cash and investments	\$ 53,239,152	\$ -	\$ 53,239,152
Receivables:			
Accounts	565,794	-	565,794
Taxes	4,019,314	-	4,019,314
Loans	2,073	-	2,073
Interest	525,137	13,365	538,502
Prepaid items	28,750	-	28,750
Deposits	430	-	430
Intergovernmental receivable	35,975	-	35,975
Interfund receivable	2,582,612	-	2,582,612
Notes receivables	-	2,611,140	2,611,140
Due from Successor Agency	74,927	-	74,927
Interfund note receivable	4,918,000	-	4,918,000
Restricted assets:			
Cash and investments - pension	-	4,704,985	4,704,985
Total assets	\$ 65,992,164	\$ 7,329,490	\$ 73,321,654
Liabilities, deferred inflows of resources, and fund balances:			
Liabilities:			
Accounts payable	\$ 4,657,317	\$ -	\$ 4,657,317
Accrued wages payable	761,470	-	761,470
Deposits payable	926,530	-	926,530
Unearned revenues	352,702	-	352,702
Intergovernmental payable	8,123	-	8,123
Other liabilities	16,794	-	16,794
Retainage payable	38,980	-	38,980
Total liabilities	6,761,916	-	6,761,916
Deferred inflows of resources:			
Unavailable revenues	5,333,220	-	5,333,220
Total deferred inflows of resources	5,333,220	-	5,333,220
Fund balances:			
Nonspendable:	31,253	-	31,253
Restricted for:			
Pension	-	7,329,490	7,329,490
Engineering and transportation	1,097,217	-	1,097,217
Assigned	40,900,000	-	40,900,000
Unassigned	11,868,558	-	11,868,558
Total fund balances	53,897,028	7,329,490	61,226,518
Total liabilities, deferred inflows of resources, and fund balances	\$ 65,992,164	\$ 7,329,490	\$ 73,321,654

City of Mission Viejo

General Fund Combining Schedule of Revenues, Expenditures and Changes in Fund Balances June 30, 2025

	General Fund	115 Pension Trust Fund	Total
Revenues:			
Taxes	\$ 67,377,674	\$ -	\$ 67,377,674
Licenses and permits	3,168,771	-	3,168,771
Intergovernmental	872,773	-	872,773
Charges for services	6,319,420	-	6,319,420
Investment earnings	2,523,472	235,933	2,759,405
Fines and forfeitures	780,429	-	780,429
Other	2,363,626	-	2,363,626
Total revenues	83,406,165	235,933	83,642,098
Expenditures:			
Current:			
General Government-Legislative	1,082,884	-	1,082,884
General Government-Management and Support	10,651,393	435	10,651,828
Public Safety	26,381,368	-	26,381,368
Community Development	3,540,566	-	3,540,566
Engineering & Transportation	2,601,552	-	2,601,552
Infrastructure Maintenance	23,378,236	-	23,378,236
Rec/Community/Library Services	7,195,518	-	7,195,518
Debt service:			
Principal	339,399	-	339,399
Interest	35,982	-	35,982
Capital outlay			
Engineering & Transportation	910,104	-	910,104
Infrastructure Maintenance	1,399,541	-	1,399,541
Total expenditures	77,516,543	435	77,516,978
Excess (deficiency) of revenues over (under) expenditures	5,889,622	235,498	6,125,120
Other financing sources (uses):			
Transfers in	4,152,641	-	4,152,641
Transfers out	(3,311,119)	-	(3,311,119)
Acquisition of leases and IT subscriptions	102,817	-	102,817
Sale of City property	24,390	-	24,390
Total other financing sources (uses)	968,729	-	968,729
Net change in fund balances	6,858,351	235,498	7,093,849
Fund balances, beginning of fiscal year	47,038,677	7,093,992	54,132,669
Fund balances, end of fiscal year	\$ 53,897,028	\$ 7,329,490	\$ 61,226,518

City of Mission Viejo

**Nonmajor Governmental Funds
Combining Governmental Balance Sheet
June 30, 2025**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 5,554,040	\$ -	\$ 5,554,040
Accounts receivable	320	-	320
Taxes receivable	69,279	-	69,279
Intergovernmental receivable	1,444,925	-	1,444,925
Restricted assets:			
Cash and investments - fiscal agents	-	8,453,608	8,453,608
Total assets	\$ 7,068,564	\$ 8,453,608	\$ 15,522,172
LIABILITIES			
Accounts payable	\$ 407,639	\$ -	\$ 407,639
Accrued payroll	89,914	-	89,914
Intergovernmental payable	1,690	-	1,690
Interfund payable	489,425	-	489,425
Retainage payable	228,452	-	228,452
Total liabilities	1,217,120	-	1,217,120
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	577,265	-	577,265
Total deferred inflows of resources	577,265	-	577,265
Total liabilities and deferred inflows of resources	1,794,385	-	1,794,385
FUND BALANCES (DEFICITS)			
Restricted for:			
Community development	1,365	-	1,365
Core Area Vision Plan capital project	-	6,247,476	6,247,476
Debt service	-	2,206,132	2,206,132
Engineering and transportation	4,433,598	-	4,433,598
Library services	1,020,725	-	1,020,725
Public safety	363,965	-	363,965
Unassigned	(545,474)	-	(545,474)
Total fund balances (deficits)	5,274,179	8,453,608	13,727,787
Total liabilities, deferred inflows of resources and fund balances	\$ 7,068,564	\$ 8,453,608	\$ 15,522,172

City of Mission Viejo

**Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
June 30, 2025**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 3,587,776	\$ 469,778	\$ 4,057,554
Intergovernmental	6,991,922	1,721,035	8,712,957
Charges for services	183,045	-	183,045
Investment earnings	279,827	394,144	673,971
Fines and forfeitures	10,065	-	10,065
Other	119,119	-	119,119
Total revenues	<u>11,171,754</u>	<u>2,584,957</u>	<u>13,756,711</u>
EXPENDITURES			
Current:			
General Government-Management and Support	39,674	-	39,674
Public Safety	405,424	-	405,424
Community Development	5,808	-	5,808
Engineering & Transportation	994,643	-	994,643
Infrastructure Maintenance	564,031	-	564,031
Rec/Community/Library Services	3,558,868	-	3,558,868
Debt Service:			
Principal	123,936	3,225,000	3,348,936
Interest	22,958	914,434	937,392
Capital outlay:			
Engineering & Transportation	6,268,572	-	6,268,572
Total expenditures	<u>11,983,914</u>	<u>4,139,434</u>	<u>16,123,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(812,160)</u>	<u>(1,554,477)</u>	<u>(2,366,637)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	16,160	2,885,107	2,901,267
Transfers out	-	(1,668,972)	(1,668,972)
Total other financing sources (uses)	<u>16,160</u>	<u>1,216,135</u>	<u>1,232,295</u>
Net change in fund balances	(796,000)	(338,342)	(1,134,342)
Fund balances, beginning of fiscal year	<u>6,070,179</u>	<u>8,791,950</u>	<u>14,862,129</u>
Fund balances, end of fiscal year	<u>\$ 5,274,179</u>	<u>\$ 8,453,608</u>	<u>\$ 13,727,787</u>

City of Mission Viejo

Nonmajor Special Revenue Funds For the Year Ended June 30, 2025

Nonmajor Special Revenue Funds

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

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

GAS TAX - To account for receipts and expenditures of money apportioned under Streets and Highways Code Sections 2103, 2105, 2106, 2107 and 2107.5 of the State of California and the Road Repair and Accountability Act of 2017 (SB1). These funds are earmarked for maintenance, rehabilitation or improvement of public streets.

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

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

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

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

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

ACCESSIBILITY COMPLIANCE CASp - This fund is used to account for fees collected on building permits, which are used to facilitate compliance with construction-related accessibility requirements and for the training and retention of certified access specialists within the local jurisdiction.

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

CARES ACT ASSISTANCE - This fund is used to account for revenue and expenditures necessary to respond to the Covid-19 pandemic. Funding is a combination of State and County allocations received for qualifying expenses under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and federal funding under the Federal Emergency Management Agency (FEMA). This fund had no legally adopted budget for the fiscal year ending June 30, 2025.

City of Mission Viejo

**Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2025**

	<u>Gas Tax Fund</u>	<u>Library Operations Fund</u>	<u>Law Enforcement Grants Fund</u>
ASSETS			
Cash and investments	\$ 3,251,838	\$ 1,155,036	\$ 269,714
Accounts receivable	-	320	-
Taxes receivable	-	37,498	-
Intergovernmental receivable	899,441	-	-
Total assets	<u>\$ 4,151,279</u>	<u>\$ 1,192,854</u>	<u>\$ 269,714</u>
LIABILITIES			
Accounts payable	\$ 233,314	\$ 82,717	\$ 24,951
Accrued payroll	502	89,412	-
Intergovernmental payable	-	-	-
Interfund payable	-	-	-
Retainage payable	228,452	-	-
Total liabilities	<u>462,268</u>	<u>172,129</u>	<u>24,951</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>462,268</u>	<u>172,129</u>	<u>24,951</u>
FUND BALANCES (DEFICITS)			
Restricted for:			
Community development	-	-	-
Engineering and transportation	3,689,011	-	-
Library services	-	1,020,725	-
Public safety	-	-	244,763
Unassigned	-	-	-
Total fund balances (deficits)	<u>3,689,011</u>	<u>1,020,725</u>	<u>244,763</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,151,279</u>	<u>\$ 1,192,854</u>	<u>\$ 269,714</u>

(continued)

<u>Air Quality Fund</u>	<u>Project V Fund</u>	<u>Building Homes & Jobs Act SB2 Fund</u>	<u>Accessibility Compliance CASp Fund</u>
\$ 755,195	\$ -	\$ -	\$ 3,055
-	-	-	-
31,781	-	-	-
-	413,835	131,649	-
<u>\$ 786,976</u>	<u>\$ 413,835</u>	<u>\$ 131,649</u>	<u>\$ 3,055</u>
\$ 10,608	\$ 52,724	\$ 3,325	\$ -
-	-	-	-
-	-	-	1,690
-	361,101	128,324	-
-	-	-	-
<u>10,608</u>	<u>413,825</u>	<u>131,649</u>	<u>1,690</u>
<u>31,781</u>	<u>413,835</u>	<u>131,649</u>	<u>-</u>
<u>31,781</u>	<u>413,835</u>	<u>131,649</u>	<u>-</u>
<u>42,389</u>	<u>827,660</u>	<u>263,298</u>	<u>1,690</u>
-	-	-	1,365
744,587	-	-	-
-	-	-	-
-	-	-	-
-	(413,825)	(131,649)	-
<u>744,587</u>	<u>(413,825)</u>	<u>(131,649)</u>	<u>1,365</u>
<u>\$ 786,976</u>	<u>\$ 413,835</u>	<u>\$ 131,649</u>	<u>\$ 3,055</u>



MISSION VIEJO

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City of Mission Viejo

**Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2025**

(concluded)

	Federal Opioid Settlement	CARES Act Fund	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and investments	\$ 119,202	\$ -	\$ 5,554,040
Accounts receivable	-	-	320
Taxes receivable	-	-	69,279
Intergovernmental receivable	-	-	1,444,925
Total assets	\$ 119,202	\$ -	\$ 7,068,564
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 407,639
Accrued payroll	-	-	89,914
Intergovernmental payable	-	-	1,690
Interfund payable	-	-	489,425
Retainage payable	-	-	228,452
Total liabilities	-	-	1,217,120
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	577,265
Total deferred inflows of resources	-	-	577,265
Total liabilities and deferred inflows of resources	-	-	1,794,385
FUND BALANCES (DEFICITS)			
Restricted for:			
Community development	-	-	1,365
Engineering and transportation	-	-	4,433,598
Library services	-	-	1,020,725
Public safety	119,202	-	363,965
Unassigned	-	-	(545,474)
Total fund balances (deficits)	119,202	-	5,274,179
Total liabilities, deferred inflows of resources and fund balances	\$ 119,202	\$ -	\$ 7,068,564

City of Mission Viejo

**Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025**

	<u>Gas Tax Fund</u>	<u>Library Operations Fund</u>	<u>Law Enforcement Grants Fund</u>
REVENUES			
Taxes	\$ -	\$ 3,587,776	\$ -
Intergovernmental	5,168,470	295,166	276,180
Charges for services	-	177,118	-
Investment earnings	193,540	45,306	10,399
Fines and forfeitures	-	10,065	-
Other	-	46,956	-
Total revenues	<u>5,362,010</u>	<u>4,162,387</u>	<u>286,579</u>
EXPENDITURES			
Current:			
General Government-Management and Support	1,309	35,965	-
Public Safety	66,430	-	299,408
Community Development	-	-	-
Engineering & Transportation	580,818	-	-
Infrastructure Maintenance	-	564,031	-
Rec/Community/Library Services	-	3,466,805	-
Debt Service:			
Principal	-	123,936	-
Interest	-	22,958	-
Capital outlay:			
Engineering & Transportation	6,177,910	-	-
Total expenditures	<u>6,826,467</u>	<u>4,213,695</u>	<u>299,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,464,457)</u>	<u>(51,308)</u>	<u>(12,829)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	15,000	-
Total other financing sources (uses)	<u>-</u>	<u>15,000</u>	<u>-</u>
Net change in fund balances	(1,464,457)	(36,308)	(12,829)
Fund balances - beginning of fiscal year	<u>5,153,468</u>	<u>1,057,033</u>	<u>257,592</u>
Fund balances - end of fiscal year	<u>\$ 3,689,011</u>	<u>\$ 1,020,725</u>	<u>\$ 244,763</u>

(continued)

<u>Air Quality Fund</u>	<u>Project V Fund</u>	<u>Building Homes & Jobs Act SB2 Fund</u>	<u>Accessibility Compliance CASp Fund</u>
\$ -	\$ -	\$ -	\$ -
89,921	160,058	530,714	-
-	-	-	5,927
26,499	-	-	-
-	-	-	-
-	-	-	-
<u>116,420</u>	<u>160,058</u>	<u>530,714</u>	<u>5,927</u>
2,400	-	-	-
-	-	39,586	-
-	-	-	5,808
-	413,825	-	-
-	-	-	-
-	-	92,063	-
-	-	-	-
-	-	-	-
<u>90,662</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>93,062</u>	<u>413,825</u>	<u>131,649</u>	<u>5,808</u>
<u>23,358</u>	<u>(253,767)</u>	<u>399,065</u>	<u>119</u>
-	-	-	-
-	-	-	-
23,358	(253,767)	399,065	119
<u>721,229</u>	<u>(160,058)</u>	<u>(530,714)</u>	<u>1,246</u>
<u>\$ 744,587</u>	<u>\$ (413,825)</u>	<u>\$ (131,649)</u>	<u>\$ 1,365</u>

City of Mission Viejo

**Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025 (concluded)**

	Federal Opioid Settlement	CARES Act Assistance Fund	Total Nonmajor Special Revenue Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 3,587,776
Intergovernmental	-	471,413	6,991,922
Charges for services	-	-	183,045
Investment earnings	4,083	-	279,827
Fines and forfeitures	-	-	10,065
Other	72,163	-	119,119
Total revenues	<u>76,246</u>	<u>471,413</u>	<u>11,171,754</u>
EXPENDITURES			
Current:			
General Government-Management and Support	-	-	39,674
Public Safety	-	-	405,424
Community Development	-	-	5,808
Engineering & Transportation	-	-	994,643
Infrastructure Maintenance	-	-	564,031
Rec/Community/Library Services	-	-	3,558,868
Debt Service:			
Principal	-	-	123,936
Interest	-	-	22,958
Capital outlay:			
Engineering & Transportation	-	-	6,268,572
Total expenditures	<u>-</u>	<u>-</u>	<u>11,983,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76,246</u>	<u>471,413</u>	<u>(812,160)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,160	16,160
Total other financing sources (uses)	<u>-</u>	<u>1,160</u>	<u>16,160</u>
Net change in fund balances	76,246	472,573	(796,000)
Fund balances - beginning of fiscal year	<u>42,956</u>	<u>(472,573)</u>	<u>6,070,179</u>
Fund balances - end of fiscal year	<u>\$ 119,202</u>	<u>\$ -</u>	<u>\$ 5,274,179</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Gas Tax Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 5,093,689	\$ 5,014,424	\$ 5,168,470	\$ 154,046
Investment earnings	64,000	64,000	193,540	129,540
Total revenues	<u>5,157,689</u>	<u>5,078,424</u>	<u>5,362,010</u>	<u>283,586</u>
Expenditures				
Current:				
General Government-Management and Support	2,487	1,307	1,309	(2)
Public Safety	66,430	66,430	66,430	-
Engineering & Transportation	647,000	623,817	580,818	42,999
Capital outlay				
Engineering & Transportation	<u>4,338,028</u>	<u>8,612,470</u>	<u>6,177,910</u>	<u>2,434,560</u>
Total expenditures	<u>5,053,945</u>	<u>9,304,024</u>	<u>6,826,467</u>	<u>2,477,557</u>
Net change in fund balance	103,744	(4,225,600)	(1,464,457)	2,761,143
Fund balances, beginning of fiscal year	<u>5,153,468</u>	<u>5,153,468</u>	<u>5,153,468</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 5,257,212</u>	<u>\$ 927,868</u>	<u>\$ 3,689,011</u>	<u>\$ 2,761,143</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Library Operations Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,494,579	\$ 3,526,379	\$ 3,587,776	\$ 61,397
Intergovernmental	194,000	306,002	295,166	(10,836)
Charges for services	257,500	222,500	177,118	(45,382)
Investment earnings	45,000	45,000	45,306	306
Fines and forfeitures	-	-	10,065	10,065
Other	7,500	10,709	46,956	36,247
Total revenues	3,998,579	4,110,590	4,162,387	51,797
Expenditures				
Current:				
General Government-Management and Support	211,141	37,286	35,965	1,321
Infrastructure Maintenance	516,801	569,031	564,031	5,000
Rec/Community/Library Services	3,486,748	3,557,460	3,466,805	90,655
Debt service:				
Principal	-	123,936	123,936	-
Interest	-	22,958	22,958	-
Total expenditures	4,214,690	4,310,671	4,213,695	96,976
Excess of revenues over (under) expenditures	(216,111)	(200,081)	(51,308)	148,773
Other financing sources (uses):				
Transfers in	15,000	15,000	15,000	-
Total other financing sources (uses)	15,000	15,000	15,000	-
Net change in fund balance	(201,111)	(185,081)	(36,308)	148,773
Fund balances, beginning of fiscal year	1,057,033	1,057,033	1,057,033	-
Fund balances, end of fiscal year	\$ 855,922	\$ 871,952	\$ 1,020,725	\$ 148,773

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Law Enforcement Grants Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 276,180	\$ 46,180
Investment earnings	1,861	1,861	10,399	8,538
Total revenues	<u>231,861</u>	<u>231,861</u>	<u>286,579</u>	<u>54,718</u>
Expenditures				
Current:				
Public Safety	300,159	300,159	299,408	751
Total expenditures	<u>300,159</u>	<u>300,159</u>	<u>299,408</u>	<u>751</u>
Net change in fund balance	(68,298)	(68,298)	(12,829)	55,469
Fund balances, beginning of fiscal year	<u>257,592</u>	<u>257,592</u>	<u>257,592</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 189,294</u>	<u>\$ 189,294</u>	<u>\$ 244,763</u>	<u>\$ 55,469</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Air Quality Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 89,921	\$ (30,079)
Investment earnings	5,598	5,598	26,499	20,901
Total revenues	<u>125,598</u>	<u>125,598</u>	<u>116,420</u>	<u>(9,178)</u>
Expenditures				
Current:				
General Government-Management and Support	2,400	2,400	2,400	-
Capital outlay				
Engineering & Transportation	-	806,368	90,662	715,706
Total expenditures	<u>2,400</u>	<u>808,768</u>	<u>93,062</u>	<u>715,706</u>
Net change in fund balance	123,198	(683,170)	23,358	706,528
Fund balances, beginning of fiscal year	<u>721,229</u>	<u>721,229</u>	<u>721,229</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 844,427</u>	<u>\$ 38,059</u>	<u>\$ 744,587</u>	<u>\$ 706,528</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Project V Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 324,000	\$ 540,000	\$ 160,058	\$ (379,942)
Total revenues	<u>324,000</u>	<u>540,000</u>	<u>160,058</u>	<u>(379,942)</u>
Expenditures				
Current:				
Engineering & Transportation	324,000	495,000	413,825	81,175
Total expenditures	<u>324,000</u>	<u>495,000</u>	<u>413,825</u>	<u>81,175</u>
Net change in fund balance	-	45,000	(253,767)	(298,767)
Fund balances, beginning of fiscal year	<u>(160,058)</u>	<u>(160,058)</u>	<u>(160,058)</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ (160,058)</u>	<u>\$ (115,058)</u>	<u>\$ (413,825)</u>	<u>\$ (298,767)</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Building Homes & Jobs Act (SB2) Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 181,000	\$ 135,808	\$ 530,714	\$ 394,906
Total revenues	<u>181,000</u>	<u>135,808</u>	<u>530,714</u>	<u>394,906</u>
Expenditures				
Current:				
Public Safety	40,000	40,000	39,586	414
Rec/Community/Library Services	141,000	92,064	92,063	1
Total expenditures	<u>181,000</u>	<u>132,064</u>	<u>131,649</u>	<u>415</u>
Net change in fund balance	-	3,744	399,065	395,321
Fund balances, beginning of fiscal year	<u>(530,714)</u>	<u>(530,714)</u>	<u>(530,714)</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ (530,714)</u>	<u>\$ (526,970)</u>	<u>\$ (131,649)</u>	<u>\$ 395,321</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Accessibility Compliance CASp Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 6,000	\$ 6,000	\$ 5,927	\$ (73)
Total revenues	6,000	6,000	5,927	(73)
Expenditures				
Current:				
Community Development	-	5,807	5,808	(1)
Total expenditures	-	5,807	5,808	(1)
Net change in fund balance	6,000	193	119	(74)
Fund balances, beginning of fiscal year	1,246	1,246	1,246	-
Fund balances, end of fiscal year	\$ 7,246	\$ 1,439	\$ 1,365	\$ (74)

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Federal Opioid Settlement Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 4,083	\$ 4,083
Other	17,831	17,831	72,163	54,332
Total revenues	17,831	17,831	76,246	58,415
Expenditures				
Current:				
Public Safety	17,831	-	-	-
Total expenditures	17,831	-	-	-
Net change in fund balance	-	17,831	76,246	58,415
Fund balances, beginning of fiscal year	42,956	42,956	42,956	-
Fund balances, end of fiscal year	\$ 42,956	\$ 60,787	\$ 119,202	\$ 58,415

City of Mission Viejo

Nonmajor Debt Service Funds Year Ended June 30, 2025

Nonmajor Debt Service Funds

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

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

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

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

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

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



MISSION VIEJO

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City of Mission Viejo

**Nonmajor Debt Service Fund
Combining Balance Sheet
June 30, 2025**

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	CDFA 2021 Lease Revenue Bonds Fund	Total Nonmajor Debt Service Funds
ASSETS					
Restricted Assets:					
Cash and investments with fiscal agents	\$ -	\$ 2,201,735	\$ 1,139	\$ 6,250,734	\$ 8,453,608
Total assets	\$ -	\$ 2,201,735	\$ 1,139	\$ 6,250,734	\$ 8,453,608
FUND BALANCES (DEFICITS)					
Restricted for:					
Core Area Vision Plan capital project	-			6,247,476	6,247,476
Debt service	-	2,201,735	1,139	3,258	2,206,132
Total fund balances (deficits)	-	2,201,735	1,139	6,250,734	8,453,608
Total liabilities and fund balances	\$ -	\$ 2,201,735	\$ 1,139	\$ 6,250,734	\$ 8,453,608

City of Mission Viejo

**Nonmajor Debt Service Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025**

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	CDFA 2021 Lease Revenue Bonds Fund	Total Nonmajor Debt Service Funds
REVENUES					
Taxes	\$ 469,778	\$ -	\$ -	\$ -	\$ 469,778
Intergovernmental	-	1,721,035	-	-	1,721,035
Investment earnings	-	105,818	1,350	286,976	394,144
Total revenues	<u>469,778</u>	<u>1,826,853</u>	<u>1,350</u>	<u>286,976</u>	<u>2,584,957</u>
EXPENDITURES					
Debt service:					
Principal	-	1,495,000	935,000	795,000	3,225,000
Interest	-	226,035	202,813	485,586	914,434
Total expenditures	<u>-</u>	<u>1,721,035</u>	<u>1,137,813</u>	<u>1,280,586</u>	<u>4,139,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>469,778</u>	<u>105,818</u>	<u>(1,136,463)</u>	<u>(993,610)</u>	<u>(1,554,477)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	469,778	1,135,922	1,279,407	2,885,107
Transfers out	(469,778)	(643,430)	-	(555,764)	(1,668,972)
Total other financing sources (uses)	<u>(469,778)</u>	<u>(173,652)</u>	<u>1,135,922</u>	<u>723,643</u>	<u>1,216,135</u>
Net change in fund balances	-	(67,834)	(541)	(269,967)	(338,342)
Fund balances, beginning of fiscal year	-	2,269,569	1,680	6,520,701	8,791,950
Fund balances, end of fiscal year	<u>\$ -</u>	<u>\$ 2,201,735</u>	<u>\$ 1,139</u>	<u>\$ 6,250,734</u>	<u>\$ 8,453,608</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
MV Mall Parking Lease Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 830,792	\$ 830,792	\$ 469,778	\$ (361,014)
Total revenues	<u>830,792</u>	<u>830,792</u>	<u>469,778</u>	<u>(361,014)</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>830,792</u>	<u>830,792</u>	<u>469,778</u>	<u>(361,014)</u>
Other financing sources (uses):				
Transfers out	<u>(830,792)</u>	<u>(830,792)</u>	<u>(469,778)</u>	<u>361,014</u>
Total other financing sources (uses)	<u>(830,792)</u>	<u>(830,792)</u>	<u>(469,778)</u>	<u>361,014</u>
Net change in fund balance	-	-	-	-
Fund balances, beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
CDFA 1999 Mall Bonds Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,213,027	\$ 2,213,027	\$ 1,721,035	\$ (491,992)
Investment earnings	50,000	50,000	105,818	55,818
Total revenues	<u>2,263,027</u>	<u>2,263,027</u>	<u>1,826,853</u>	<u>(436,174)</u>
Expenditures				
Debt service:				
Principal	1,676,145	1,676,145	1,495,000	181,145
Interest	536,882	536,882	226,035	310,847
Total expenditures	<u>2,213,027</u>	<u>2,213,027</u>	<u>1,721,035</u>	<u>491,992</u>
Excess of revenues over (under) expenditures	<u>50,000</u>	<u>50,000</u>	<u>105,818</u>	<u>55,818</u>
Other financing sources (uses):				
Transfers in	830,872	830,872	469,778	(361,094)
Transfers out	(1,135,421)	(1,135,421)	(643,430)	491,991
Total other financing sources (uses)	<u>(304,549)</u>	<u>(304,549)</u>	<u>(173,652)</u>	<u>130,897</u>
Net change in fund balance	(254,549)	(254,549)	(67,834)	186,715
Fund balances, beginning of fiscal year	<u>2,269,569</u>	<u>2,269,569</u>	<u>2,269,569</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 2,015,020</u>	<u>\$ 2,015,020</u>	<u>\$ 2,201,735</u>	<u>\$ 186,715</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
CDFA 2016 Lease Revenue Refunding Bonds Trust
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 100	\$ 100	\$ 1,350	\$ 1,250
Total revenues	<u>100</u>	<u>100</u>	<u>1,350</u>	<u>1,250</u>
Expenditures				
Debt service:				
Principal	935,000	935,000	935,000	-
Interest	<u>202,813</u>	<u>202,813</u>	<u>202,813</u>	<u>-</u>
Total expenditures	<u>1,137,813</u>	<u>1,137,813</u>	<u>1,137,813</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(1,137,713)</u>	<u>(1,137,713)</u>	<u>(1,136,463)</u>	<u>1,250</u>
Other financing sources (uses):				
Transfers in	<u>1,137,813</u>	<u>1,137,813</u>	<u>1,135,922</u>	<u>(1,891)</u>
Total other financing sources (uses)	<u>1,137,813</u>	<u>1,137,813</u>	<u>1,135,922</u>	<u>(1,891)</u>
Net change in fund balance	100	100	(541)	(641)
Fund balances, beginning of fiscal year	<u>1,680</u>	<u>1,680</u>	<u>1,680</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 1,780</u>	<u>\$ 1,780</u>	<u>\$ 1,139</u>	<u>\$ (641)</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
CDFA 2021 Lease Revenue Bonds Trust
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 186,000	\$ 186,000	\$ 286,976	\$ 100,976
Total revenues	<u>186,000</u>	<u>186,000</u>	<u>286,976</u>	<u>100,976</u>
Expenditures				
Debt service:				
Principal	795,000	795,000	795,000	-
Interest	485,586	485,586	485,586	-
Total expenditures	<u>1,280,586</u>	<u>1,280,586</u>	<u>1,280,586</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(1,094,586)</u>	<u>(1,094,586)</u>	<u>(993,610)</u>	<u>100,976</u>
Other financing sources (uses):				
Transfers in	1,280,586	1,280,586	1,279,407	(1,179)
Transfers out	(3,300,000)	(3,300,000)	(555,764)	2,744,236
Total other financing sources (uses)	<u>(2,019,414)</u>	<u>(2,019,414)</u>	<u>723,643</u>	<u>2,743,057</u>
Net change in fund balance	(3,114,000)	(3,114,000)	(269,967)	2,844,033
Fund balances, beginning of fiscal year	<u>6,520,701</u>	<u>6,520,701</u>	<u>6,520,701</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 3,406,701</u>	<u>\$ 3,406,701</u>	<u>\$ 6,250,734</u>	<u>\$ 2,844,033</u>

City of Mission Viejo

Capital Projects Funds Year Ended June 30, 2025

Capital Projects Funds

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

The City has the following major capital projects fund:

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

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



MISSION VIEJO

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City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Developer Fees Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 425	\$ 425	\$ 1,073	\$ 648
Developer fees	-	5,351,145	-	(5,351,145)
Total revenues	<u>425</u>	<u>5,351,570</u>	<u>1,073</u>	<u>(5,350,497)</u>
Expenditures				
Capital outlay				
Engineering & Transportation	-	5,118,564	39,147	5,079,417
Infrastructure Maintenance	-	26,120	-	26,120
Total expenditures	<u>-</u>	<u>5,144,684</u>	<u>39,147</u>	<u>5,105,537</u>
Net change in fund balance	425	206,886	(38,074)	(244,960)
Fund balances, beginning of fiscal year	(204,015)	(204,015)	(204,015)	-
Fund balances, end of fiscal year	<u>\$ (203,590)</u>	<u>\$ 2,871</u>	<u>\$ (242,089)</u>	<u>\$ (244,960)</u>

City of Mission Viejo

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2025**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,354,794	\$ 12,273,741	\$ 5,101,187	\$ (7,172,554)
Investment earnings	85,000	85,000	83,655	(1,345)
Other	-	-	65,527	65,527
Total revenues	2,439,794	12,358,741	5,250,369	(7,108,372)
Expenditures				
Current:				
Engineering & Transportation	36,000	55,000	45,980	9,020
Capital outlay				
Engineering & Transportation	2,486,972	12,428,561	6,861,606	5,566,955
Infrastructure Maintenance	-	82,907	30,280	52,627
Total expenditures	2,522,972	12,566,468	6,937,866	5,628,602
Net change in fund balance	(83,178)	(207,727)	(1,687,497)	(1,479,770)
Fund balances, beginning of fiscal year	390,939	390,939	390,939	-
Fund balances, end of fiscal year	\$ 307,761	\$ 183,212	\$ (1,296,558)	\$ (1,479,770)

City of Mission Viejo

Statistics Tables and Other Schedules For the Year Ended June 30, 2025

STATISTICAL SECTION

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

Contents

Financial Trends.....	139
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	148
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax revenues.	
Debt Capacity.....	152
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information.....	156
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information.....	158
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

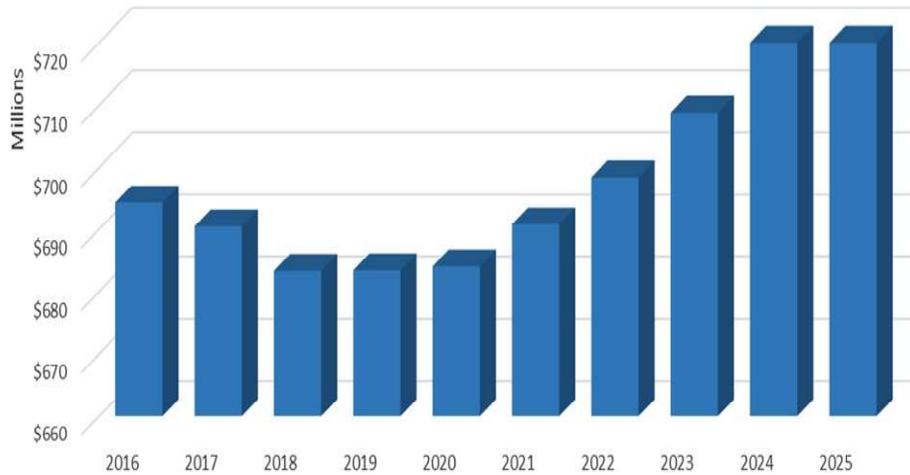


MISSION VIEJO

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City of Mission Viejo

Net Position by Component Las Ten Fiscal Year (accrual basis of accounting)



	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 639,179,582	\$ 639,548,835	\$ 639,309,161	\$ 634,921,382	\$ 633,138,918	\$ 628,884,527	\$ 633,007,131 ³	\$ 636,071,623	\$ 644,389,117	\$ 641,979,247
Restricted	26,061,848	25,041,749	20,909,550	21,937,662	21,200,381	28,227,969	28,893,200	34,473,315	31,269,567	36,558,943
Unrestricted	24,062,008	20,367,268	17,421,479 ¹	20,610,321	12,914,255 ²	16,558,712	18,773,382	20,076,441	26,885,691	29,993,270
Total governmental net position	<u>689,303,438</u>	<u>684,957,852</u>	<u>677,640,190</u>	<u>677,469,365</u>	<u>667,253,554</u>	<u>673,671,208</u>	<u>680,673,713</u>	<u>690,621,379</u>	<u>702,544,375</u>	<u>708,531,460</u>
Business-type activities										
Net investment in capital assets	1,961,624	2,749,214	2,779,607	2,589,938	12,949,140 ²	12,796,065	13,231,390	13,476,549	14,022,978	13,995,196
Unrestricted	3,117,861	2,752,807	2,888,252	3,333,070	3,815,125	4,316,057	4,511,699	4,725,137	5,489,078	6,575,050
Total business-type net position	<u>5,079,485</u>	<u>5,502,021</u>	<u>5,667,859</u>	<u>5,923,008</u>	<u>16,764,265</u>	<u>17,112,122</u>	<u>17,743,089</u>	<u>18,201,686</u>	<u>19,512,056</u>	<u>20,570,246</u>
Primary governmental										
Net investment in capital assets	641,141,206	642,298,049	642,088,768	637,511,320	646,088,058	641,680,592	646,238,521	649,548,172	658,412,095	655,974,443
Restricted	26,061,848	25,041,749	20,909,550	21,937,662	21,200,381	28,227,969	28,893,200	34,473,315	31,269,567	36,558,943
Unrestricted	27,179,869	23,120,075	20,309,731	23,943,391	16,729,380	20,874,769	23,285,081	24,801,578	32,374,769	36,568,320
Total primary government net position	<u>694,382,923</u>	<u>690,459,873</u>	<u>683,308,049</u>	<u>683,392,373</u>	<u>684,017,819</u>	<u>690,783,330</u>	<u>698,416,802</u>	<u>708,823,065</u>	<u>722,056,431</u>	<u>729,101,706</u>

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

² Change due to purchase of Oso Creek Golf Course (formerly Casta del Sol) resulting in \$10.5 million in Unrestricted net position under Governmental activities shifting to Net investment in capital assets under Business-type activities.

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

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

Source: Statement of Net Position



MISSION VIEJO

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City of Mission Viejo

Changes in Net Position Las Ten Fiscal Year (accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General Government-Legislative	\$ 1,254,587	\$ 1,953,252	\$ 1,891,424	\$ 1,402,416	\$ 683,637 ⁶	\$ 773,250	\$ 641,846	\$ 1,603,125	\$ 2,174,383	\$ 1,127,442
General Govt-Mgmt and Support	7,984,424	9,617,474	9,214,038	9,477,436	10,337,098 ⁶	10,493,428	11,146,905	11,538,198	13,510,291	13,096,036
Public Safety	18,853,188	20,111,045	20,410,021	21,171,371	21,808,631	21,638,415	22,269,118	24,006,168	25,073,492	26,857,486
Community Development	3,171,164	4,743,210	3,368,119	3,139,741	3,670,408	5,777,919 ⁸	3,954,292	3,842,016	5,003,225	4,379,911
Engineering & Transportation	5,478,851	6,924,142	8,133,213	8,651,747	5,407,856	7,251,280	8,644,433	9,267,318	11,161,665	12,064,840
Infrastructure Maintenance	20,725,795	20,358,759	24,466,949	20,952,619	20,802,296	22,416,828	23,627,061	26,357,338	27,938,118	28,448,086
Rec/Community/Library Services	10,352,676	11,137,331	10,240,895	10,481,960	10,155,677	8,776,995 ⁹	8,571,082 ⁹	10,574,207	11,623,596	13,458,878
Interest and fiscal charges	968,120	1,085,677	1,079,976	1,025,169	1,086,716	1,019,131	1,238,333	1,222,448	1,203,921	764,275
Total governmental activities expenses	68,788,805	75,930,890	78,804,635	76,302,459	73,952,319	78,147,246	80,093,070	88,410,818	97,688,691	100,196,954
Business-type activities:										
Golf Course	-	-	-	-	1,202,126	2,963,896 ¹⁰	3,578,214	4,165,035	4,555,381	5,101,941
Animal Services	2,165,119	3,128,506 ²	2,779,573	3,158,185	3,125,415	3,122,662	2,999,619	3,623,597	3,940,102	4,411,454
Mission Viejo Television expenses	298,856	445,614	598,697	328,099	315,679	280,216	217,098	289,474	246,750	169,614
Total primary government expenses	71,252,780	79,505,010	82,182,905	79,788,743	78,595,539	84,514,020	86,888,001	96,488,924	106,430,924	109,879,963
Program revenues										
Governmental activities:										
Charges for services										
General Government-Legislative	1,935	779	4,305	5,538	-	6,234	-	5,844	-	-
General Govt-Mgmt and Support	35,946	32,450	136,434	150,718	-	663,347	697,984	738,931	838,032	1,222,387
Public Safety	558,417	412,881	420,317	423,894	370,809	253,614	341,346	403,030	485,203	561,331
Community Development	2,529,804	2,942,021	3,131,388	2,564,613	3,301,820	3,809,115	4,330,548	4,149,554	4,133,130	4,431,281
Engineering & Transportation	524,837	622,602	679,171	927,931	1,422,160	1,285,698	1,047,078	790,902	798,149	974,768
Infrastructure Maintenance	51,941	51,353	167,412	300,800	302,021	214,058	370,406	398,013	488,945	758,624
Rec/Community/Library Services	2,255,657	2,212,519	2,108,549	2,219,695	1,720,755	794,082 ⁹	2,285,781	3,192,177	3,587,088	4,167,384
Operating grants and contributions	4,130,294	5,721,395	6,700,659	7,394,760	7,448,987	9,058,711 ¹¹	10,356,638 ¹¹	13,498,327 ¹¹	12,730,479 ¹¹	13,263,550
Capital grants and contributions	3,227,117	1,838,621	1,188,079	756,472	642,927	5,260,927	1,577,577	4,642,575	8,934,724	4,075,412
Total governmental activities program revenues	13,315,948	13,834,621	14,536,314	14,744,421	15,209,479	21,345,786	21,007,358	27,819,353	31,995,750	29,454,737
Business-type activities:										
Charges for services										
Golf Course	-	-	-	-	1,218,186	3,244,872 ¹⁰	3,803,662	4,375,964	4,966,006	5,654,301
Animal Services	1,452,532	2,810,457 ²	2,275,983	2,328,939	2,352,191	2,320,480	2,599,033	2,805,353	2,882,223	2,898,368
Mission Viejo Television	500	529,645 ³	532,816	532,447	499,984	476,051	438,441	408,376	373,300	352,963
Operating grants and contributions	823,279	143,106 ³	98,892	160,341	65,413	106,177	98,692	66,969	719,049	489,949
Capital grants and contributions	9,200	-	-	-	-	-	-	-	-	-
Total business-type activities revenues	2,285,511	3,483,208	2,907,691	3,021,727	4,135,774	6,147,580	6,939,828	7,656,662	8,940,578	9,395,581
Total primary government revenues	15,601,459	17,317,829	17,444,005	17,766,148	19,345,253	27,493,366	27,947,186	35,476,015	40,936,328	38,850,318
Net (Expense) Revenue										
Governmental activities	(55,472,857)	(62,096,269)	(64,268,321)	(61,558,038)	(58,742,840)	(56,801,460)	(59,085,712)	(60,591,465)	(65,692,941)	(70,742,217)
Business-type activities	(178,464)	(90,912)	(470,579)	(464,557)	(507,446)	(219,194)	144,897	(421,444)	198,345	(287,428)
Total primary government net expense	(55,651,321)	(62,187,181)	(64,738,900)	(62,022,595)	(59,250,286)	(57,020,654)	(58,940,815)	(61,012,909)	(65,494,596)	(71,029,645)

Continued

City of Mission Viejo

Changes in Net Position, continued Las Ten Fiscal Year (accrual basis of accounting)

General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	32,317,084	33,102,624	34,828,754	36,537,581	37,609,454	39,548,716	40,759,998	43,709,642	45,328,614	47,455,034
Sales and use taxes	15,218,225	17,186,469 ⁴	16,732,687 ⁵	19,735,853 ⁵	17,004,623	17,905,482	20,550,900	20,680,397	20,853,891	20,529,953
Franchise fees	-	-	-	-	-	2,860,600 ¹²	3,639,190	3,718,009	3,834,082	3,673,001
Property transfer taxes	-	-	-	-	-	929,992 ¹²	1,001,546	719,381	659,429	780,125
Transient occupancy tax	-	-	-	-	-	635,204 ¹²	1,171,247	1,347,653	1,393,578	1,181,839
Property taxes in lieu of sales/use taxes	3,324,689	- ⁴	-	-	-	-	-	-	-	-
Other taxes	4,417,528	4,175,375	4,563,624	4,500,794	4,129,818	- ¹²	-	-	-	-
Unrestricted motor vehicle in lieu fees	38,997	43,321	50,911	46,074	76,323	69,142	108,731	96,009	115,696	147,580
Investment earnings	390,182	98,250	247,029	1,022,224	780,708	114,416	(781,000)	789,813	2,347,497	3,564,536
Other	521,251	664,063	329,825	127,686	102,179	309,023	216,943	240,935	3,350,968 ¹³	387,023
Gain/(loss) on disposal of capital asset	271,129	1,021	-	-	-	-	1,077	13,418	493,318	(110,160)
Gain on sale of land reclassified for resale	-	-	-	-	-	-	-	-	-	-
Transfers	(893,344)	(520,440)	(540,447)	(582,999)	(11,176,076) ⁷	(549,250)	(580,415)	(776,126)	(761,136)	(879,629)
Total governmental activities	<u>55,605,741</u>	<u>54,750,683</u>	<u>56,212,383</u>	<u>61,387,213</u>	<u>48,527,029</u>	<u>61,823,325</u>	<u>66,088,217</u>	<u>70,539,131</u>	<u>77,615,937</u>	<u>76,729,302</u>
Business-type activities:										
Investment earnings	38,129	8,175	34,441	127,677	163,224	16,717	(94,345)	103,327	346,720	465,989
Other	-	9,219	9,200	9,030	9,405	1,084	-	-	-	-
Transfers	893,344	520,440	540,447	582,999	11,176,076 ⁷	549,250	580,415	776,126	761,136	879,629
Gain/loss on sale/disposal of cap assets	-	(24,386)	-	-	-	-	-	588	4,169	-
Total business-type activities	<u>931,473</u>	<u>513,448</u>	<u>584,088</u>	<u>719,706</u>	<u>11,348,705</u>	<u>567,051</u>	<u>486,070</u>	<u>880,041</u>	<u>1,112,025</u>	<u>1,345,618</u>
Total primary government	<u>56,537,214</u>	<u>55,264,131</u>	<u>56,796,471</u>	<u>62,106,919</u>	<u>59,875,734</u>	<u>62,390,376</u>	<u>66,574,287</u>	<u>71,419,172</u>	<u>78,727,962</u>	<u>78,074,920</u>
Change in Net Position										
Government activities	132,884	(7,345,586)	(8,055,938)	(170,825)	(10,215,811)	5,021,865	7,002,505	9,947,666	11,922,996	5,987,085
Business-type activities	753,009	422,536	113,509	255,149	10,841,259	347,857	630,967	458,597	1,310,370	1,058,190
Total primary government	<u>885,893</u>	<u>(6,923,050)</u>	<u>(7,942,429)</u>	<u>84,324</u>	<u>625,448</u>	<u>5,369,722</u>	<u>7,633,472</u>	<u>10,406,263</u>	<u>13,233,366</u>	<u>7,045,275</u>

Continued

City of Mission Viejo

Changes in Net Position, continued Las Ten Fiscal Year (accrual basis of accounting)

- ¹ Increase in street infrastructure expenditures which are not capitalized and adjustments to construction in progress resulting in higher than normal expense recognition.
- ² Operating costs and revenue increased due to providing the Cities of Laguna Hills and Rancho Santa Margarita with animal services beginning January 2017.
- ³ MVTV franchise taxes reported as Operating Grants and Contributions in previous years.
- ⁴ Property taxes in lieu of sales and use taxes reverted back to Sales and use taxes due to Proposition 57 "triple-flip" ending.
- ⁵ Approximately \$1.0 million of revenue recognized in 2019 was 2018 revenue not received within 60 day availability period due to CDTFA reporting issues.
- ⁶ Department reorganization of Community Relations/City Clerk department, to move Community Relations to Management and Support while retaining City Clerk under Legislative.
- ⁷ Purchased Oso Creek Golf Course (formerly Casta del Sol) in November of 2019 resulting in \$10.6M transfer from General Fund Reserves to Golf Fund for the purchase
- ⁸ Increase due to award of small business grants to businesses affected by the COVID-19 pandemic in the amount of \$842,500. Another \$525,000 was distributed to Families Forward for transitional housing and approximately \$400,000 was expended to develop a vision plan at the golf course location and surrounding area and to further the Core Area Vision Plan.
- ⁹ Decline is due to closures of recreation facilities due to the COVID-19 pandemic.
- ¹⁰ Increase in revenue and expenses due to the reporting of a full year of operation, compared to 7 months in the previous. Additionally, the golf course was closed for approximately 5 week during fiscal year 2019/20.
- ¹¹ Amounts include allocations received from CARES ACT and ARPA funds in response to the COVID-19 pandemic.
- ¹² Began breaking out Other taxes into more specific categories of Franchise fees, Property transfer taxes, and Transient occupancy tax
- ¹³ Site 3 land purchase between the City and Housing Authority was re-configured from 8.5 acres to 12.62 acres resulting in an increase to the sales price of the land and amount owed to the City by \$3.345 million.

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

Source: Statement of Activities

Concluded



MISSION VIEJO

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City of Mission Viejo

Fund Balances of Governmental Funds Las Ten Fiscal Year (modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 597,668	\$ 606,885	\$ 36,014 ¹	\$ 33,361	\$ 15,307	\$ 63,765	\$ 13,216	\$ 23,671	\$ 79,798	\$ 31,253
Restricted	366,193	3,056,060 ²	3,249,861	3,568,710	4,075,151	4,519,281	5,956,329	7,803,831	7,961,030	8,426,707
Assigned	18,275,290	4,500,000	4,500,000	6,100,000	6,100,000	9,600,000	9,600,000	10,000,000	10,000,000	40,900,000 ⁶
Unassigned	13,477,307	26,519,396	24,985,180	28,224,486	21,814,398 ⁴	23,834,703	29,658,955	33,210,433	36,091,841	11,868,558
Total general fund	<u>32,716,458</u>	<u>34,682,341</u>	<u>32,771,055</u>	<u>37,926,557</u>	<u>32,004,856</u>	<u>38,017,749</u>	<u>45,228,500</u>	<u>51,037,935</u>	<u>54,132,669</u>	<u>61,226,518</u>
All other governmental funds										
Nonspendable	-	-	-	-	-	-	350	7,445	7,738	-
Restricted	16,745,326	18,771,464	13,201,408 ³	11,325,133	14,410,120	17,417,173	23,454,813 ⁵	22,782,285 ⁵	23,007,042 ⁵	20,777,176 ⁵
Unassigned	(873,939)	(63,579)	(658,376)	(1,056,053)	(3,218,036)	(966,358)	(2,163,907)	(3,067,017)	(1,425,883)	(2,119,508)
Total other governmental funds	<u>15,871,387</u>	<u>18,707,885</u>	<u>12,543,032</u>	<u>10,269,080</u>	<u>11,192,084</u>	<u>16,450,815</u>	<u>21,291,256</u>	<u>19,722,713</u>	<u>21,588,897</u>	<u>18,657,668</u>

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

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

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

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

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

⁶ Economic/budgetary uncertainty of \$25.2 million is reflected in assigned fund balance instead of unassigned starting in FY24-25.

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

Source: Governmental Funds Balance Sheet

City of Mission Viejo

Changes in Fund Balances of Governmental Funds Las Ten Fiscal Year (modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Taxes	\$ 53,480,709	\$ 53,079,452	\$ 54,637,638	\$ 59,268,076	\$ 57,278,729	\$ 59,851,422	\$ 65,095,887	\$ 67,737,872	\$ 69,881,792	\$ 71,435,228
Licenses and permits	1,899,432	2,132,053	2,386,051	1,816,832	2,383,271	2,494,557	2,790,943	2,524,878	2,605,937	3,168,771
Intergovernmental	9,703,408	9,950,436	7,337,040	9,159,427	9,530,521	12,205,910 ⁸	12,096,844	18,736,887	22,412,348 ¹¹	18,364,086
Charges for services	3,278,467	3,563,912	3,462,740	3,559,567	3,891,698	3,080,859	4,865,817	5,652,884	5,994,510	6,502,465
Investment earnings	470,299	161,556	427,381	1,187,184	974,622	142,157	(876,316)	1,205,802	3,269,479	3,564,537
Fines and forfeitures	813,287	507,538	664,077	586,407	992,564	385,795	552,520	638,490	745,411	790,494
Developer fees	1,000,000	4,069,104	64,958	-	448,975	4,455,000	-	388,800	1,451,799	-
Other	1,794,735	1,415,390	773,483	1,157,365	1,279,086	1,474,612	1,506,500	1,981,068	1,818,196	2,625,302
Total revenues	<u>72,440,337</u>	<u>74,879,441</u>	<u>69,753,368</u>	<u>76,734,858</u>	<u>76,779,466</u>	<u>84,090,312</u>	<u>86,032,195</u>	<u>98,866,681</u>	<u>108,179,472</u>	<u>106,450,883</u>
EXPENDITURES										
Current:										
General Government-Legislative	1,370,524	1,725,169	1,848,205	1,376,002	645,764 ²	734,109	755,253	1,593,255	2,128,044	1,082,884
General Govt-Mgmt and Support	7,819,648	7,672,599	7,446,415	7,840,657	8,651,868 ²	8,384,797	9,553,900	9,895,812	11,560,485	10,697,516
Public Safety	19,184,846	19,949,598	20,322,682	21,127,439	21,744,459	21,667,545	22,231,612	24,072,101	24,996,144	26,786,792
Community Development	3,409,459	4,348,923	3,280,501	3,088,784	3,543,893	5,668,460 ⁹	4,246,811	3,853,958	4,889,923	3,854,075
Engineering & Transportation	2,913,831	2,688,907	2,559,113	2,648,580	3,094,329	2,644,632	3,247,922	3,345,536	3,452,659	3,642,175
Infrastructure Maintenance	16,110,507	16,463,740	17,685,584	17,658,855	18,664,252	18,978,723	20,896,644	23,413,394	24,658,864	23,945,122
Rec/Community/Library Services	8,811,348	7,671,084	8,046,601	8,478,370	7,870,394	6,474,648	7,912,491	8,997,519	10,135,138	11,121,407
Capital Outlay	6,427,322	7,973,171	13,424,143	6,466,992	3,443,179	5,165,679	20,204,427 [#]	12,318,704	19,308,568 ¹²	15,744,161
Debt service:										
Principal retirement	1,770,000	2,060,000 ⁶	1,970,000	4,139,000	2,154,000	2,235,966	2,671,932	3,320,756	3,551,584	3,688,335
Interest	689,158	378,893 ⁶	533,671	743,019	795,599	727,340	847,155	1,108,426	1,058,868	973,374
Bond issuance costs							313,851 ³	-	-	-
Administrative charges	141,250	503,316 ⁶	179,820	146,336	-	-	-	-	-	-
Payment to bond escrow agent	-	1,363,981 ⁶	-	-	-	-	-	-	-	-
Total expenditures	<u>68,647,893</u>	<u>72,799,381</u>	<u>77,296,735</u>	<u>73,714,034</u>	<u>70,607,737</u>	<u>72,681,899</u>	<u>92,881,998</u>	<u>91,919,461</u>	<u>105,740,277</u>	<u>101,535,841</u>
Excess (deficiency) of revenues over expenditures	<u>3,792,444</u>	<u>2,080,060</u>	<u>(7,543,367)</u>	<u>3,020,824</u>	<u>6,171,729</u>	<u>11,408,413</u>	<u>(6,849,803)</u>	<u>6,947,220</u>	<u>2,439,195</u>	<u>4,915,042</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	5,371,184	5,829,812	4,273,297	3,853,667	4,667,616	4,683,997	18,150,654 ¹⁰	9,328,661	6,917,933	7,053,908
Transfers out	(6,264,528)	(6,350,253)	(4,813,744)	(4,436,666)	(15,843,692) ⁷	(5,233,247)	(18,731,069) ¹⁰	(10,104,787)	(7,679,069)	(7,933,537)
Proceeds of bonds	-	13,150,000 ⁶	-	-	-	-	18,595,000 ³	-	-	-
Premium on bonds	-	1,107,810 ⁶	-	-	-	-	733,333 ³	-	-	-
Payment to bond escrow agent	-	(14,016,069) ⁶	-	-	-	-	-	-	-	-
Proceeds of lease	-	-	-	420,000 ¹	-	118,962 ¹	-	165,608 ¹	967,663 ¹	102,817
Sale of City property	1,365	1,021	7,675	23,725	5,650	203,798	153,077	213,418	5,968	24,390
Sale of land	-	-	-	-	-	-	-	-	-	-
Proceeds from housing loan payoff	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>(891,979)</u>	<u>(277,679)</u>	<u>(532,772)</u>	<u>(139,274)</u>	<u>(11,170,426)</u>	<u>(226,490)</u>	<u>18,900,995</u>	<u>(397,100)</u>	<u>212,495</u>	<u>(752,422)</u>
Net change in fund balances	2,900,465	1,802,381	(8,076,139)	2,881,550	(4,998,697)	11,181,923	12,051,192	6,550,120	1,231,391	4,162,620
Fund balances - beginning	45,687,380	51,587,845	53,390,226	45,314,087	48,195,637	43,286,641	54,468,564	66,519,756	73,069,876	75,721,566
Fund balances - ending	<u>\$ 48,587,845</u>	<u>\$ 53,390,226</u>	<u>\$ 45,314,087</u>	<u>\$ 48,195,637</u>	<u>\$ 43,196,940</u>	<u>\$ 54,468,564</u>	<u>\$ 66,519,756</u>	<u>\$ 73,069,876</u>	<u>\$ 74,301,267</u>	<u>\$ 79,884,186</u>
Debt service as a percentage of noncapital expenditures ¹³	3.74%	3.64%	3.47%	6.74%	4.40%	4.14%	4.52%	5.27%	5.02%	4.95%

City of Mission Viejo

Changes in Fund Balances of Governmental Funds, continued Las Ten Fiscal Year (modified accrual basis of accounting)

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

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

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

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

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

⁶ Changes due to Refunding 2016 Lease Revenue Bonds.

⁷ Purchased Oso Creek Golf Course (formerly Casta del Sol) in November of 2019 resulting in \$10.6M transfer from General Fund Reserves to Golf Fund.

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

⁹ Increase due to award of small business grants to businesses affected by the COVID-19 pandemic in the amount of \$842,500. Another \$525,000 was distributed to Families Forward for transitional housing and approximately \$400,000 was expended to develop a vision plan at the golf course location and surrounding area and to further the Core Area Vision Plan.

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

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

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

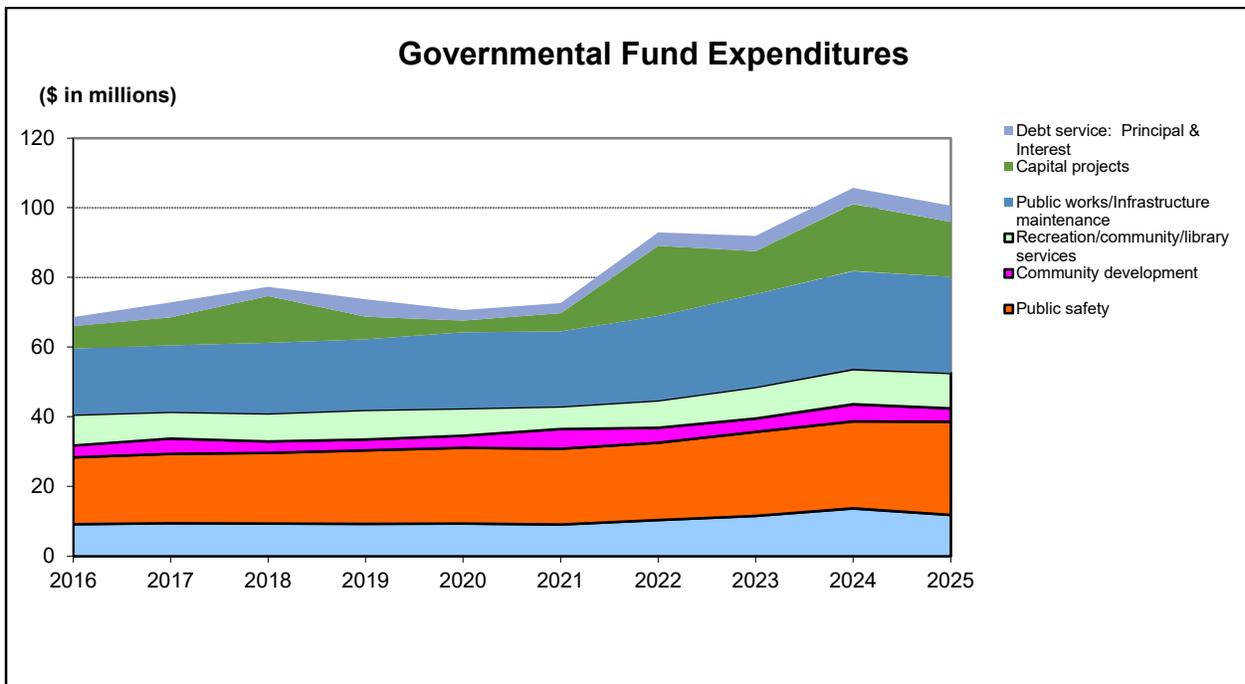
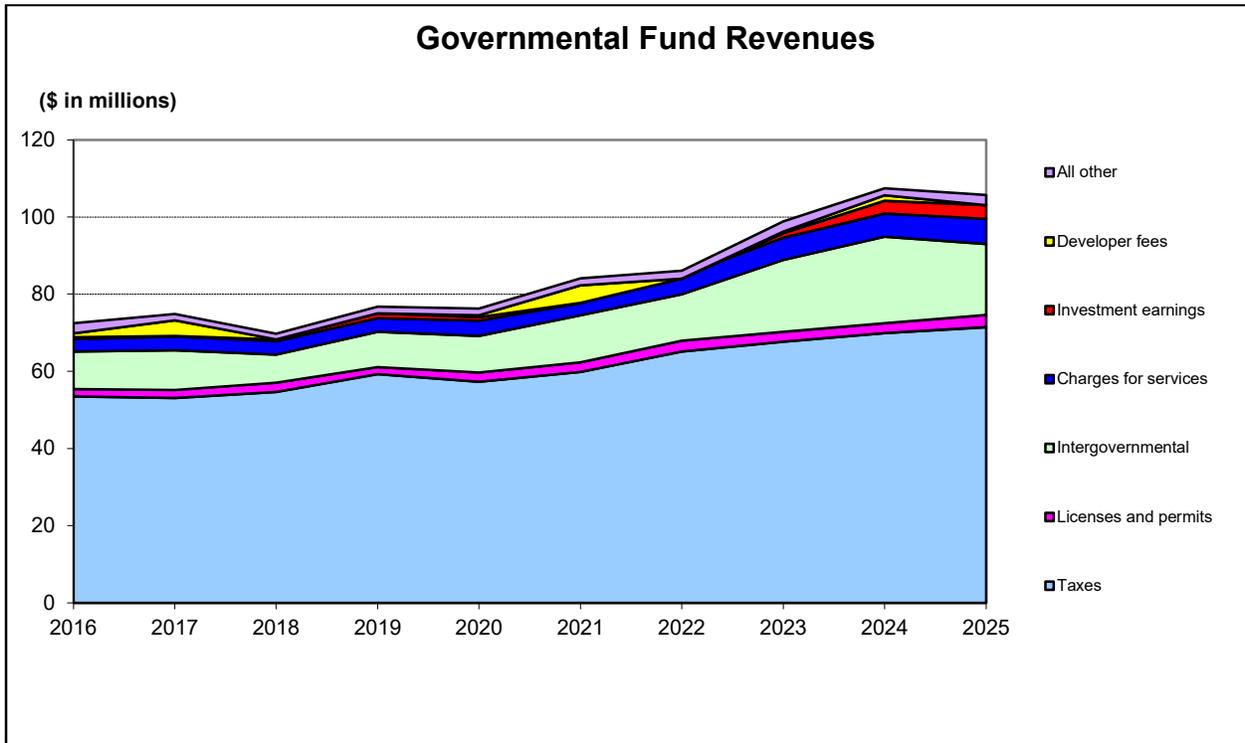
¹³ Capital asset expenditures for this calculation are from the Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities.

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

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

City of Mission Viejo

Governmental Fund Revenues and Expenditures Last Ten Fiscal Years



City of Mission Viejo

Tax Revenues by Source Last Ten Fiscal Years (modified accrual basis accounting)

	Property Tax		Sales & Use Tax	Franchise Tax	Real Property Transfer Tax	Transient Occupancy Tax	Total
	City	Successor Agency ¹					
2016	\$ 30,584,018	\$ 2,130,770	\$ 18,542,914	\$ 3,439,858	\$ 593,415	\$ 882,409	\$ 56,173,384
2017	31,730,836	2,403,051	17,186,469	3,137,554	671,752	882,265	56,011,927
2018	33,402,237	1,788,215	16,732,687	3,236,957	736,109	1,062,423 ²	56,958,628
2019	35,031,429	1,241,942	19,735,853 ³	3,241,863	570,352	1,220,925	61,042,364
2020	36,144,288	1,561,846	17,004,623 ⁴	3,128,176	602,031	899,256 ⁴	59,340,220
2021	37,520,144	1,643,111	17,905,482	3,336,451	929,992	635,204 ⁴	61,970,384
2022	38,733,004	1,776,665	20,550,900 ⁵	4,077,591 ⁶	1,001,546	1,171,247 ⁵	67,310,953
2023	41,272,432	1,964,392	20,680,397	4,116,919	719,381	1,347,653 ⁵	70,101,175
2024	43,140,812	1,869,421	20,853,891	4,194,060	659,429	1,393,578	72,111,191
2025	45,270,310	1,913,364	20,529,953	4,013,548	780,125	1,181,839	73,689,139

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

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

³ Increase due to late payments from 2018 that were not received until 2019 due to CDTFA software issues in the amount of \$1.0 million; and better than expected sales in the auto and transportation industry of \$1.3 million.

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

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

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

Sources: General Ledger

City of Mission Viejo

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year Ended June 30	City				Community Development Agency ²				Total Direct Tax Rate
	Secured	Public		Taxable Assessed Value ¹	Secured	Public		Incremental Valuation	
		Utility	Unsecured			Utility	Unsecured		
2016	\$ 14,938,921	\$ 2,418	\$ 321,095	\$ 15,262,434	\$ 770,481	\$ 2,418	\$ 97,124	\$ 870,023	0.1647%
2017	15,546,057	2,418	286,902	15,835,377	796,666	2,418	68,717	867,801	0.1647%
2018	16,249,236	2,418	286,941	16,538,595	870,591	2,418	73,308	946,317	0.1647%
2019	17,071,372	2,418	288,829	17,362,619	920,736	2,418	68,724	991,878	0.1647%
2020	17,769,171	2,418	315,916	18,087,505	960,539	2,418	69,763	1,032,720	0.1647%
2021	18,455,208	- ³	294,071	18,749,279	1,037,534	- ³	51,728	1,089,262	0.1647%
2022	19,071,125	-	296,655	19,367,780	1,079,120	-	41,606	1,120,726	0.1647%
2023	20,144,619	-	307,625	20,452,244	1,141,898	-	36,944	1,178,842	0.1647%
2024	21,170,105	-	366,284	21,536,389	1,158,639	-	71,808	1,230,447	0.1647%
2025	22,298,549	-	376,882	22,675,431	1,210,673	-	45,700	1,256,373	0.1647%

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

¹ City amounts include Community Development Agency incremental valuation.

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

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

Source: Orange County Auditor-Controller

City of Mission Viejo

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City Direct Rate:										
Mission Viejo City Reorg #98	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200
Mission Viejo City Lighting Fund	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270
Mission Viejo General Fund	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290
Mission Viejo Library Fund	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711
	<u>0.16471</u>									
Overlapping Rates:										
Capistrano Unified School District General Fund	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940
Educational Revenue Augmentation Fund	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360
Orange County Cemetery Fund	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051
Orange County Department of Education	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674
Orange County Fire Department	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535
Orange County Flood Control District General	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030
Orange County General Fund	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303
Orange County Harbors Beaches & Parks CSA	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569
Orange County Transportation Authority	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288
Orange County Vector Control	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115
Santa Margarita Water District	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558
Santa Margarita Water Improvement District 1W	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021
South Orange County Community College District	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085
	<u>0.83529</u>									
Total Proposition 13 Direct & Overlapping Tax Rates ²	<u>1.00000</u>									
Metropolitan Water District										
Capistrano Unified School District 1999 Bond 2001 B	0.00445	0.00439	0.00417	0.00409	0.00388	0.00394	0.00378	0.00367	0.00335	0.00329
Capistrano Unified School District 1999 EL, 2012 Ref	0.00400	0.00404	0.00383	0.00377	0.00357	0.00362	0.00349	0.00324	0.00298	0.00117
Total School & Water District Overlapping Tax Rates	<u>0.01195</u>	<u>0.01193</u>	<u>0.01150</u>	<u>0.01136</u>	<u>0.01095</u>	<u>0.01106</u>	<u>0.01077</u>	<u>0.01041</u>	<u>0.00983</u>	<u>0.01146</u>
Total Direct and Overlapping Rates	<u>1.01195</u>	<u>1.01193</u>	<u>1.01150</u>	<u>1.01136</u>	<u>1.01095</u>	<u>1.01106</u>	<u>1.01077</u>	<u>1.01041</u>	<u>1.00983</u>	<u>1.01146</u>

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

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

City of Mission Viejo

Principal Property Taxpayers Current Fiscal Year and Nine Years Ago

Taxpayer	2025			2016		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Shops at Mission Viejo LLC	\$ 267,798,924	1	1.18%	\$ 176,688,079	1	1.16%
Mission Hospital Regional Medical Center	140,611,751	2	0.62%	108,859,506	3	0.71%
Sullivan Mission Medical LLC	137,099,446	3	0.60%	-	-	-
Idyllwillow LP	133,604,724	4	0.59%	-	-	-
OC Los Alisos 2015 LLC	93,265,458	5	0.41%	-	-	-
EQR-Del Lago Vistas Inc	75,933,425	6	0.33%	64,190,348	5	0.42%
UDR Pacific Los Alisos LP	67,960,941	7	0.30%	57,682,194	6	0.38%
Vista Real Apartments MV LLC	67,627,197	8	0.30%	57,129,921	7	0.37%
Oasis-California Inc	64,155,773	9	0.28%	54,427,708	9	0.36%
Mission Viejo Oso Parkway Development LP	58,570,242	10	0.26%	-	-	0.00%
Innovation Institute LLC	-	-	-	120,000,000	2	0.79%
Essex Madrid LP	-	-	-	65,797,560	4	0.43%
Trust Mission Ridge LLC	-	-	-	55,854,945	8	0.37%
Laguna Cabot Road Business Park LP	-	-	-	52,462,573	10	0.34%
	<u>\$ 1,106,627,881</u>		<u>4.88%</u>	<u>\$ 813,092,834</u>		<u>5.33%</u>

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

Source: 2025 - HdL Coren & Cone.
2016 - FY 15/16 ACFR

City of Mission Viejo

Property Tax Levies & Collections Last Ten Fiscal Years

Fiscal Year Ending June 30	Tax Levied for the Fiscal Year ¹	Collected within the Fiscal Year of Levy		Collections for Prior Years ³	Total Collections to Date	
		Amount ²	Percent of Levy		Amount	Percent of Levy
2016	\$22,459,253	\$ 22,325,258	99.40%	\$ 215,807	\$ 22,541,065	100.36% ⁴
2017	23,328,704	23,172,592	99.33%	196,616	23,369,208	100.17% ⁴
2018	24,297,123	24,503,875	100.85%	192,949	24,696,824	101.65% ⁴
2019	25,380,703	25,692,684	101.23%	205,789	25,898,473	102.04% ⁴
2020	26,139,940	26,413,347	101.05%	289,119	26,702,466	102.15% ⁴
2021	27,068,326	27,365,277	101.10%	270,042	27,635,319	102.09% ⁴
2022	28,219,815	28,275,845	100.20%	243,211	28,519,056	101.06% ⁴
2023	30,320,956	30,670,571	101.15%	305,828	30,976,399	102.16% ⁴
2024	31,370,317	31,647,345	100.88%	330,162	31,977,507	101.94% ⁴
2025	33,017,593	33,143,784	100.38%	-	33,143,784	100.38% ⁴

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

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

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

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

Source: Orange County Auditor-Controller

City of Mission Viejo

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	General Bonded Debt		Percentage of Personal Income ¹	Per Capita ¹	Percentage of Actual Value of Taxable Property ³
	Lease Revenue Bonds	Certificates of Participation			
2016	\$ 14,400,522	\$ -	0.25%	\$ 148.92	0.09%
2017	13,323,956	-	0.21%	138.81	0.08%
2018	12,480,102	-	0.19%	130.02	0.08%
2019	11,626,248	-	0.17%	120.56	0.07%
2020	10,747,394	-	0.15%	114.01	0.06%
2021	9,848,540	-	0.13%	104.64	0.05%
2022	27,931,352 ⁴	-	0.35%	301.91	0.14%
2023	26,165,831	-	0.32%	284.89	0.13%
2024	24,365,310	-	0.30%	266.86	0.11%
2025	22,524,789	-	0.40%	245.53	0.10%

Fiscal Year	Other Governmental Debt			Business-type Debt		Total Primary Government ²	Percentage of Personal Income ¹	Per Capita ¹
	Revenue Bonds	Subscription Payable	Leases Payable	Subscription Payable	Leases Payable			
2016	\$ 26,947,326	\$ -	\$ -	\$ -	\$ -	\$ 41,347,848	0.72%	\$ 427.58
2017	25,747,326	-	-	-	-	39,071,282	0.63%	407.06
2018	24,547,326	-	-	-	-	37,027,428	0.56%	385.75
2019	21,272,326	-	336,000	-	-	33,234,574	0.48%	344.64
2020	20,007,326	-	252,000	-	-	31,006,720	0.43%	328.92
2021	18,687,326	-	294,817	-	-	28,830,683	0.38%	306.32
2022	17,332,326	-	175,672	-	440,283	45,879,633	0.58%	495.92
2023	15,932,326	324,878	203,242	-	351,451	42,977,728	0.52%	467.93
2024	14,482,326	633,477	519,223	-	289,770	40,290,106	0.49%	441.27
2025	12,987,326	359,394	474,900	-	188,056	36,534,465	0.65%	398.24

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

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

² Includes general bonded debt, other governmental activities debt, and business-type debt.

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

⁴ 2021 Core Area Lease Revenue Bonds issued during FY 2021-22.

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

City of Mission Viejo

Direct and Overlapping Debt As of June 30, 2025

	Debt Outstanding	Estimate Percentage Applicable ¹	Estimated Share of Overlapping Debt
Overlapping tax and assessment debt:			
Metropolitan Water District	\$ 17,155,000	0.557%	\$ 95,553
Capistrano Unified School District School Facilities Improvement District No. 1	3,327,455	10.299%	342,695
Saddleback Valley Unified School District	64,475,000	17.565%	11,325,034
Santa Margarita Water District Improvement District No. 4	16,900,000	0.012%	2,028
Santa Margarita Water District Improvement District No. 4B	5,090,000	0.002%	102
Subtotal overlapping tax and assessment debt	<u>106,947,455</u>		<u>11,765,411</u>
Overlapping general fund obligation debt:			
Orange County General Fund Obligations	\$ 429,065,000	2.797%	\$ 12,000,948
Orange County Board of Education General Fund Obligations	9,120,000	2.797%	255,086
Capistrano Unified School District Certificates of Participation	17,290,000	10.503%	1,815,969
Moulton-Niguel Water District General Fund Obligations	117,810,000	16.292%	19,193,605
Subtotal overlapping general fund obligation debt	<u>573,285,000</u>		<u>33,265,608</u>
Subtotal overlapping debt	<u>\$ 680,232,455</u>		<u>45,031,020</u>
Direct Debt			
City of Mission Viejo Community Development Financing Authority	12,987,326	100.000%	12,987,326 ²
City of Mission Viejo			<u>23,359,083</u>
			<u>36,346,409</u>
Grand total direct and overlapping debt			<u>\$ 81,377,429</u>
Notes:			
Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.			
Overlapping debt excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded lease obligations.			
¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.			
² 1999 Series A and Subordinate Series B Revenue Bonds are secured by first call on net property tax increments and secondly by sales tax revenues of mall properties.			

Source for overlapping debt: California Municipal Statistics, Inc.

Source for City direct debt: City of Mission Viejo Administrative Services Department

City of Mission Viejo

Legal Debt Margin Information Last Ten Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assessed valuation	\$ 15,262,434,352	\$ 15,835,376,499	\$ 16,538,594,766	\$ 17,362,619,028	\$ 18,087,504,763	\$ 18,749,278,901	\$ 19,367,779,917	\$ 20,452,243,818	\$ 21,536,388,147	\$ 22,675,431,302
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,815,608,588	3,958,844,125	4,134,648,692	4,340,654,757	4,521,876,191	4,687,319,725	4,841,944,979	5,113,060,955	5,384,097,037	5,668,857,826
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	572,341,288	593,826,619	620,197,304	651,098,214	678,281,429	703,097,959	726,291,747	766,959,143	807,614,556	850,328,674
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 572,341,288</u>	<u>\$ 593,826,619</u>	<u>\$ 620,197,304</u>	<u>\$ 651,098,214</u>	<u>\$ 678,281,429</u>	<u>\$ 703,097,959</u>	<u>\$ 726,291,747</u>	<u>\$ 766,959,143</u>	<u>\$ 807,614,556</u>	<u>\$ 850,328,674</u>
Total net debt applicable to limit as percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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

Source:

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

City of Mission Viejo

Pledged Revenue Coverage Last Ten Fiscal Year

Fiscal Year	1999 Series A Revenue Bond					
	Property Tax Increment	Sales Tax	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2016	\$ 1,516,090	\$ 1,546,898	\$ 3,062,988	\$ 1,100,000	\$ 5,046	2.77
2017	1,235,364	1,442,102	2,677,466	1,200,000	98,273	2.06
2018	1,295,309	1,255,232	2,550,541	1,200,000	163,808	1.87
2019	1,128,852	1,678,970	2,807,822	3,275,000 ¹	382,873	0.77
2020	1,178,719	2,284,698	3,463,417	1,265,000	454,658	2.01
2021	1,731,989	420,839 ²	2,152,828	1,320,000	411,989	1.24
2022	1,722,651	698,314 ²	2,420,965	1,355,000	367,651	1.41
2023	1,721,976	1,054,924	2,776,900	1,400,000	321,976	1.61
2024	1,724,799	1,039,135	2,763,934	1,450,000	274,799	1.60
2025	1,721,035	469,778 ³	2,190,813	1,495,000	226,035	1.27

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

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

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

³ Mall sales tax was substantially down as compared to prior year levels due to a major business being allocated to the pool starting in fiscal year 2025

City of Mission Viejo

Demographic and Economic Statistics Last Ten Fiscal Year

Year	Population ¹	Median Age ²	Median Housing Value ³	Personal Income (thousands of dollars) ⁴	Per Capita Personal Income ⁴	Unemployment Rate ⁵
2016	96,701	43.7	\$ 625,000	\$ 189,800,000	\$ 59,303	4.1%
2017	95,985	44.2	665,500	208,700,000	65,011	3.4%
2018	95,987	44.8	699,000	220,700,000	69,268	3.1%
2019	96,434	45.0	700,000	227,700,000	71,711	3.0%
2020	94,267	45.0	728,500	242,300,000	76,434	8.6%
2021	94,119	45.0	837,500	257,100,000	81,189	5.5%
2022	92,515	45.3	995,000	271,700,000	85,589	3.0%
2023	91,846	45.7	1,002,000	284,800,000	89,473	3.8%
2024	91,304	46.0	1,070,000	284,800,000	89,473	4.0%
2025	91,740	46.1	1,175,000	5,620,316 ⁶	61,263 ⁶	4.8%

Sources: ¹ California Department of Finance

² HdL Coren & Cone

Information for 2021 is unavailable, used number from 2020.

³ HdL Coren & Cone

⁴ Data shown from the Cal State Fullerton Economic Forecast

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

⁵ California Employment Development Department

⁶ Years up to 2024 reported at County of Orange level while 2025 numbers for City of Mission Viejo only

City of Mission Viejo

Principal Employers Current Fiscal Year and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage ¹ of Total City Employment	Employees	Rank	Percentage ² of Total City Employment
Mission Hospital Regional Center	2,965	1	6.38%	2,200	2	4.27%
Saddleback College	1,883	2	4.05%	3,033	1	5.89%
Saddleback Valley Unified School District	1,412	3	3.04%	1,200	3	2.33%
James Hardie Building Products	436	4	0.94%			
Capistrano Unified School District	432	5	0.93%	691	4	1.34%
Target Corporation	408	6	0.88%	300	7	0.58%
Nordstrom Department Store	330	7	0.71%	409	5	0.79%
City of Mission Viejo	299	8	0.64%	269	8	0.52%
Macy's Department Store	265	9	0.57%	320	6	0.62%
Amazon Delivery Station	234	10	0.50%			
Vocational Visions				211	9	0.41%
Ensign Group Inc				125	10	0.24%
Total	8,664		18.63%	8,758		17.01%

¹ Percentage of "Total City Employment" based on total number of City residents employed in June 2025 of 46,500

² Percentage of "Total City Employment" based on total number of City residents employed in June 2016 of 51,500

Source: 2016 ranks- FY 15/16 City of Mission Viejo ACFR
Munis Services, LLC/Neumo
EDD Labor Force Data

City of Mission Viejo

Full-Time Equivalent City Government Employees by Function Last Ten Fiscal Year

Function	15/16	16/17 ¹	17/18	18/19	19/20 ²	20/21	21/22	22/23 ³	23/24	24/25 ⁴
General government - legislative	9.530	10.530	10.530	10.740	7.570	7.568	7.690	7.890	7.590	7.590
General government - management & support	23.600	26.600	26.700	27.720	31.170	31.170	32.530	32.530	33.680	33.680
Community development	8.720	8.220	8.220	7.550	8.050	8.050	7.700	7.700	7.700	7.700
Engineering and transportation	11.175	10.800	10.800	10.800	10.350	10.350	10.500	9.500	9.500	9.500
Infrastructure maintenance	16.650	16.250	17.250	16.830	16.850	16.850	15.600	17.300	18.100	20.100
Public safety	16.200	21.950	21.950	21.810	21.610	21.613	23.980	24.480	24.480	24.480
Recreation/community/library services	51.400	47.725	47.725	47.725	47.725	47.725	45.325	44.425	46.425	49.425
Total	<u>137.275</u>	<u>142.075</u>	<u>143.175</u>	<u>143.175</u>	<u>143.325</u>	<u>143.326</u>	<u>143.325</u>	<u>143.825</u>	<u>147.475</u>	<u>152.475</u>

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

² Department reorganization of Community Relations/City Clerk department, moving Community Relations to Management and Support and retaining City Clerk under Legislative

³ Increased staffing to Animal Services Dept for a new Administrative Assistant

⁴ Increased staffing to Recreation/Community Services for a new Community Outreach & Engagement Program

Source: Budget & Master Financial Plan 2025-2027

City of Mission Viejo

Operating Indicators by Function Last Ten Fiscal Year

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government - legislative										
Public Records Act requests	584	586	695	658	648	742	708	814	720	811
General government - management and support										
Service requests/complaint cases		4,142 ¹	3,357	3,937	3,608	3,681	4,245	4,951	5,050	4,594
Number of computer network nodes supported	1,182	1,217	1,240	1,598 ⁵	1,910 ⁸	2,003	2,023	2,263	2,080	2,111
Number of vendor checks issued	6,582	6,335	6,337	6,150	5,899	4,633	5,083	5,661	5,824	5,675
Public safety										
Calls for police services	29,714	29,246	32,281	37,698	35,005	31,857	28,694	30,844	28,757	27,291
Average response time-Priority 1 call in minutes	5:47	5:45	4:39	4:49	4:38	4:26	4:33	5:04	4:25	5:00
Community development										
Building inspections	13,131	13,177	13,706	11,805	11,871	15,724	11,194	12,894	15,143	20,126 ¹¹
Zoning plan checks	1,930	2,545	2,424	1,951	2,283	2,227	2,273	3,805	1,415	1,971 ¹¹
Public works - engineering and transportation										
Street resurfacing (lane miles)	46.91	33.24	61.08 ³	75.70 ⁶	50.50	47.80	81.90 ³	53.40	50.00	57.80
Intersections on the city's interconnect system	112	113	113	113	113	113	113	113	113	113
Daily traffic count- La Paz Rd, Marguerite Pkwy to Spadra	26,200	26,200	25,100	25,400	24,100	14,400 ¹⁰	22,100	20,400	20,300	21,600
Infrastructure maintenance										
Acres of medians and parkways renovated	3	4	3	6	5	4	5	5	4	2
Recreation/community/library services										
Attendance at recreation and tennis centers	261,511	270,616	264,611	240,017	202,442 ⁹	98,281 ⁹	198,665	225,097	315,433	306,819
Library circulation	788,292	1,109,462 ²	1,211,864 ⁴	1,187,609	915,109 ⁹	502,580 ⁹	838,382	877,483	938,986	1,011,105
Youth participating in organized sports on City fields	7,900	7,900	8,063	9,090 ⁷	10,213	11,584	11,868	13,532	13,765	13,740

¹ Increase due to adding street light calls to count beginning FY 16/17

² Increase due to implementation of auto-renewal system where each renewal counts as a circulation in addition to the original checkout, and policy change allowing increased number of renewals

³ Increase due to additional residential street resurfacing

⁴ Increase is due to the expansion of the auto renewal system with up to 10 renewals, the installation of two new self-check kiosks, and the elimination of new DVD fees

⁵ Increase due to expansion of mobile devices, addition of Marguerite Aquatics network, and increase in Internet of Things (IoT) devices such as traffic & transportation systems and utility systems

⁶ Number calculated by sorting the FY18-19 work in the 2018 PMP and multiplying the total length by 2 to get lane miles

⁷ Increase due to additional programming, partnerships with sports organizations, and better attendance tracking with the new field ambassador program

⁸ Increase due to continued expansion of City business needs including IT infrastructure, security, and additional equipment for the COVID-19 pandemic

⁹ Decreases due to multiple closures of City facilities resulting from the COVID-19 pandemic

¹⁰ Traffic count was taken while COVID-19 stay at home orders were still in effect

¹¹ Increase due to new Energov online permitting software that provides more accurate numbers.

Sources: Various city departments

City of Mission Viejo

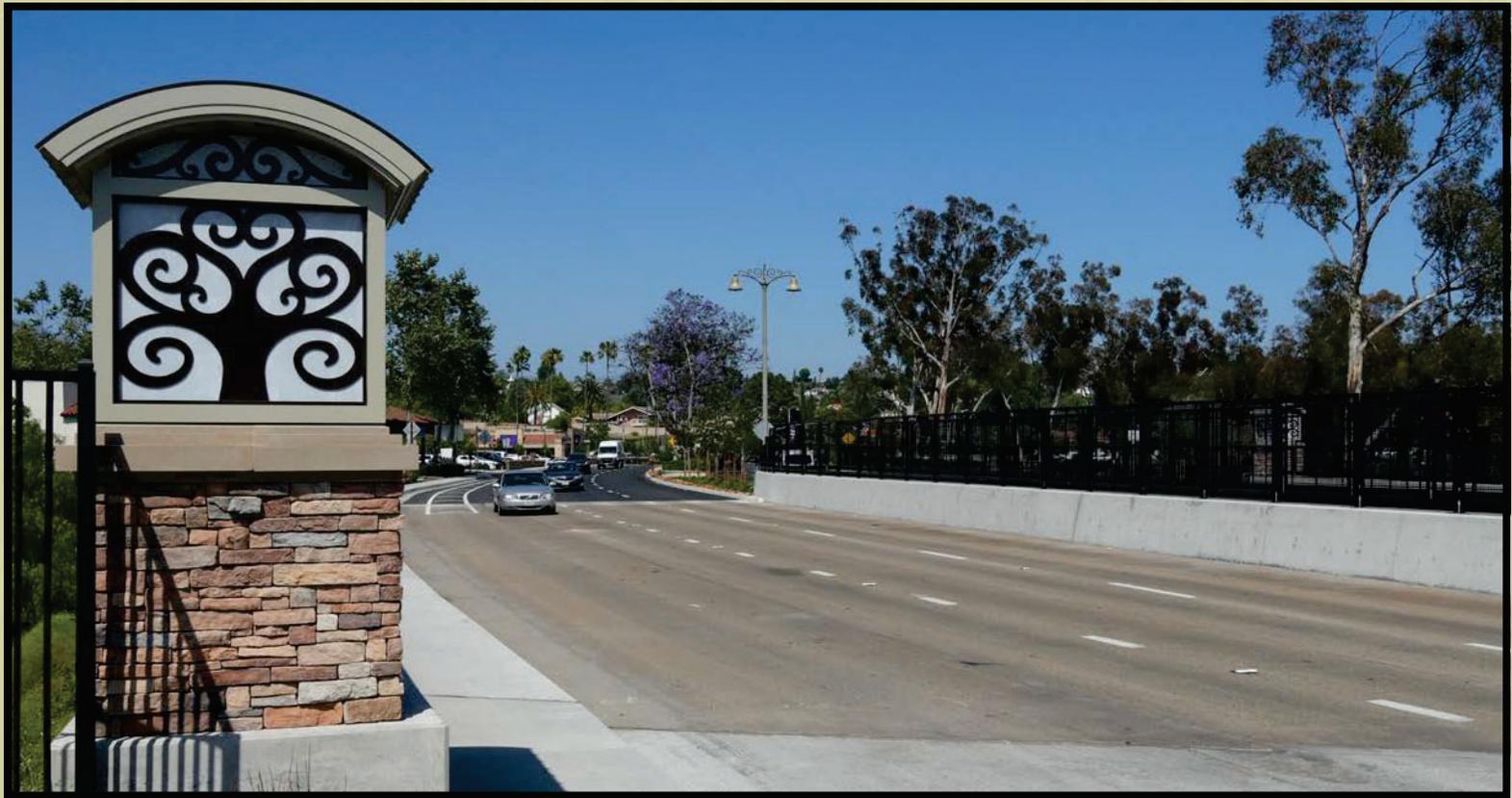
Capital Asset Statistics by Function Last Ten Fiscal Year

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Police (provided by Orange County Sheriffs Department)										
Patrol units	23	23	22	22	22	22	21	21	23	21
Animal shelter buildings:										
Main shelter	1	1	1	1	1	1	1	1	1	1
Cattery	1	1	1	1	1	1	1	1	1	1
Rabbit shelter	1	1	1	1	1	1	1	1	1	1
Cat isolation	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (center miles)	228.2	228.2	225.9 ¹	225.9	225.9	225.9	225.9	226.2	226.2	226.2
Traffic signals	114	115	115	115	115	115	115	115	115	115
Infrastructure maintenance										
Number of park sites	42	42	42	42	42	42	42	42	42	42
Acreage: parks, golf course, open space, medians and slopes	1,128	1,128	1,128	1,128	1,236 ²	1,236	1,236	1,236	1,236	1,236
Recreation/community/library services										
Facilities (buildings)	9	9	9	9	10 ³	10	10	10	10	10
Athletic fields:										
Baseball/softball diamonds	19	19	19	19	19	19	31 ⁴	31	31	31
Soccer/football fields	35	35	35	35	35	35	28 ⁵	30 ⁶	31 ⁷	31
Golf course	0	0	0	0	1 ³	1	1	1	1	1
Note: No capital asset indicators are available for general government or community development functions.										
¹ Change from previous years due to re-measurement of roads to verify lengths, previous years were estimated										
² Additional 108 acres purchased in November 2019										
³ Oso Creek Golf Course and building purchased in November 2019										
⁴ Began utilizing all temporary fields and additional parks never used before for programming										
⁵ Fewer temporary soccer fields utilized, City refrained from programming in specific neighborhood parks previously used due to resident complaints										
⁶ Began utilizing Pinecrest and Valermo parks for programming										
⁷ Began using one more field at Marty Russo Youth Athletic Park										
Source: Various City departments										



MISSION VIEJO

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