

CITY OF LAGUNA WOODS
Laguna Woods, California

General Purpose Financial Statements
And Supplemental Data

Year ended June 30, 2003

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CITY OF LAGUNA WOODS
General Purpose Financial Statements
and Supplemental Data

Year ended June 30, 2003

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The Honorable Mayor and City Council
City of Laguna Woods
Laguna Woods, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the City of Laguna Woods, California, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Laguna Woods, California. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Laguna Woods, California as of June 30, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual funds, and individual account group financial statements and schedules listed in the table of contents as supplemental data are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Laguna Woods, California. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2004 on our consideration of the City of Laguna Woods' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Conrad and Associates, L.L.P.

January 27, 2004

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CITY OF LAGUNA WOODS

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2003

	<u>Governmental Fund Types</u>		<u>Account Groups</u>		<u>Totals</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>(Memorandum Only)</u>	
					<u>2003</u>	<u>2002</u>
<u>Assets and Other Debits</u>						
Assets:						
Cash and investments (note 2)	\$ 5,210,592	2,779,994	-	-	7,990,586	6,548,714
Receivables:						
Accounts	109,019	-	-	-	109,019	187,099
Interest	34,924	-	-	-	34,924	49,891
Due from other funds	-	-	-	-	-	78,516
Due from other governments	267,286	332,310	-	-	599,596	674,068
Deposits	10,679	-	-	-	10,679	10,679
General fixed assets (note 4)	-	-	3,827,936	-	3,827,936	661,253
Other debits:						
Amount to be provided for the retirement of long-term debt (note 5)	-	-	-	58,135	58,135	27,472
Total assets and other debits	<u>\$ 5,632,500</u>	<u>3,112,304</u>	<u>3,827,936</u>	<u>58,135</u>	<u>12,630,875</u>	<u>8,237,692</u>
<u>Liabilities, Equity and Other Credits</u>						
Liabilities:						
Accounts payable	\$ 334,121	244,076	-	-	578,197	467,431
Accrued liabilities	60,300	-	-	-	60,300	104,279
Due to other funds	-	-	-	-	-	78,516
Deposits payable	-	-	-	-	-	8,112
Deferred revenue	32,020	-	-	-	32,020	-
Claims payable (note 5)	-	-	-	25,000	25,000	-
Compensated absences (note 5)	-	-	-	33,135	33,135	27,472
Total liabilities	<u>426,441</u>	<u>244,076</u>	<u>-</u>	<u>58,135</u>	<u>728,652</u>	<u>685,810</u>
Equity and other credits:						
Investment in general fixed assets	-	-	3,827,936	-	3,827,936	661,253
Fund balances (note 6):						
Reserved	410,679	-	-	-	410,679	310,679
Unreserved, designated	190,543	2,868,228	-	-	3,058,771	2,948,772
Unreserved, undesignated	4,604,837	-	-	-	4,604,837	3,631,178
Total equity and other credits	<u>5,206,059</u>	<u>2,868,228</u>	<u>3,827,936</u>	<u>-</u>	<u>11,902,223</u>	<u>7,551,882</u>
Total liabilities, equity and other credits	<u>\$ 5,632,500</u>	<u>3,112,304</u>	<u>3,827,936</u>	<u>58,135</u>	<u>12,630,875</u>	<u>8,237,692</u>

See accompanying notes to general purpose financial statements.

CITY OF LAGUNA WOODS

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Fund Types

Year ended June 30, 2003

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>	
			<u>2003</u>	<u>2002</u>
Revenues:				
Taxes	\$ 544,570	-	544,570	455,643
Intergovernmental	3,618,627	1,660,290	5,278,917	5,048,599
Franchise fees	171,242	-	171,242	168,064
Licenses and permits	247,909	-	247,909	187,568
Charges for services	49,014	-	49,014	90,116
Fines and forfeitures	17,607	-	17,607	10,124
Investment income	105,820	67,895	173,715	228,357
Contributed capital	-	2,835,000	2,835,000	-
Miscellaneous	9,387	-	9,387	10,446
Total revenues	<u>4,764,176</u>	<u>4,563,185</u>	<u>9,327,361</u>	<u>6,198,917</u>
Expenditures:				
Current:				
General government	1,710,187	-	1,710,187	1,754,693
Community services	112,331	3,088,390	3,200,721	220,076
Public works	396,842	1,416,967	1,813,809	1,346,820
Public safety	724,152	138,372	862,524	806,478
Community development	419,601	-	419,601	661,414
Capital outlay	104,841	-	104,841	703,468
Total expenditures	<u>3,467,954</u>	<u>4,643,729</u>	<u>8,111,683</u>	<u>5,492,949</u>
Excess (deficiency) of revenues over (under) expenditures	1,296,222	(80,544)	1,215,678	705,968
Fund balances at beginning of year, as restated (note 3)	<u>3,909,837</u>	<u>2,948,772</u>	<u>6,858,609</u>	<u>6,184,661</u>
Fund balances at end of year	<u>\$ 5,206,059</u>	<u>2,868,228</u>	<u>8,074,287</u>	<u>6,890,629</u>

See accompanying notes to general purpose financial statements.

CITY OF LAGUNA WOODS

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types

Year ended June 30, 2003

	General Fund			Special Revenue Funds		
	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ 573,468	544,570	(28,898)	-	-	-
Intergovernmental	3,421,870	3,618,627	196,757	1,892,152	1,660,290	(231,862)
Franchise fees	173,000	171,242	(1,758)	-	-	-
Licenses and permits	150,000	247,909	97,909	-	-	-
Charges for services	19,000	49,014	30,014	-	-	-
Fines and forfeitures	15,750	17,607	1,857	-	-	-
Investment income	100,000	105,820	5,820	112,500	67,895	(44,605)
Contributed capital	-	-	-	-	2,835,000	2,835,000
Miscellaneous	5,676	9,387	3,711	-	-	-
Total revenues	<u>4,458,764</u>	<u>4,764,176</u>	<u>305,412</u>	<u>2,004,652</u>	<u>4,563,185</u>	<u>2,558,533</u>
Expenditures:						
Current:						
General government	2,593,715	1,710,187	883,528	28,200	-	28,200
Community services	213,161	112,331	100,830	279,500	3,088,390	(2,808,890)
Public works	716,269	396,842	319,427	2,893,500	1,416,967	1,476,533
Public safety	739,730	724,152	15,578	36,576	138,372	(101,796)
Community development	697,690	419,601	278,089	-	-	-
Capital outlay	105,000	104,841	159	-	-	-
Total expenditures	<u>5,065,565</u>	<u>3,467,954</u>	<u>1,597,611</u>	<u>3,237,776</u>	<u>4,643,729</u>	<u>(1,405,953)</u>
Excess (deficiency) of revenues over (under) expenditures	(606,801)	1,296,222	1,903,023	(1,233,124)	(80,544)	1,152,580
Fund balances at beginning of year, as restated (note 3)	<u>3,909,837</u>	<u>3,909,837</u>	-	<u>2,948,772</u>	<u>2,948,772</u>	-
Fund balances at end of year	<u>\$3,303,036</u>	<u>5,206,059</u>	<u>1,903,023</u>	<u>1,715,648</u>	<u>2,868,228</u>	<u>1,152,580</u>

See accompanying notes to general purpose financial statements.

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CITY OF LAGUNA WOODS

Notes to Financial Statements

Year Ended June 30, 2003

(1) Summary of Significant Accounting Policies

The financial statements of the City of Laguna Woods, California have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) 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 Laguna Woods was incorporated March 24, 1999 under the laws of the State of California and enjoys all rights and privileges pertaining to "General Law" cities. The City operates under the Council-Manager form of government and currently provides the following services as authorized by its general laws: public safety, public works, community development, community services and general administrative services.

(b) Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government 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.

The various funds are grouped in the financial statements in this report, into generic fund types and broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

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

ACCOUNT GROUPS

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for the cost of fixed assets acquired to perform general government functions.

Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the general fixed assets account group. The City uses a capitalization threshold of \$1,000. Fixed asset records include estimates of original historical cost as determined by knowledgeable individuals in the City. Contributed fixed assets are recorded in general fixed assets at fair market value at the time received. Fixed assets acquired under a capital lease are recorded at the net present value of future lease payments.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for all long-term debt of the City.

(c) Measurement Focus and Basis of Accounting

Governmental (general and special revenue) fund types are accounted for on a "spending measurement focus". Accordingly, only current assets and current liabilities are included on their balance sheets. The reported fund balance provides an indication of available, spendable resources. Operating statements for governmental fund types report increases (revenues) and decreases (expenditures) in available spendable resources.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

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

The modified accrual basis of accounting is followed by the governmental and agency funds. Under the modified accrual basis of accounting, revenues are susceptible to accrual when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when a current liability is incurred. Liabilities are considered current when they are normally expected to be liquidated with expendable available financial resources.

Taxes, subventions, taxpayer assessed taxes, entitlements held at year-end by an intermediary collecting government, and reimbursement grant revenues are recognized as revenue under the modified accrual basis of accounting. Revenues from the use of money and property are recorded when earned.

Material delinquent and total uncollected current year property taxes (net of estimated uncollectibles) are recorded as current year receivables. Property taxes (net of estimated uncollectibles) that are levied and measurable in the current year, but not available to finance current period expenditures, are recorded as a receivable and as deferred revenues. The deferred revenues are recognized as revenue in the fiscal year in which they become available.

Licenses, permits, fines, forfeits, charges for services, and miscellaneous revenues are recorded as governmental fund revenues when received in cash because they are generally not measurable until actually received.

(d) Budgetary Policy

The City Manager shall prepare and submit the proposed annual budget to the City Council for its approval for all governmental funds. City Council reviews the proposed budget during two separate public workshops and two separate regular City Council meetings. The budget is legally enacted by means of a budget resolution passed by the City Council. Upon final adoption, the budget shall be in effect for the ensuing fiscal year.

The level of budgetary control (this is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. City Council approval is required for any budget revisions that affect total appropriations within each fund.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

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

Appropriations lapse at the end of the fiscal year unless they are re-appropriated through the formal budget process. Open encumbrances are recorded as reservations of fund balance since the commitments will be paid by subsequent year's budget appropriations. Encumbrances do not constitute expenditures or liabilities of the City.

Budgeted amounts are as originally adopted, or as amended in accordance with prescribed procedures throughout the fiscal year. The original budget for the General Fund and the Special Revenue Funds increased by \$750,313 and \$569,089, respectively, through amendments approved by the City Council.

(e) Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(f) Due from Other Governments

The amounts recorded as a receivable due from other governments include sales taxes, gas taxes, Measure M revenue, reimbursement grant revenues and other revenues collected or provided by Federal, State, County and City governments and unremitted to the City as of June 30, 2003. The County of Orange assesses, bills, and collects property taxes for the City.

(g) Compensated Absences

Permanent, full-time City employees earn 10 vacation days a year and 12 sick days a year. The City accounts for compensated absences in accordance with GASB Statement No. 16. In governmental funds, compensated absences are recorded as expenditures in the year paid, and it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, the entire unpaid liability for the governmental funds is recorded in the general long-term debt account group.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

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

(h) Claims and Judgments

The City records a liability for material litigation, judgments, and claims (including incurred but not reported losses) when it is probable that an asset has been significantly impaired or a material liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

(i) Property Taxes

Under California law, property taxes are assessed and collected by the counties 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. Accordingly, the City of Laguna Woods recognizes as revenue only those taxes which are received within 60 days after year end.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment – November 1 Second Installment – February 1
Delinquent Date:	First Installment – December 11 Second Installment – April 11

Taxes are collected by the County of Orange and are remitted to the City periodically. Dates and percentages are as follows:

December	30% advance
January	Collection No. 1
April	10% advance
May	Collection No. 2
July	Collection No. 3

(j) Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

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

(k) Memorandum Only Totals

Columns on the combined financial statements captioned "Totals (Memorandum Only)" are not necessary for a fair presentation of the financial statements in accordance with generally accepted accounting principles, but are presented as additional analytical data. Interfund balances and transactions have not been eliminated and the columns do not present consolidated financial information.

(2) Cash and Investments

Cash and investments held by the City at June 30, 2003 consisted of the following:

Petty cash	\$	180
Demand deposits		31,752
State Treasurer's Investment Pool (LAIF)		<u>7,958,654</u>
Total cash and investments held by City		<u>\$7,990,586</u>

The City is generally authorized under Section 53601 of the Government Code and the City's investment policy to invest in: FDIC insured accounts and the Local Agency Investment Fund of the State of California.

Under the California Government Code, a financial institution is required to secure deposits made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Deposits of cities and other state or local governments are classified in three categories to give an indication of the level of custodial risk assumed by the entity. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 2 also includes deposits collateralized by an interest in an undivided collateral pool held by an authorized Agent of the Depository and subject to certain regulatory requirements under State law. Category 3 includes deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name. Category 3 also includes any uncollateralized deposits.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Deposits held by the City as of June 30, 2003 are classified in risk categories as follows:

<u>Form of Deposit</u>	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Deposits held by City:					
Demand deposits	<u>\$100,000</u>	<u>366,494</u>	<u>-</u>	<u>466,494</u>	<u>31,752</u>
Total deposits	<u>\$100,000</u>	<u>366,494</u>	<u>-</u>	<u>466,494</u>	<u>31,752</u>

Investments of cities and other state or local governments are classified in three categories to give an indication of the level of custodial risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or the City's custodial agent (which must be a different institution other than the party through which the City purchased the securities) in the City's name. Investments held "in the City's name" include securities held in a separate custodial or fiduciary account and identified as owned by the City in the custodian's internal accounting records. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer's agent (or by the trust department of the dealer if the dealer was a financial institution and another department of the institution purchased the securities for the City) in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer's agent, but not in the City's name. Category 3 also includes all securities held by the broker-dealer agent of the City (the party that purchased the securities for the City) regardless of whether or not the securities are being held in the City's name.

The City's only investment is the Local Agency Investment Fund which is not required to be categorized as described above. The City's investment in LAIF was \$7,958,654 at June 30, 2003.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

(3) Prior Period Adjustment

Fund balance has been restated in the General Fund to reflect a certain adjustment to revenue recorded in the previous year. GASB Statement No. 33 requires that revenue cannot be recognized (earned) until it is available to liquidate liabilities of the current period.

Fund balance, as previously reported at July 1, 2002	\$3,941,857
Revenues recorded as earned in the prior year but not available to pay for current period liabilities and should have been deferred	<u>(32,020)</u>
Fund balance, as restated at July 1, 2002	<u>\$3,909,837</u>

(4) General Fixed Assets

A summary of changes in general fixed assets is as follows:

	<u>Balance at July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2003</u>
Land	\$ -	3,050,000*	-	3,050,000
Leasehold improvements	576,205	116,683	-	692,888
Furniture and equipment	<u>85,048</u>	<u>-</u>	<u>-</u>	<u>85,048</u>
Total	<u>\$661,253</u>	<u>3,166,683</u>	<u>-</u>	<u>3,827,936</u>

* Land was contributed to the City by developers during the fiscal year ended June 30, 2003. The land was recorded as contributed capital in the Park State Bonds Special Revenue Fund at its estimated fair value.

(5) General Long-Term Debt

Changes in general long-term debt for the year ended June 30, 2003 were as follows:

	<u>Balance at July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2003</u>
Claims payable	\$ -	25,000	-	25,000
Compensated absences	<u>27,472</u>	<u>5,663</u>	<u>-</u>	<u>33,135</u>
	<u>\$27,472</u>	<u>30,663</u>	<u>-</u>	<u>58,135</u>

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

(6) Fund Balances

Fund balances at June 30, 2003 consisted of the following reserves and designations:

	<u>General</u>	<u>Special Revenue</u>
Fund balances:		
Reserved for:		
Deposits	\$ 10,679	-
Contingent liabilities	<u>400,000</u>	<u>-</u>
Total reserved	<u>410,679</u>	<u>-</u>
Unreserved:		
Designated for:		
Capital projects	190,543	-
Special fund purposes	-	2,868,228
Undesignated	<u>4,604,837</u>	<u>-</u>
Total unreserved	<u>4,795,380</u>	<u>2,868,228</u>
Total fund balances	<u>\$5,206,059</u>	<u>2,868,228</u>

(7) Other Required Disclosures

The following Special Revenue Funds had excess of expenditures over appropriations as of June 30, 2003:

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Traffic Congestion Relief Fund	\$ -	130,605	(130,605)
Measure M Fund	200,000	227,196	(27,196)
Air Quality Improvement Fund	-	35,822	(35,822)
Supplemental Law Enforcement Fund	-	118,055	(118,055)
Exercise Challenge Fund	-	3,349	(3,349)
Emergency Management Fund	1,414	20,317	(18,903)
Park State Bonds Fund	272,000	3,050,000	(2,778,000)
Senior Mobility Fund	-	32,815	(32,815)

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

(8) Operating Leases

On May 17, 2001, the City entered into a lease agreement with California Federal Bank for the future City Hall office site. The lease term ends on December 31, 2010 with payments commencing May 23, 2001. The base rent for the first year is \$10,789 monthly with annual consumer price index increases. Total lease payments for fiscal year ended June 30, 2003 were \$128,142. Future minimum lease payments are as follows:

<u>Year ended June 30</u>	<u>California Federal Bank</u>
2004	\$128,142
2005	128,142
2006	128,142
2007	128,142
2008	128,142
Thereafter	<u>320,355</u>
Totals	<u>\$961,065</u>

(9) Insurance Policies

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 91 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 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 coverages. The Authority's pool began covering claims of its members in 1978. Each member government has a representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the city; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$5,000,000 are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for the City is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

(9) Insurance Policies, (Continued)

Workers Compensation

The City also participated in the workers compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City is charged for the first \$10,000 of each claim. Costs are pooled above that level to \$50,000. Costs from \$50,001 to \$100,000 per claim are pooled based on the City's losses under its retention level. Costs between \$100,001 and \$500,000 per claim are pooled based on payroll. Costs in excess of \$500,000 are paid by excess insurance purchased by the Authority. The excess insurance provides coverage to statutory limits.

Since incorporation on March 24, 1999, the City's liability for claims payable, if any, did not significantly exceed its deposit with CJPIA and therefore no liability for claims payable has been recorded in the general long-term debt account group. In addition, since incorporation, claim payments have not exceeded the amount of applicable insurance coverage for the past three years. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

(10) Joint Venture

Orange County Fire Authority

In 1999, the City of Laguna Woods 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, Westminster and Yorba Linda and the County of Orange to create the Orange County Fire Authority (Authority). 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 March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member Cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach are considered "cash contract Cities" and accordingly make cash contributions based on the Authority's annual budget. The City of Laguna Woods does not have an equity interest in the assets of the Orange County Fire Authority.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

(10) Joint Venture, (Continued)

Orange County Fire Authority, (Continued)

Complete financial statements may be obtained from the Orange County Fire authority, 180 S. Water Street, Orange, California, 92866.

(11) Commitment

The City has a commitment with the County of Orange to make minimum payments each year to mitigate the effect of excess expenditures incurred by the County over revenues for future fiscal years as a result of the incorporation of the City of Laguna Woods. These payments equal \$405,045 per year through 2006.

(12) Defined Benefit Pension Plan

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City made all of the contribution required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate calculated as a percentage of payroll. The current employer contributions rate for the year ended June 30, 2003 was 12.789%. The contribution requirements of plan members and the City are established and may be amended by PERS.

CITY OF LAGUNA WOODS

Notes to Financial Statements

(Continued)

(12) Defined Benefit Pension Plan, (Continued)

Annual Pension Cost

For the year ended June 30, 2003, the City's annual pension cost of \$88,384 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the March 1, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.75% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and the current service unfunded liability into a single initial unfunded liability. The single funding horizon for this initial unfunded liability is June 30, 2016.

Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (Employer Contribution)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$71,607	100%	-0-
6/30/02	60,584	100%	-0-
6/30/03	88,834	100%	-0-

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

Gas Tax Fund – to account for the operations of the street and maintenance projects of the public works department. Financing is provided by the City’s share of State gasoline taxes.

Traffic Congestion Relief Fund – accounts for the receipts from the State of California that augment the annual citywide pavement program.

Measure M Fund – to account for the operations of the street and maintenance projects of the public works department. Financing is provided by the City’s share of County Measure M funds.

Arterial Highway Rehabilitation Fund – accounts for the receipts and expenditures from the State of California Department of Transportation for street rehabilitation projects.

Air Quality Improvement Fund – to account for funds received from the South Coast Air Quality Management District for enacting policies to improve air quality.

California Law Enforcement Equipment Program Fund – accounts for receipts and expenditures for the purchase of safety equipment.

Supplemental Law Enforcement Services Fund – accounts for the receipts and expenditures from the State of California’s Citizens Option for Public Safety (COPS) program.

Grants Fund – to account for revenues received under Federal, State and local grants.

Exercise Challenge Fund – accounts for receipts from donors and expenditures on a special event that encourages safe and healthy exercise by residents, workers and students in Laguna Woods.

Emergency Management Fund – accounts for receipts from the state and expenditures for the purchase of emergency operations equipment to be used in the event of an earthquake, terrorist attack or other emergency.

State Park Bonds Fund – accounts for receipts from the state and expenditures for the purchase and improvement of parks and open space.

Senior Mobility Fund – accounts for receipts from the Orange County Transportation Authority and expenditures for demand-responsive transportation services for seniors aged 60 and older.

CITY OF LAGUNA WOODS
Special Revenue Funds

Combining Balance Sheet

June 30, 2003

	<u>Gas Tax</u>	<u>Traffic Congestion Relief</u>	<u>Measure M</u>	<u>Arterial Highway Rehabilitation</u>
<u>Assets</u>				
Cash and investments	\$ 1,955,729	80,178	308,236	-
Interest receivable	-	-	-	-
Due from other governments	<u>155,641</u>	<u>31,338</u>	<u>125,424</u>	<u>-</u>
Total assets	<u>\$ 2,111,370</u>	<u>111,516</u>	<u>433,660</u>	<u>-</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 209,384	-	2,504	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>209,384</u>	<u>-</u>	<u>2,504</u>	<u>-</u>
Fund balances (deficit):				
Designated for special fund purposes	<u>1,901,986</u>	<u>111,516</u>	<u>431,156</u>	<u>-</u>
Total fund balances	<u>1,901,986</u>	<u>111,516</u>	<u>431,156</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,111,370</u>	<u>111,516</u>	<u>433,660</u>	<u>-</u>

<u>Air Quality Improvement</u>	California Law Enforcement <u>Equipment Program</u>	Supplemental Law <u>Enforcement</u>	<u>Grants</u>	<u>Exercise Challenge</u>	<u>Emergency Management</u>
107,831	80,748	115,405	37,767	2,606	1,348
-	-	-	-	-	-
<u>4,800</u>	<u>-</u>	<u>1,062</u>	<u>14,045</u>	<u>-</u>	<u>-</u>
<u>112,631</u>	<u>80,748</u>	<u>116,467</u>	<u>51,812</u>	<u>2,606</u>	<u>1,348</u>
13,535	-	121	9,028	-	-
-	-	-	-	-	-
<u>13,535</u>	<u>-</u>	<u>121</u>	<u>9,028</u>	<u>-</u>	<u>-</u>
<u>99,096</u>	<u>80,748</u>	<u>116,346</u>	<u>42,784</u>	<u>2,606</u>	<u>1,348</u>
<u>99,096</u>	<u>80,748</u>	<u>116,346</u>	<u>42,784</u>	<u>2,606</u>	<u>1,348</u>
<u>112,631</u>	<u>80,748</u>	<u>116,467</u>	<u>51,812</u>	<u>2,606</u>	<u>1,348</u>

(Continued)

CITY OF LAGUNA WOODS
Special Revenue Funds

Combining Balance Sheet

(continued)

	Park State <u>Bonds</u>	Senior <u>Mobility</u>	<u>Totals</u>	
			<u>2003</u>	<u>2002</u>
<u>Assets</u>				
Cash and investments	\$ 409	89,737	2,779,994	2,777,360
Interest receivable	-	-	-	21,347
Due from other governments	-	-	<u>332,310</u>	<u>367,644</u>
Total assets	<u>\$ 409</u>	<u>89,737</u>	<u>3,112,304</u>	<u>3,166,351</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	9,504	244,076	139,063
Due to other funds	-	-	-	<u>78,516</u>
Total liabilities	<u>-</u>	<u>9,504</u>	<u>244,076</u>	<u>217,579</u>
Fund balances (deficit):				
Designated for special fund purposes	<u>409</u>	<u>80,233</u>	<u>2,868,228</u>	<u>2,948,772</u>
Total fund balances	<u>409</u>	<u>80,233</u>	<u>2,868,228</u>	<u>2,948,772</u>
Total liabilities and fund balances	<u>\$ 409</u>	<u>89,737</u>	<u>3,112,304</u>	<u>3,166,351</u>

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CITY OF LAGUNA WOODS
Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2003

	<u>Gas Tax</u>	<u>Traffic Congestion Relief</u>	<u>Measure M</u>	<u>Arterial Highway Rehabilitation</u>
Revenues:				
Intergovernmental	\$ 855,378	119,168	238,841	76,998
Contributed capital	-	-	-	-
Investment income	<u>31,322</u>	<u>1,494</u>	<u>5,470</u>	<u>21,631</u>
Total revenues	<u>886,700</u>	<u>120,662</u>	<u>244,311</u>	<u>98,629</u>
Expenditures:				
Current:				
Public works	973,816	130,605	227,196	-
Public safety	-	-	-	-
Community Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>973,816</u>	<u>130,605</u>	<u>227,196</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(87,116)	(9,943)	17,115	98,629
Fund balances (deficit) beginning of year	<u>1,989,102</u>	<u>121,459</u>	<u>414,041</u>	<u>(98,629)</u>
Fund balances (deficit) at end of year	<u>\$ 1,901,986</u>	<u>111,516</u>	<u>431,156</u>	<u>-</u>

<u>Air Quality Improvement</u>	California Law Enforcement Equipment Program	Supplemental Law Enforcement	<u>Grants</u>	<u>Exercise Challenge</u>	<u>Emergency Management</u>
19,132	36,329	130,353	25,902	5,850	4,073
-	-	-	-	-	-
<u>1,963</u>	<u>1,071</u>	<u>3,235</u>	<u>812</u>	<u>-</u>	<u>-</u>
<u>21,095</u>	<u>37,400</u>	<u>133,588</u>	<u>26,714</u>	<u>5,850</u>	<u>4,073</u>
35,822	-	-	49,528	-	-
-	-	118,055	-	-	20,317
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,226</u>	<u>3,349</u>	<u>-</u>
<u>35,822</u>	<u>-</u>	<u>118,055</u>	<u>51,754</u>	<u>3,349</u>	<u>20,317</u>
(14,727)	37,400	15,533	(25,040)	2,501	(16,244)
<u>113,823</u>	<u>43,348</u>	<u>100,813</u>	<u>67,824</u>	<u>105</u>	<u>17,592</u>
<u>99,096</u>	<u>80,748</u>	<u>116,346</u>	<u>42,784</u>	<u>2,606</u>	<u>1,348</u>

(Continued)

CITY OF LAGUNA WOODS
Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

(Continued)

	Park State <u>Bonds</u>	Senior <u>Mobility</u>	<u>Totals</u>	
			<u>2003</u>	<u>2002</u>
Revenues:				
Intergovernmental	\$ 43,082	105,184	1,660,290	1,532,222
Contributed capital	2,835,000	-	2,835,000	-
Investment income	-	897	67,895	97,031
	<u>2,878,082</u>	<u>106,081</u>	<u>4,563,185</u>	<u>1,629,253</u>
Total revenues				
Expenditures:				
Current:				
Public works	-	-	1,416,967	1,003,480
Public safety	-	-	138,372	145,589
Community Services	3,050,000	32,815	3,088,390	32,584
	<u>3,050,000</u>	<u>32,815</u>	<u>4,643,729</u>	<u>1,181,653</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(171,918)	73,266	(80,544)	447,600
Fund balances beginning of year	<u>172,327</u>	<u>6,967</u>	<u>2,948,772</u>	<u>2,501,172</u>
Fund balances (deficit) at end of year	<u>\$ 409</u>	<u>80,233</u>	<u>2,868,228</u>	<u>2,948,772</u>

CITY OF LAGUNA WOODS
Gas Tax Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 840,384	855,378	14,994	861,756
Investment income	<u> -</u>	<u> 31,322</u>	<u> 31,322</u>	<u> 64,922</u>
Total revenues	<u> 840,384</u>	<u> 886,700</u>	<u> 46,316</u>	<u> 926,678</u>
Expenditures:				
Current:				
Public works	<u> 2,293,500</u>	<u> 973,816</u>	<u> 1,319,684</u>	<u> 557,787</u>
Total expenditures	<u> 2,293,500</u>	<u> 973,816</u>	<u> 1,319,684</u>	<u> 557,787</u>
Excess (deficiency) of revenues over (under) expenditures	(1,453,116)	(87,116)	1,366,000	368,891
Fund balances at beginning of year	<u> 1,989,102</u>	<u> 1,989,102</u>	<u> -</u>	<u> 1,620,211</u>
Fund balances at end of year	<u>\$ 535,986</u>	<u> 1,901,986</u>	<u> 1,366,000</u>	<u> 1,989,102</u>

CITY OF LAGUNA WOODS
Traffic Congestion Relief Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 126,720	119,168	(7,552)	114,997
Investment income	<u>-</u>	<u>1,494</u>	<u>1,494</u>	<u>10,187</u>
Total revenues	<u>126,720</u>	<u>120,662</u>	<u>(6,058)</u>	<u>125,184</u>
Expenditures:				
Current:				
Public works	<u>-</u>	<u>130,605</u>	<u>(130,605)</u>	<u>342,121</u>
Total expenditures	<u>-</u>	<u>130,605</u>	<u>(130,605)</u>	<u>342,121</u>
Excess (deficiency) of revenues over (under) expenditures	126,720	(9,943)	(136,663)	(216,937)
Fund balances at beginning of year	<u>121,459</u>	<u>121,459</u>	<u>-</u>	<u>338,396</u>
Fund balances (deficit)at end of year	<u>\$ 248,179</u>	<u>111,516</u>	<u>(136,663)</u>	<u>121,459</u>

CITY OF LAGUNA WOODS
Measure M Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 140,964	238,841	97,877	133,658
Investment income	<u>-</u>	<u>5,470</u>	<u>5,470</u>	<u>11,846</u>
Total revenues	<u>140,964</u>	<u>244,311</u>	<u>103,347</u>	<u>145,504</u>
Expenditures:				
Current:				
Public works	<u>200,000</u>	<u>227,196</u>	<u>(27,196)</u>	<u>30,665</u>
Total expenditures	<u>200,000</u>	<u>227,196</u>	<u>(27,196)</u>	<u>30,665</u>
Excess (deficiency) of revenues over (under) expenditures	(59,036)	17,115	76,151	114,839
Fund balances at beginning of year	<u>414,041</u>	<u>414,041</u>	<u>-</u>	<u>299,202</u>
Fund balances (deficit) at end of year	<u>\$ 355,005</u>	<u>431,156</u>	<u>76,151</u>	<u>414,041</u>

CITY OF LAGUNA WOODS
Arterial Highway Rehabilitation Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 400,000	76,998	(323,002)	-
Investment income	<u>102,000</u>	<u>21,631</u>	<u>(80,369)</u>	<u>-</u>
Total revenues	<u>502,000</u>	<u>98,629</u>	<u>(403,371)</u>	<u>-</u>
Expenditures:				
Current:				
Public works	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>72,907</u>
Total expenditures	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>72,907</u>
Excess (deficiency) of revenues over (under) expenditures	102,000	98,629	(3,371)	(72,907)
Fund balances (deficit) at beginning of year	<u>(98,629)</u>	<u>(98,629)</u>	<u>-</u>	<u>(25,722)</u>
Fund balances (deficit) at end of year	<u>\$ 3,371</u>	<u>-</u>	<u>(3,371)</u>	<u>(98,629)</u>

CITY OF LAGUNA WOODS
Air Quality Improvement Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 17,340	19,132	1,792	19,003
Investment income	<u>-</u>	<u>1,963</u>	<u>1,963</u>	<u>3,392</u>
Total revenues	<u>17,340</u>	<u>21,095</u>	<u>3,755</u>	<u>22,395</u>
Expenditures:				
Current:				
Public works	<u>-</u>	<u>35,822</u>	<u>(35,822)</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>35,822</u>	<u>(35,822)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	17,340	(14,727)	(32,067)	22,395
Fund balances at beginning of year	<u>113,823</u>	<u>113,823</u>	<u>-</u>	<u>91,428</u>
Fund balances at end of year	<u>\$ 131,163</u>	<u>99,096</u>	<u>(32,067)</u>	<u>113,823</u>

CITY OF LAGUNA WOODS
California Law Enforcement Equipment Program Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	36,329	36,329	35,162
Investment income	<u>-</u>	<u>1,071</u>	<u>1,071</u>	<u>2,113</u>
Total revenues	<u>-</u>	<u>37,400</u>	<u>37,400</u>	<u>37,275</u>
Expenditures:				
Current:				
Public safety	<u>35,162</u>	<u>-</u>	<u>35,162</u>	<u>98,362</u>
Total expenditures	<u>35,162</u>	<u>-</u>	<u>35,162</u>	<u>98,362</u>
Excess (deficiency) of revenues over (under) expenditures	(35,162)	37,400	72,562	(61,087)
Fund balances at beginning of year	<u>43,348</u>	<u>43,348</u>	<u>-</u>	<u>104,435</u>
Fund balances (deficit) at end of year	<u><u>\$ 8,186</u></u>	<u><u>80,748</u></u>	<u><u>72,562</u></u>	<u><u>43,348</u></u>

CITY OF LAGUNA WOODS
Supplemental Law Enforcement Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	130,353	130,353	100,000
Investment income	<u>-</u>	<u>3,235</u>	<u>3,235</u>	<u>3,561</u>
Total revenues	<u>-</u>	<u>133,588</u>	<u>133,588</u>	<u>103,561</u>
Expenditures:				
Current:				
Public safety	<u>-</u>	<u>118,055</u>	<u>(118,055)</u>	<u>47,227</u>
Total expenditures	<u>-</u>	<u>118,055</u>	<u>(118,055)</u>	<u>47,227</u>
Excess (deficiency) of revenues over (under) expenditures	-	15,533	15,533	56,334
Fund balances at beginning of year	<u>100,813</u>	<u>100,813</u>	<u>-</u>	<u>44,479</u>
Fund balances at end of year	<u><u>\$ 100,813</u></u>	<u><u>116,346</u></u>	<u><u>15,533</u></u>	<u><u>100,813</u></u>

CITY OF LAGUNA WOODS
Grants Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 13,749	25,902	12,153	52,404
Investment income	<u> -</u>	<u> 812</u>	<u> 812</u>	<u> 1,010</u>
Total revenues	<u> 13,749</u>	<u> 26,714</u>	<u> 12,965</u>	<u> 53,414</u>
Expenditures:				
Current:				
Public works	-	49,528	49,528	-
Community Services	<u> 7,500</u>	<u> 2,226</u>	<u> 5,274</u>	<u> 14,333</u>
Total expenditures	<u> 7,500</u>	<u> 51,754</u>	<u> 54,802</u>	<u> 14,333</u>
Excess (deficiency) of revenues over (under) expenditures	6,249	(25,040)	67,767	39,081
Fund balances at beginning of year	<u> 67,824</u>	<u> 67,824</u>	<u> -</u>	<u> 28,743</u>
Fund balances at end of year	<u>\$ 74,073</u>	<u> 42,784</u>	<u> 67,767</u>	<u> 67,824</u>

CITY OF LAGUNA WOODS
Exercise Challenge Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	5,850	5,850	18,300
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>5,850</u>	<u>5,850</u>	<u>18,300</u>
Expenditures:				
Current:				
Community Services	<u>-</u>	<u>3,349</u>	<u>(3,349)</u>	<u>18,195</u>
Total expenditures	<u>-</u>	<u>3,349</u>	<u>(3,349)</u>	<u>18,195</u>
Excess (deficiency) of revenues over (under) expenditures	-	2,501	2,501	105
Fund balances at beginning of year	<u>105</u>	<u>105</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 105</u>	<u>2,606</u>	<u>2,501</u>	<u>105</u>

CITY OF LAGUNA WOODS
Emergency Management Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 1,442	<u>4,073</u>	<u>2,631</u>	<u>17,592</u>
Total revenues	<u>1,442</u>	<u>4,073</u>	<u>2,631</u>	<u>17,592</u>
Expenditures:				
Current:				
Public safety	<u>1,414</u>	<u>20,317</u>	<u>(18,903)</u>	<u>-</u>
Total expenditures	<u>1,414</u>	<u>20,317</u>	<u>(18,903)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	28	(16,244)	(16,272)	17,592
Fund balances at beginning of year	<u>17,592</u>	<u>17,592</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 17,620</u>	<u>1,348</u>	<u>(16,272)</u>	<u>17,592</u>

CITY OF LAGUNA WOODS
Park State Bonds Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 272,000	43,082	(228,918)	172,327
Contributed capital	-	2,835,000	2,835,000	-
Investment income	<u>10,500</u>	<u>-</u>	<u>(10,500)</u>	<u>-</u>
Total revenues	<u>282,500</u>	<u>2,878,082</u>	<u>2,595,582</u>	<u>172,327</u>
Expenditures:				
Current:				
Community services	<u>272,000</u>	<u>3,050,000</u>	<u>(2,778,000)</u>	<u>-</u>
Total expenditures	<u>272,000</u>	<u>3,050,000</u>	<u>(2,778,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	10,500	(171,918)	(182,418)	172,327
Fund balances at beginning of year	<u>172,327</u>	<u>172,327</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 182,827</u>	<u>409</u>	<u>(182,418)</u>	<u>172,327</u>

CITY OF LAGUNA WOODS
Senior Mobility Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 79,553	105,184	25,631	7,023
Investment income	<u> -</u>	<u> 897</u>	<u> 897</u>	<u> -</u>
Total revenues	<u>79,553</u>	<u>106,081</u>	<u>26,528</u>	<u>7,023</u>
Expenditures:				
Current:				
Community Services	<u> -</u>	<u>32,815</u>	<u>(32,815)</u>	<u>56</u>
Total expenditures	<u> -</u>	<u>32,815</u>	<u>(32,815)</u>	<u>56</u>
Excess (deficiency) of revenues over (under) expenditures	79,553	73,266	(6,287)	6,967
Fund balances at beginning of year	<u>6,967</u>	<u>6,967</u>	<u> -</u>	<u> -</u>
Fund balances at end of year	<u>\$ 86,520</u>	<u>80,233</u>	<u>(6,287)</u>	<u>6,967</u>

ACCOUNT GROUP

General Fixed Asset Account Group – to account for the cost of fixed assets of the City that are used in the performance of general government functions.

CITY OF LAGUNA WOODS
General Fixed Assets Account Group

Schedule of General Fixed Assets - By Function and Activity

June 30, 2003

	<u>Land</u>	<u>Leasehold Improvements</u>	<u>Furniture and Equipment</u>	<u>Totals</u>
<u>Function and Activity</u>				
General government:				
Administration	\$ -	576,205	52,905	629,110
Community development		-	1,400	1,400
Community services	3,050,000	-	-	3,050,000
Public safety	-	-	101,204	101,204
Non-departmental	-	-	46,222	46,222
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fixed assets	<u>\$ 3,050,000</u>	<u>576,205</u>	<u>201,731</u>	<u>3,827,936</u>

CITY OF LAGUNA WOODS
General Fixed Assets Account Group

Schedule of Changes in General Fixed Assets - By Function and Activity

Year ended June 30, 2002

	<u>Balance at</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>June 30, 2003</u>
<u>Function and Activity</u>				
General government:				
Administration	\$ 613,631	15,479	-	629,110
Community development	1,400	-	-	1,400
Community services	-	3,050,000	-	3,050,000
Public safety	-	101,204	-	101,204
Non-departmental	<u>46,222</u>	<u>-</u>	<u>-</u>	<u>46,222</u>
 Total general fixed assets	 <u>\$ 661,253</u>	 <u>3,166,683</u>	 <u>-</u>	 <u>3,827,936</u>

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