

CITY OF LAGUNA WOODS
Laguna Woods, California

**Basic Financial Statements
and Supplementary Data**

June 30, 2013



An Independent CPA Firm

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CITY OF LAGUNA WOODS
Basic Financial Statements and Supplementary Data
June 30, 2013

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CITY OF LAGUNA WOODS

Basic Financial Statements and Supplementary Data

June 30, 2013

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FINANCIAL SECTION

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An Independent CPA Firm

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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Laguna Woods, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Laguna Woods, California, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Laguna Woods' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014 on our consideration of the City of Laguna Woods'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Laguna Woods's internal control over financial reporting and compliance.

David L. Gruber and Associates, Inc.

David L. Gruber and Associates, Inc.

Huntington Beach, California
February 28, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF LAGUNA WOODS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Laguna Woods' financial statements provides an overview of the City's financial activities for the year-ended June 30, 2013. This document should be read in conjunction with the accompanying transmittal letter and basic financial statements. Please note that this is the sixth year the City of Laguna Woods has used this reporting format. The City remains in full compliance with GASB 34 requirements and GAAP standards for reporting financial information.

FINANCIAL HIGHLIGHTS

- The City ended Fiscal Year 2013 with total net position of \$31,581,171 in the government-wide financial statements, including capital assets.
- During the year, the City's taxes and other revenues exceeded expenses by \$3,227,790 in the government-wide financial statements.
- The total program and general revenue from all sources equaled \$8,075,356.
- The total expenses from all sources equaled \$4,847,566.
- The General Fund reported an ending fund balance of \$8,705,114 and excess revenues and other sources over expenditures of \$868,433.
- The Gas Tax Special Revenue Fund reported an ending fund balance of \$401,923 and excess revenues over expenditures of \$369,774.
- The Measure M Special Revenue Fund reported an ending fund balance deficit of (\$192,841) and revenues over expenditures of \$516,874.
- The Federal Transportation Special Revenue Fund reported an ending fund balance of \$210 and excess of expenditures over revenues of (\$22,311).
- The Traffic Mitigation Fees Special Revenue Fund reported an ending fund balance of \$50,879 and expenditures over revenues of (\$17,390).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net position and the Statement of Activities provide information about the activities of the City as a whole. Fund Financial Statements illustrate how City services were financed, as well as what remains for future spending. Fund Financial Statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole: The Statement of Net position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better or worse off as a result of this year's activities"? The Statement of Net position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in these net position. The City's net position, the difference between assets and liabilities, are one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of

whether its financial health is improving or deteriorating. We are pleased to report that the City's net position increased during Fiscal Year 2013.

The City's basic services fall into the category of governmental activities. Governmental activities are activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position and the Statement of Activities present information about governmental activities, including General Government, Community Development, Public Safety, Public Works and Community Services. Property Tax, Sales Tax, Transient Occupancy Tax, Franchise Tax, Vehicle Code fines, Motor vehicle in-lieu, Gas Tax, Measure M, Federal Transportation, and Traffic Mitigation funds finance approximately 62% of all governmental fund activities.

Reporting the City's Most Significant Funds: Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds, not the City as a whole. Included are the General Fund and the Gas Tax, Measure M, Federal Transportation, and Traffic Mitigation Fees Special Revenue Funds, which were all classified as major funds. Lesser funds are reported collectively as Other Governmental Funds. Some funds are required to be established by state law; however, the City establishes many other funds to help control and manage money for specific purposes or to demonstrate compliance with legal requirements for using certain taxes, grants and other monies. The City currently has only governmental funds.

Governmental Funds focus on how money flows into and out of those funds and the balances left at year-end that are available for future appropriation. Most of the City's basic services are reported in governmental funds. These funds are reported using the modified accrual accounting method. Under this method, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current fiscal period while expenditures are recognized in the accounting period in which the liability is incurred. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds. Currently, the City only has a general fund and special revenues funds.

The Governmental Fund statements provide a detailed view of the City's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. The relationship (or difference) between governmental activities (reported in the Statement of Net position and Statement of Activities) and Governmental Funds are described in the reconciliation after the fund financial statements.

THE CITY AS A WHOLE

The analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities.

Table 1
Net Position
Governmental Activities

	<u>2013</u>	<u>2012</u>
Cash and investments	\$8,649,293	8,007,699
Capital assets, net	22,474,259	20,473,643
Other Receivables and Assets	<u>1,791,303</u>	<u>665,924</u>
Total Assets	<u>32,914,855</u>	<u>29,147,266</u>
Accounts payable and other accrued expenses	1,161,976	642,361
Long-term liabilities- compensated absences	<u>171,708</u>	<u>151,624</u>
Total Liabilities	<u>1,333,684</u>	<u>793,885</u>
Invested in capital assets, net of accumulated depreciation	22,474,259	20,473,643
Restricted	920,587	171,390
Unrestricted	<u>8,186,325</u>	<u>7,708,348</u>
Total net position	<u>\$31,581,171</u>	<u>28,353,381</u>

Table 2
Changes in Net position
Government Activities

	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues:		
Charges for services	\$ 965,814	914,884
Operating contributions and grants	3,011,819	1,852,654
Capital contributions and grants	<u>100,000</u>	<u>100,032</u>
Total program revenues	4,077,633	2,867,570
General revenues:		
Taxes:		
Property taxes	384,386	229,802
Sales taxes	850,241	855,533
Motor vehicle in lieu tax	1,649,600	1,627,101
Franchise taxes	688,948	607,785
Transient occupancy taxes	404,110	396,797
Investment income	20,438	26,753
Other	<u>-</u>	<u>-</u>
Total general revenues	<u>3,997,723</u>	<u>3,743,771</u>
Total revenues	<u>8,075,356</u>	<u>6,611,341</u>
Expenses		
Governmental activities:		
General government	1,652,166	1,427,072
Public safety	1,738,531	1,617,293
Public works	165,783	1,474,254
Community development	850,354	801,271
Community services	<u>440,732</u>	<u>521,797</u>
Total expenses	<u>4,847,566</u>	<u>5,841,687</u>
Increase/ (Decrease) in net position	<u>\$3,227,790</u>	<u>769,654</u>

- Current and other assets in the government-wide financial statements were \$32,941,855 as of year-end and increased by \$3,767,589 (13%) over the prior year, which was due primarily to \$3 million of infrastructure capitalization.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations within Fund-specific guidelines are \$8,186,325 an increase of 6% over the prior year.
- The City's total program and general revenues were \$4,077,633 and \$3,997,723 respectively, totaling \$8,075,356, while the total cost of all programs and services was \$4,847,566.

- State Motor Vehicle-in-Lieu fees of \$1,649,600 are the City's largest revenue source at 20%. These revenues fund a significant portion of the City's basic services.
- Sales taxes of \$850,242 are the City's second largest revenue source at 11%. These revenues fund the majority of the City's basic services.
- Franchise fees of \$688,948 are the City's third largest revenue source at 9%. These revenues fund a significant portion of the City's basic services.

Governmental Activities

Table 3 presents the cost of each of the City's governmental activity programs, General Government, Community Development (planning and building), Public Safety, Community Services and Public Works, as well as, each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Net Cost of Governmental and Business-type Activities

	<u>2013</u>		<u>2012</u>	
	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>
General Government	\$1,652,166	(1,531,072)	1,427,072	(2,236,742)
Public Safety	1,738,531	(1,379,858)	1,617,293	(1,312,669)
Public Works	165,783	2,184,894	1,474,254	918,641
Community Development	850,354	151,169	801,271	(197,160)
Community Services	<u>440,732</u>	<u>(195,066)</u>	<u>521,797</u>	<u>(146,187)</u>
Total	<u>\$4,847,566</u>	<u>(769,933)</u>	<u>5,841,687</u>	<u>(2,974,117)</u>

- General Government expenses of \$1,652,166 comprise 34% of governmental expenditures, compared to 43% in the prior year, and include City Council, City Manager, City Clerk, City Attorney, Administrative Services, Support Services and Risk Management. Charges for services reduce the cost of these programs.
- Public Safety expenses of \$1,738,531 comprise 36% of governmental expenses compared to 28% in the prior year. Revenue from fines and Federal and State operating grants reduce the cost of this program.
- Public Works expenses of \$165,783 including capital projects comprise 3% of governmental expenses compared to 25% in the prior year. Operating contributions, grants and major roadway infrastructure capitalization help to reduce the total cost of these services. Fiscal year 2013 reflected continued expenditures related to the improvements to Moulton Parkway as part of the Smart Street Program, coordinated with the County of Orange to improve traffic flows on this major arterial roadway. Phase 1 work was mostly completed in Fiscal Year 2012, with only final landscape and irrigation installation to be completed. Phase 2 work accelerated significantly in Fiscal Year 2013, focused on planning, engineering and landscape design, and acquisition of remaining right of way. Fiscal Year 2013 also saw completion of the

widening of El Toro Road from Aliso Creek Road to Canyon Hills Drive in Laguna Beach. The third westbound lane, bicycle lane and sidewalk were extended to close a major gap in this arterial road that provides a connection to State Route 73/San Joaquin Hills Transportation Corridor.

- Community Development expenses of \$850,354 comprise 18% of governmental expenses, compared to 14% in the prior year. Various building and planning fee revenues reduce the cost of this program.
- Community Services expenses of \$440,732 comprise 9% of governmental expenditures, compared to 9% in the prior year. The use of City facilities help to offset these expenditures.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At fiscal year-end the City's Governmental Funds reported a combined fund balance of \$9,278,620, an increase of 1,359,301 or 17% over the prior year fund balance. The General Fund comprises \$8,705,114 (or 93%), of the total fund balance. The City's General Fund Balance equates to about 200% of one full year of its expenditures. Future fund balance levels are as yet undetermined.

General Fund Budgetary Highlights:

Revenues: Actual revenues were \$585,261 or 13% higher than budgeted primarily because various taxes, licenses and permits, franchise fees, fines and forfeitures, and grant reimbursements were higher than projected.

Expenditures: Actual expenditures were \$252,201 or 6% lower than budgeted, due to project carryovers to FY 2014 and general expenditure reductions.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation for governmental activities totaled \$22,474,259 at yearend primarily consisting of the City's land, building, and infrastructure assets. During the fiscal year, the City had \$960,218 of depreciation expense on capital assets, which increased accumulated depreciation to \$5,451,112 as of fiscal year-end. The capital asset detail is as follows (*= not depreciated):

Table 4a
Capital Assets at Year-End
(Net of Depreciation)
Governmental Activities

	<u>2013</u>	<u>2012</u>
Land*	\$6,916,750	6,916,750
Buildings	2,563,250	2,563,250
Building improvements	736,647	736,647
Equipment and furniture	205,442	185,971
Infrastructure	17,503,282	14,561,918
Less accumulated depreciation	<u>(5,451,112)</u>	<u>(4,490,893)</u>
Total net capital assets	<u>\$22,474,259</u>	<u>20,473,643</u>

Debt

The City of Laguna Woods currently has no debt obligations. However, compensated absences are classified as long-term liabilities and totaled \$171,708 as of fiscal year-end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The national economy is slowly recovering from the recession of 2008-2009. Based on recent economic forecasts by California State University, Fullerton, and Chapman University, Orange County's economy is expected to continue improving at a slow growth rate and new jobs will be added as unemployment declines. Orange County home prices have increased 3% over last year and is expected to continue to improve as the economy grows.

The City's primary revenue sources are all potentially affected by economic factors, legislative action or state law. State of California Department of Finance population numbers are used to calculate state apportionments for Motor Vehicle and Fuel Tax. Property Tax in lieu of Motor Vehicle-in-Lieu Fees continues to be a significant revenue source. The State Controller reports increased receipts for the State of California and Sales tax receipts are projected to increase as discretionary spending increases due to improved consumer confidence and employment numbers. Property Tax is projected to be up slightly due to improvements in the housing sector and higher assessed valuations. The City's Transient Occupancy Tax is reliant on business activity, which is showing signs of improvement in business and personal travel with less governmental travel tax exemptions. Interest Earnings remain low and are expected to continue through FY 2014. The Federal Reserve continues to maintain interest rates at near zero levels and has declared that they intend to continue the policy until unemployment is below 6.5% or inflation increases to 2.5%. Utility, Advertising, and Waste Hauling Franchise taxes, which are less affected by general economic activity, remains a relatively stable source of revenue. Cable Franchise Taxes revenues have increased due to reinstatement of the resident's portion of the 5% Cable TV franchise fees. Motor vehicle fines from implementation of red light photo enforcement at two intersections, Moulton Parkway at El Toro Road and Moulton Parkway at Gate 12, are expected to cover most program costs. Advertising revenue has decreased due to lower receipts by the contractor; however, the contractor is looking for opportunity to increase advertising placements, which may lead to increased revenues at a later date.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Laguna Woods citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, you may contact the City of Laguna Woods, Finance Department, 24264 El Toro Road, Laguna Woods, California 92637 or call (949) 639-0500, or email cityhall@lagunawoodscity.org.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LAGUNA WOODS

Statement of Net Position

June 30, 2013

	Governmental Activities
Assets:	
Cash and investments (note 2)	\$ 8,649,293
Accounts receivable	353,378
Due from other governments	1,437,925
Capital assets (note 4):	
Capital assets not being depreciated	6,916,750
Capital assets being depreciated, net of accumulated depreciation	<u>15,557,509</u>
Total assets	<u>32,914,855</u>
Liabilities:	
Due to other governments and accounts payable	863,222
Accrued expenses and deposits	199,605
Retentions payable	36,126
Unearned revenue	63,023
Long-term liabilities (notes 5):	
Portion due within one year:	
Compensated absences	102,814
Portion due beyond one year:	
Compensated absences	<u>68,894</u>
Total liabilities	<u>1,333,684</u>
Net position:	
Net investment in capital assets	22,474,259
Restricted for:	
Community development	-
Public safety	19,354
Public works	901,233
Community services	-
Unrestricted	<u>8,186,325</u>
Total net position	<u>\$ 31,581,171</u>

See accompanying notes to basic financial statements.

CITY OF LAGUNA WOODS

Statement of Activities

Year ended June 30, 2013

		Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities
Governmental activities:					
General government	\$ 1,652,166	121,094	-	-	(1,531,072)
Community development	850,354	580,765	420,758	-	151,169
Public safety	1,738,531	258,636	37	100,000	(1,379,858)
Public works	165,783	-	2,350,677	-	2,184,894
Community services	440,732	5,319	240,347	-	(195,066)
Total governmental activities	\$ 4,847,566	965,814	3,011,819	100,000	(769,933)
General revenues:					
Taxes:					
Property taxes					384,386
Sales taxes					850,241
Transient occupancy taxes					404,110
Franchise taxes					688,948
State motor vehicle in lieu					1,649,600
Investment income					20,438
Other					-
Total general revenues					3,997,723
Change in net assets					3,227,790
Net position at beginning of year					28,353,381
Net position at end of year					\$ 31,581,171

See accompanying notes to basic financial statements.

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FUND FINANCIAL STATEMENTS

CITY OF LAGUNA WOODS

Governmental Funds

Balance Sheet

June 30, 2013

		<u>Special Revenue</u>	
	<u>General</u>	<u>Gas Tax</u>	<u>Measure M</u>
Assets			
Cash and investments (note 2)	\$ 7,983,829	356,323	-
Receivables:			
Accounts	349,878	387	-
Due from other funds (note 3)	1,113,769	-	-
Due from other governments	22,645	83,213	289,594
Total assets	<u>\$ 9,470,121</u>	<u>439,923</u>	<u>289,594</u>
Liabilities and Fund Balances			
Liabilities:			
Due to other governments/accounts payable	\$ 558,201	38,000	28,030
Retentions payable	-	-	604
Accrued liabilities and deposits	199,605	-	-
Deferred revenue	7,201	-	-
Due to other funds (note 3)	-	-	453,801
Total liabilities	<u>765,007</u>	<u>38,000</u>	<u>482,435</u>
Fund balances (deficits):			
Non-spendable:			
Prepaid expense	-	-	-
Restricted for:			
Public works	-	401,923	-
Community development	-	-	-
Public safety	-	-	-
Assigned to:			
Capital projects	1,213,654	-	-
Compensated absences	146,020	-	-
Self insurance contingencies	500,000	-	-
Unassigned	6,845,440	-	(192,841)
Total fund balances	<u>8,705,114</u>	<u>401,923</u>	<u>(192,841)</u>
Total liabilities and fund balances	<u>\$ 9,470,121</u>	<u>439,923</u>	<u>289,594</u>

See accompanying notes to basic financial statements.

<u>Funds</u>		Other	
<u>Federal</u>	<u>Traffic</u>	<u>Governmental</u>	
<u>Transportation</u>	<u>Mitigation Fees</u>	<u>Funds</u>	<u>Totals</u>
-	63,980	245,161	8,649,293
-	3,113	-	353,378
-	-	-	1,113,769
477,641	87,133	477,699	1,437,925
<u>477,641</u>	<u>154,226</u>	<u>722,860</u>	<u>11,554,365</u>
-	103,347	135,644	863,222
21,139	-	14,383	36,126
-	-	-	199,605
-	-	55,822	63,023
456,292	-	203,676	1,113,769
<u>477,431</u>	<u>103,347</u>	<u>409,525</u>	<u>2,275,745</u>
-	-	-	-
210	50,879	-	453,012
-	-	151,342	151,342
-	-	316,233	316,233
-	-	-	1,213,654
-	-	-	146,020
-	-	-	500,000
-	-	(154,240)	6,498,359
<u>210</u>	<u>50,879</u>	<u>313,335</u>	<u>9,278,620</u>
<u>477,641</u>	<u>154,226</u>	<u>722,860</u>	<u>11,554,365</u>

See accompanying notes to basic financial statements.

CITY OF LAGUNA WOODS
Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

Fund balances of governmental funds	\$ 9,278,620
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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.

Cost of capital assets	27,925,371
Accumulated depreciation	(5,451,112)

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

Compensated absences	(171,708)
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Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.

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Net position of governmental activities	<u><u>\$ 31,581,171</u></u>
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See accompanying notes to basic financial statements.

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CITY OF LAGUNA WOODS
Governmental Fund types
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2013

		<u>Special Revenue</u>	
	<u>General</u>	<u>Gas Tax</u>	<u>Measure M</u>
Revenues:			
Taxes	\$ 1,638,738	446,303	-
Intergovernmental	1,649,600	-	542,868
Franchise fees	688,949	-	-
Licenses and permits	486,018	-	-
Charges for services	203,166	-	-
Fines and forfeitures	259,561	-	-
Investment income	20,532	304	-
Miscellaneous	16,973	-	-
Total revenues	<u>4,963,537</u>	<u>446,607</u>	<u>542,868</u>
Expenditures:			
Current:			
General government	1,566,398	-	-
Public safety	1,618,678	-	-
Public works	259,119	414,458	25,994
Community development	459,496	-	-
Community services	191,413	-	-
Total expenditures	<u>4,095,104</u>	<u>414,458</u>	<u>25,994</u>
Excess (deficiency) of revenues over (under) expenditures	868,433	32,149	516,874
Other financing sources (uses):			
Transfers in (note 3)	-	-	-
Transfers out (note 3)	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	868,433	32,149	516,874
Fund balances, beginning of year	<u>7,836,681</u>	<u>369,774</u>	<u>(709,715)</u>
Fund balances (deficit), end of year	<u>\$ 8,705,114</u>	<u>401,923</u>	<u>(192,841)</u>

See accompanying notes to basic financial statements.

<u>Funds</u>		Other	
<u>Federal</u>	<u>Traffic</u>	<u>Governmental</u>	
<u>Transportation</u>	<u>Mitigation Fees</u>	<u>Funds</u>	<u>Totals</u>
-	-	-	2,085,041
477,641	353,104	1,401,606	4,424,819
-	-	-	688,949
-	-	-	486,018
-	-	-	203,166
-	-	-	259,561
-	346	1,542	22,724
48	-	-	17,021
<u>477,689</u>	<u>353,450</u>	<u>1,403,148</u>	<u>8,187,299</u>
-	-	-	1,566,398
-	-	119,853	1,738,531
500,000	370,840	661,572	2,231,983
-	-	390,858	850,354
-	-	249,319	440,732
<u>500,000</u>	<u>370,840</u>	<u>1,421,602</u>	<u>6,827,998</u>
(22,311)	(17,390)	(18,454)	1,359,301
-	-	-	-
-	-	-	-
-	-	-	-
(22,311)	(17,390)	(18,454)	1,359,301
<u>22,521</u>	<u>68,269</u>	<u>331,789</u>	<u>7,919,319</u>
<u>210</u>	<u>50,879</u>	<u>313,335</u>	<u>9,278,620</u>

See accompanying notes to basic financial statements.

CITY OF LAGUNA WOODS
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 1,359,301
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Amounts reported for governmental activities in
the Statement of Activities are different because:

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

Capital outlay	2,960,835
Depreciation expense	(960,218)

Changes in compensated absences payable is an expenditure in the governmental funds, but the expenditure reduces long-term liabilities in the statement of net assets.	(20,184)
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Revenues in the government-wide statement of activities that did not provide current financial resources were not reported as revenues in the governmental funds.	<u>(111,944)</u>
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Changes in net position of governmental activities	<u><u>\$ 3,227,790</u></u>
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See accompanying notes to basic financial statements.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
Year Ended June 30, 2013

(1) Summary of Significant Accounting Policies

The accounting policies of the City of Laguna Woods conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(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) Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

- a. Government-wide financial statements
- b. Fund financial statements
- c. Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. These statements include a single column for the governmental activities of the primary. The City of Laguna Woods has no business-type activities, and no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

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

(b) Basis of Accounting, Measurement Focus and Financial Statement Presentation, (Continued)

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.

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 an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other 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 an expenditure.

Fund Financial Statements

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

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

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

(b) Basis of Accounting, Measurement Focus and Financial Statement Presentation, (Continued)

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days, except for motor vehicle in lieu which has a 30 day availability period. Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where 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. 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 their availability period of 60 days after the fiscal year ends to meet the "available" criteria of revenue recognition.

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."

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

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

(b) Basis of Accounting, Measurement Focus and Financial Statement Presentation, (Continued)

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. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets.

Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current 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 an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

(c) Fund Classifications

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. The General Fund accounts for activities and services traditionally associated with governments such as police, which are financed primarily through tax-generated revenues and not required to be accounted for in another fund.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

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

(c) Fund Classifications, (Continued)

Gas Tax Fund

The Gas Tax fund is used to account for the City's share of the motor vehicle gas tax imposed under the provisions of the Street and Highway Code of the State of California under Sections 2105, 2106, 2107 and 2107.5 which are legally restricted for the acquisition, construction, improvement and maintenance of public streets.

Measure M Fund

The Measure M Fund is used 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.

Federal Transportation Fund – The Federal Transportation fund is used to account for receipts and expenditures from grants received from the State of California Department of Transportation for transportation related projects.

Traffic Mitigation Fees

The Traffic Mitigation Fees fund is used to account for receipts and expenditures for programs related to traffic mitigation.

(d) Cash and Investments

Investments are reported in the accompanying statement of net position 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 and changes in fair value. 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, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

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

(e) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more. It is the policy of the City to capitalize infrastructure projects in excess of \$100,000 if they constitute infrastructure and have extended the useful life of the assets by 20 years or longer. Capital assets exclude public domain (infrastructure) general capital assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

The City uses the straight-line method in the government-wide financial statements for depreciating storm drains, park equipment, buildings, vehicles, equipment and furniture, and leasehold improvements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The range of useful lives used for depreciation purposes for each capital asset class are as follows:

<u>Item</u>	<u>Useful Life</u>
Building	35 years
Building improvements	8-9 years
Equipment and furniture	5 years
Infrastructure	20 years

(f) Due from Other Governments

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

(g) Compensated Absences

Permanent, full-time City employees earn 20-25 paid leave days a year, which includes vacations and sick time. 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.

CITY OF LAGUNA WOODS
Notes to Basic 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) 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 expenses, during the reporting period. Actual results could differ from those estimates.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements

(Continued)

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

(k) New Accounting Pronouncements

The City adopted Statement on Governmental Accounting Standards (GASB Statement) No. 60, *Accounting and Reporting for Services Concession Arrangements*, GASB Statement No. 61 *Financial Reporting Entity: Omnibus*, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA*, No. 63 *Financial Reporting for Deferred Outflows and Inflows*, and GASB Statement No. 64 *Derivative Instruments*. The adoption of the aforementioned pronouncements did not have a material effect on the City's June 30, 2013 financial statements.

(l) Fund Balance and Spending Policy

The City follows the provisions of Statement on Governmental Accounting Standards (GASB Statement) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in a spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributions, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through council resolutions, etc., and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources that are neither restricted or committed. Assignment of resources can be done by the highest level of decision making (City Council Resolution) or by a committee or official designated for that purpose. The City Council has authorized the City Manager for the purpose to assign fund balance for specific departmental projects.

CITY OF LAGUNA WOODS

Notes to Basic Financial Statements

(Continued)

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

(l) Fund Balance (Continued)

Unassigned – This category is for any balances that have no restrictions placed upon them.

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

(m) Net Position

In the Government-Wide Financial Statements, net position is classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. *Restricted Net position* are restricted by external creditors, grantors, contributors, laws or regulations of other governments. *Unrestricted Net Position* is all net position that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net position."

(2) Cash and Investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statements of Net position:

Cash and investments	<u>\$8,649,293</u>
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Cash and investments held by the City at June 30, 2013 consisted of the following:

Petty cash	\$ 526
Demand deposits	762,142
State Treasurer's Investment Pool (LAIF)	<u>7,886,625</u>
Total cash and investments held by City	<u>\$8,649,293</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.

CITY OF LAGUNA WOODS

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by the California Government Code and the City of Laguna Woods; Investment Policy

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase.

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Investment Types Authorized by State Law	Authorized by Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	No	5 years	None	5%
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	No	180 days	40%	5%
Commercial Paper	No	180 days	15%	5%
Negotiable Certificates of Deposit	No	5 years	30%	5%
Repurchase Agreements	No	1 year	None	5%
Reverse Purchase Agreements	No	92 days	20% of base value	5%
Medium-Term Notes	No	5 years	30%	5%
Mutual Funds	No	N/A	20%	5%
Money Market Mutual Funds	No	N/A	20%	5%
Mortgage Pass- Through Securities	No	5 years	20%	5%
County Pooled Investment Fund	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment Pools)	No	N/A	None	None

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

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

As of June 30, 2013, the City of Laguna Woods had no investments from debt proceeds held by bond trustees.

Disclosures Relating to Interest Rate Risk

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

Disclosures Relating to Interest Rate Risk (continued)

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

<u>Remaining Maturity (in Months)</u>					
<u>Investment Type</u>	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 – 60 Months</u>	<u>More than 60 Months</u>	<u>Total</u>
State investment pool	<u>\$7,886,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,886,625</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

During the fiscal year ended June 30, 2013, the City of Laguna Woods did not hold any investments that were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to Credit Risk

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

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Credit Risk (Continued)

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State investment pool	<u>\$7,886,625</u>	N/A	<u>-</u>	<u>-</u>	<u>\$7,886,625</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. During the fiscal year ended June 30, 2013, the City of Laguna Woods did not hold any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City of Laguna Woods deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2013, the City of Laguna Woods did not have any deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(2) Cash and Investments, (Continued)

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City of Laguna Woods' investment in this pool is reported in the accompanying financial statements at amounts based upon the City of Laguna Woods' 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 amortized cost basis. LAIF is not rated.

(3) Interfund Transactions

Due to/due from other funds:

Current interfund receivables and payables balances at June 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Measure M Special Revenue Fund	\$453,801 (a)
	Federal Transportation Special Revenue Fund	456,292 (a)
	Nonmajor Governmental Funds	<u>203,676 (a)</u>
	Total General Fund	<u>1,113,769</u>
	Total Interfund Receivables and Payables	<u>\$1,113,769</u>

(a) The amounts owed represent short – term borrowings to manage cash flows

Interfund Transfers:

There were no interfund transfers for the year ended June 30, 2013.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Land*	\$6,916,750	-	-	6,916,750
Capital assets being depreciated:				
Building	2,563,250	-	-	2,563,250
Building improvements	736,647	-	-	736,647
Furniture and equipment	185,971	19,471	-	205,442
Infrastructure	14,561,918	2,941,364	-	17,503,282
Total capital assets being depreciated	18,047,786	2,960,835	-	21,008,621
Less accumulated depreciation for:				
Building	(146,472)	(73,236)	-	(219,708)
Building improvements	(703,828)	(5,470)	-	(709,298)
Furniture and equipment	(176,154)	(6,348)	-	(182,502)
Infrastructure	(2,464,439)	(875,164)	-	(4,339,603)
Total accumulated depreciation	(4,490,893)	(960,218)	-	(5,451,112)
Total capital assets being depreciated, net	13,556,893	2,000,617	-	15,557,509
Total capital assets, net of accumulated depreciation	\$20,473,643	2,000,617	-	22,474,259

Depreciation expense was charged to functions as follows:

General government	\$ 85,054
Public works	875,164
Total	\$ 960,218

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Construction commitments:		
Moulton Smart Street Project	\$9,434,653	\$10,000,000
El Toro/ Aliso Creek Road Widening	1,652,957	7,500
El Toro Repaving/ ADA Ramps	555,054	30,946

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 were as follows:

	Balance at June 30, 2012	Additions	Reductions	Balance at June 30, 2013	Due Within One Year
Governmental Activities:					
Compensated absences	<u>\$151,525</u>	<u>56,883</u>	<u>(63,023)</u>	<u>171,708</u>	<u>102,814</u>

(6) Other Required Disclosures

The following funds had deficit fund balances as of June 30, 2013:

Major Special Revenue Funds:

Measure M \$192,841 (a)

Nonmajor Special Revenue Funds:

Traffic Congestion Relief	33,642
Supplemental Law Enforcement	15
Community Development Block Grant	44,805
Senior Mobility	75,778

(a) The deficit fund balance represent cost incurred for restricted long term capital projects. Cost will be reimbursed by a granting agency in a subsequent period.

The following funds had excess of expenditures over appropriations as of June 30, 2013:

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Fund:			
Public Works	237,033	259,119	(22,086)
Community development	368,240	459,496	(91,256)
Major Special Revenue Funds:			
Federal Transportation	-	500,000	(500,000)
Nonmajor Special Revenue Funds:			
Grants	285,345	672,939	(387,594)
E Waste/ U Waste	-	8,685	(8,685)
Park State Bonds	-	13,862	(13,862)

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(6) Other Required Disclosures (Continued)

The City's budget policy allows for budget carryovers for: (1) projects completed or underway at the end of the fiscal year as recommended by the City manager and approved by the City Council, and (2) unexpected appropriations for capital improvement projects. The excess expenditures over appropriations noted above meet this requirement.

(7) Risk Management

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 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. The Authority is governed by a board of directors, consisting of one elected official appointed by each member agency, and by an executive committee of the board of directors.

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.

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 \$50,000 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 \$2,000,000 per claim are pooled based on payroll. Costs between \$2,000,000 and \$10,000,000 are paid by excess insurance purchased by the Authority. Costs in excess of \$10,000,000 are pooled by the members based on payroll.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(7) Risk Management, (Continued)

Workers Compensation (Continued)

Since incorporation on March 24, 1999, the City's liability for claims payable, if any, did not significantly exceed its deposit with CJPIA. 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.

There were no significant claims payable at June 30, 2013 and at June 30, 2012.

(8) 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, Aliso Viejo, Rancho Santa Margarita, Mission Viejo, 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, Westminster, 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, Westminster, 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.

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

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(9) Defined Benefit Pension Plan

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living, 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. Prior to September 22, 2012, the City made the contribution required of City employees on their behalf and for their account. Effective September 22, 2012, Council approved a resolution that require employees to pay their 7% employee contribution. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

The Public Employee Pension Reform Act of 2013 (PEPRA) made changes to the public employee pension retirement law, with a goal of reducing pension costs, and was put into effect January 1, 2013. The changes keep the current member (Classic Members) required pension contribution rate at 7% but increase the retirement formula for employees hired on or after January 1, 2013 (New Members). The current required member contribution rate for "New Members" is 6.75%.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an adjustment for the cumulative difference between the APC and the employer's actual plans contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2012 to June 30, 2013 has been determined by an actuarial valuation of the plan as of June 30, 2010. The City's covered payroll for PERS was \$790,122 for the year ended June 30, 2013, while the City's total payroll for all the employees was \$878,507 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as June 30, 2013, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2012 to June 30, 2013.

CITY OF LAGUNA WOODS
Notes to Basic Financial Statements
(Continued)

(9) Defined Benefit Pension Plan (continued)

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>	<u>Tier</u>
6/30/11	9.951%	119,996	100%	-0-	
6/30/12	10.896%	133,283	100%	-0-	
6/30/13	11.078%	137,035	100%	-0-	Classic
6/30/13	6.550%	4,269	100%	-0-	New

(10) Non-spendable and Assigned Fund Balance

Non-spendable and assigned fund balance segregate portions of fund balance that are not available expendable resources. General Fund assigned fund balance for various capital projects, compensated absences, and self insurance contingencies totaled \$1,213,654, \$146,020, and \$500,000, respectively as of June 30, 2013.

(11) Contingencies

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the City for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

(11) Subsequent Events

Management has evaluated subsequent events through February 28, 2014, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund is the general operating fund of the City. The General Fund accounts for activities and services traditionally associated with governments such as police, which are financed primarily through tax-generated revenues and not required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following fund has been classified as a major fund. The budget-actual comparison for these funds have been presented in the accompanying financial statements as Required Supplementary Information:

Gas Tax Fund

The Gas Tax fund is used to account for the City's share of the motor vehicle gas tax imposed under the provisions of the Street and Highway Code of the State of California under Sections 2105, 2106, 2107 and 2107.5 which are legally restricted for the acquisition, construction, improvement and maintenance of public streets.

Measure M Fund

The Measure M fund is used 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.

Federal Transportation Fund – The Federal Transportation fund is used to account for receipts and expenditures from grants received from the State of California Department of Transportation for transportation related projects.

Traffic Mitigation Fees

The Traffic Mitigation Fees Fund is used to account for receipts and expenditures for programs related to traffic mitigation.

CITY OF LAGUNA WOODS
General Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	1,269,265	1,269,265	1,638,738	369,473
Intergovernmental revenues	1,789,021	1,789,021	1,649,600	(139,421)
Franchise fees	612,819	612,819	688,949	76,130
Licenses and permits	167,366	167,366	486,018	318,652
Charges for services	333,880	333,880	203,166	(130,714)
Fines and forfeitures	181,564	181,564	259,561	77,997
Investment income	24,361	24,361	20,532	(3,829)
Miscellaneous	-	-	16,973	16,973
Total revenues	4,378,276	4,378,276	4,963,537	585,261
Expenditures:				
Current:				
General government	1,754,526	1,857,554	1,566,398	291,156
Public safety	1,636,656	1,673,884	1,618,678	55,206
Public works	237,033	237,033	259,119	(22,086)
Community development	410,118	368,240	459,496	(91,256)
Community services	176,219	210,594	191,413	19,181
Total expenditures	4,214,552	4,347,305	4,095,104	252,201
Excess (deficiency) of revenues over expenditures	163,724	30,971	868,433	837,462
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	163,724	30,971	868,433	837,462
Fund balance, beginning	7,836,681	7,836,681	7,836,681	-
Fund balance, ending	\$ 8,000,405	7,867,652	8,705,114	837,462

CITY OF LAGUNA WOODS
Gas Tax
Budgetary Comparison Schedule
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variances with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 493,553	493,553	446,303	(47,250)
Investment income	-	-	304	304
Total revenues	493,553	493,553	446,607	(46,946)
Expenditures:				
Current:				
Public works	493,553	493,553	414,458	79,095
Total expenditures	493,553	493,553	414,458	79,095
Excess (deficiency) of revenues over (under) expenditures	-	-	32,149	32,149
Other financing sources (uses):				
Transfers out	-	-	-	-
Net change in fund balance	-	-	32,149	32,149
Fund balance, beginning	369,774	369,774	369,774	-
Fund balance, ending	<u>\$ 369,774</u>	<u>369,774</u>	<u>401,923</u>	<u>32,149</u>

CITY OF LAGUNA WOODS
Measure M
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 301,337	301,337	542,868	241,531
Investment income	-	-	-	-
Total revenues	<u>301,337</u>	<u>301,337</u>	<u>542,868</u>	<u>241,531</u>
Expenditures:				
Public works	<u>301,337</u>	<u>301,337</u>	<u>25,994</u>	<u>275,343</u>
Total expenditures	<u>301,337</u>	<u>301,337</u>	<u>25,994</u>	<u>275,343</u>
Net change in fund balance	-	-	516,874	516,874
Fund balance, beginning	<u>(709,715)</u>	<u>(709,715)</u>	<u>(709,715)</u>	-
Fund balance (deficit), ending	<u>\$ (709,715)</u>	<u>(709,715)</u>	<u>(192,841)</u>	<u>516,874</u>

CITY OF LAGUNA WOODS
Federal Transportation Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Budget			Variances with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	\$ -	-	477,641	477,641
Investment income	-	-	48	48
Total revenues	-	-	477,689	477,689
Expenditures:				
Current:				
Public works	-	-	500,000	(500,000)
Total expenditures	-	-	500,000	(500,000)
Excess (deficiency) of revenues over (under) expenditures	-	-	(22,311)	(22,311)
Other financing sources (uses):				
Transfers in	-	-	-	-
Net change in fund balance	-	-	(22,311)	(22,311)
Fund balance, beginning	22,521	22,521	22,521	-
Fund balance, ending	<u>\$ 22,521</u>	<u>\$ 22,521</u>	<u>210</u>	<u>(22,311)</u>

CITY OF LAGUNA WOODS
Traffic Mitigation Fees
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 125,000	125,000	353,104	228,104
Investment income	<u>-</u>	<u>-</u>	<u>346</u>	<u>346</u>
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>353,450</u>	<u>228,450</u>
Expenditures:				
Public works	<u>1,427,560</u>	<u>1,427,560</u>	<u>370,840</u>	<u>1,056,720</u>
Total expenditures	<u>1,427,560</u>	<u>1,427,560</u>	<u>370,840</u>	<u>1,056,720</u>
Excess (deficiency) of revenues over (under) expenditures	(1,302,560)	(1,302,560)	(17,390)	1,285,170
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,302,560)	(1,302,560)	(17,390)	1,285,170
Fund balance, beginning	<u>68,269</u>	<u>68,269</u>	<u>68,269</u>	<u>-</u>
Fund balance, ending	<u>\$ (1,234,291)</u>	<u>(1,234,291)</u>	<u>50,879</u>	<u>1,285,170</u>

CITY OF LAGUNA WOODS

Notes to the Required Supplementary Information

(Continued)

(1) 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.

Appropriations lapse at the end of the fiscal year unless they are re-appropriated through the formal budget process. The City's budget policy allows for budget carryovers for: (1) projects completed or underway at the end of the fiscal year as recommended by the City manager and approved by the City Council, and (2) unexpected appropriations for capital improvement projects. 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. During the year, there were budget modifications and supplemental appropriations amounting to \$537,144, through amendments approved by the City Council.

SUPPLEMENTARY SCHEDULES

NON-MAJOR SPECIAL REVENUE FUNDS

The following Special Revenue funds have been classified as non-major funds in the accompanying financial statements:

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

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

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

Seatbelt Safety Enforcement –to account for receipts and expenditures for enforcement and awareness programs related to seatbelt safety.

Community Development Block Grant Fund – to account for the receipts and expenditures of the U.S. Housing and Urban Development – Community Development Block Grant Programs.

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

E-Waste U-Waste –to account for receipts and expenditures for enforcement and awareness programs related to E-Waste and U-Waste.

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.

Park State 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.

Proposition 1B Fund

The Proposition 1B Fund is used to account for revenues and expenditures if the Proposition 1B State bond money restricted to local transportation projects.

Community Development Block Grant Fund – to account for the receipts and expenditures of the U.S. Housing and Urban Development – Community Development Block Grant Programs.

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CITY OF LAGUNA WOODS
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2013

	<u>Traffic Congestion Relief</u>	<u>Air Quality Improvement</u>	<u>Supplemental Law Enforcement</u>	<u>Seatbelt Safety Enforcement</u>	<u>CDBG</u>
<u>Assets:</u>					
Cash and investments	\$ -	41,605	12,302	3,763	-
Receivables:					
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	5,185	32	-	29,585
Total assets	<u>\$ -</u>	<u>46,790</u>	<u>12,334</u>	<u>3,763</u>	<u>29,585</u>
<u>Liabilities and Fund Balances:</u>					
<u>Liabilities:</u>					
Due to other governments/accounts payable	\$ -	-	12,349	-	4,254
Retentions Payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	33,642	-	-	-	70,136
Total liabilities	<u>33,642</u>	<u>-</u>	<u>12,349</u>	<u>-</u>	<u>74,390</u>
<u>Fund balances (deficits):</u>					
Restricted for:					
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Public safety	-	46,790	-	3,763	-
Unassigned	(33,642)	-	(15)	-	(44,805)
Total fund balances (deficits)	<u>(33,642)</u>	<u>46,790</u>	<u>(15)</u>	<u>3,763</u>	<u>(44,805)</u>
<u>Total liabilities and fund balances</u>					
	<u>\$ -</u>	<u>46,790</u>	<u>12,334</u>	<u>3,763</u>	<u>29,585</u>

<u>Grants</u>	<u>E-Waste U-Waste</u>	<u>Emergency Management</u>	<u>Park State Bonds</u>	<u>Senior Mobility</u>	<u>Proposition 1B</u>	<u>Totals</u>
-	8,685	15,591	6,125	-	157,090	245,161
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>374,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,323</u>	<u>-</u>	<u>477,699</u>
<u>374,574</u>	<u>8,685</u>	<u>15,591</u>	<u>6,125</u>	<u>68,323</u>	<u>157,090</u>	<u>722,860</u>
78,527	8,685	-	6,125	19,956	5,748	135,644
14,383	-	-	-	-	-	14,383
-	-	-	-	55,822	-	55,822
<u>31,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,323</u>	<u>-</u>	<u>203,676</u>
<u>124,485</u>	<u>8,685</u>	<u>-</u>	<u>6,125</u>	<u>144,101</u>	<u>5,748</u>	<u>409,525</u>
-	-	-	-	-	-	-
-	-	-	-	-	151,342	151,342
250,089	-	15,591	-	-	-	316,233
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,778)</u>	<u>-</u>	<u>(154,240)</u>
<u>250,089</u>	<u>-</u>	<u>15,591</u>	<u>-</u>	<u>(75,778)</u>	<u>151,342</u>	<u>313,335</u>
<u>374,574</u>	<u>8,685</u>	<u>15,591</u>	<u>6,125</u>	<u>68,323</u>	<u>157,090</u>	<u>722,860</u>

CITY OF LAGUNA WOODS
Non-major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2013

	Traffic Congestion <u>Relief</u>	Air Quality <u>Improvement</u>	Supplemental Law <u>Enforcement</u>	Seatbelt Safety <u>Enforcement</u>	<u>CDBG</u>
Revenues:					
Intergovernmental	\$ -	19,704	100,000	-	420,744
Investment income	-	213	-	-	-
Total revenues	-	19,917	100,000	-	420,744
Expenditures:					
Current:					
Public safety	-	-	100,000	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	376,797
Community services	-	-	-	-	-
Total expenditures	-	-	100,000	-	376,797
Excess (deficiency) of revenues over (under) expenditures	-	19,917	-	-	43,947
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and (uses)	-	-	-	-	-
Net change in fund balances	-	19,917	-	-	43,947
Fund balances, beginning of year	(33,642)	26,873	(15)	3,763	(88,752)
Fund balances (deficit), end of year	<u>\$ (33,642)</u>	<u>46,790</u>	<u>(15)</u>	<u>3,763</u>	<u>(44,805)</u>

<u>Grants</u>	<u>E-Waste U-Waste</u>	<u>Emergency Management</u>	<u>Park State Bonds</u>	<u>Senior Mobility</u>	<u>Proposition 1B</u>	<u>Totals</u>
445,267	-	-	-	240,347	175,544	1,401,606
<u>1,159</u>	<u>-</u>	<u>37</u>	<u>14</u>	<u>-</u>	<u>119</u>	<u>1,542</u>
<u>446,426</u>	<u>-</u>	<u>37</u>	<u>14</u>	<u>240,347</u>	<u>175,663</u>	<u>1,403,148</u>
19,853	-	-	-	-	-	119,853
652,887	8,685	-	-	-	-	661,572
199	-	-	13,862	-	-	390,858
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,319</u>	<u>-</u>	<u>249,319</u>
<u>672,939</u>	<u>8,685</u>	<u>-</u>	<u>13,862</u>	<u>249,319</u>	<u>-</u>	<u>1,421,602</u>
(226,513)	(8,685)	37	(13,848)	(8,972)	175,663	(18,454)
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
(226,513)	(8,685)	37	(13,848)	(8,972)	175,663	(18,454)
<u>476,602</u>	<u>8,685</u>	<u>15,554</u>	<u>13,848</u>	<u>(66,806)</u>	<u>(24,321)</u>	<u>331,789</u>
<u>250,089</u>	<u>-</u>	<u>15,591</u>	<u>-</u>	<u>(75,778)</u>	<u>151,342</u>	<u>313,335</u>

CITY OF LAGUNA WOODS
Traffic Congestion Relief
Non-major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	-	-
Investment income	-	-	-
	-	-	-
Total revenues	-	-	-
Expenditures:			
Public works	-	-	-
	-	-	-
Net change in fund balance	-	-	-
Fund balance, beginning	(33,642)	(33,642)	-
Fund balance, ending	<u>\$ (33,642)</u>	<u>(33,642)</u>	<u>-</u>

CITY OF LAGUNA WOODS
 Air Quality Improvement
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	19,704	19,704
Investment income	<u>-</u>	<u>213</u>	<u>213</u>
 Total revenues	 <u>-</u>	 <u>19,917</u>	 <u>19,917</u>
Expenditures:			
Public works	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance	 -	 19,917	 19,917
 Fund balance, beginning	 <u>26,873</u>	 <u>26,873</u>	 <u>-</u>
 Fund balance, ending	 <u><u>\$ 26,873</u></u>	 <u><u>46,790</u></u>	 <u><u>19,917</u></u>

CITY OF LAGUNA WOODS
Supplemental Law Enforcement
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 100,000	100,000	-
Investment income	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Expenditures:			
Public Safety	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning	<u>(15)</u>	<u>(15)</u>	<u>-</u>
Fund balance, ending	<u><u>\$ (15)</u></u>	<u><u>(15)</u></u>	<u><u>-</u></u>

CITY OF LAGUNA WOODS
 Seatbelt Safety Enforcement
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	-	-	-
Expenditures:			
Current:			
Public Safety	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Transfers in	-	-	-
Net change in fund balance	-	-	-
Fund balance, beginning	3,763	3,763	-
Fund balance (deficit), ending	<u>\$ 3,763</u>	<u>3,763</u>	<u>-</u>

CITY OF LAGUNA WOODS
Community Development Block Grant
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	<u>Budgeted Amounts</u>			<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 441,309	441,309	420,744	(20,565)
Total revenues	441,309	441,309	420,744	(20,565)
Expenditures:				
Community development	441,309	497,300	376,797	120,503
Total expenditures	441,309	497,300	376,797	120,503
Net change in fund balance	-	(55,991)	43,947	99,938
Fund balance, beginning	(88,752)	(88,752)	(88,752)	-
Fund balance, ending	\$ -	(144,743)	(44,805)	99,938

CITY OF LAGUNA WOODS
Grants
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 223,460	445,267	221,807
Investment income	<u>-</u>	<u>1,159</u>	<u>1,159</u>
Total revenues	<u>223,460</u>	<u>446,426</u>	<u>222,966</u>
Community development	285,345	199	285,146
Public safety	-	19,853	(19,853)
Public works	<u>-</u>	<u>652,887</u>	<u>(652,887)</u>
Total expenditures	<u>285,345</u>	<u>672,939</u>	<u>(387,594)</u>
Net change in fund balance	(61,885)	(226,513)	(164,628)
Fund balance, beginning	<u>476,602</u>	<u>476,602</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ 414,717</u></u>	<u><u>250,089</u></u>	<u><u>(164,628)</u></u>

CITY OF LAGUNA WOODS
E Waste / U Waste
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	-	-
Investment income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Public works	-	8,685	(8,685)
	<u>-</u>	<u>8,685</u>	<u>(8,685)</u>
Total expenditures	<u>-</u>	<u>8,685</u>	<u>(8,685)</u>
Net change in fund balance	-	(8,685)	(8,685)
Fund balance, beginning	<u>8,685</u>	<u>8,685</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 8,685</u></u>	<u><u>-</u></u>	<u><u>(8,685)</u></u>

CITY OF LAGUNA WOODS
Emergency Management
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	37	37
Total revenues	<u>-</u>	<u>37</u>	<u>37</u>
Expenditures:			
Public safety	<u>15,554</u>	<u>-</u>	<u>15,554</u>
Total expenditures	<u>15,554</u>	<u>-</u>	<u>15,554</u>
Net change in fund balance	(15,554)	37	15,591
Fund balance, beginning	<u>15,554</u>	<u>15,554</u>	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>15,591</u></u>	<u><u>15,591</u></u>

CITY OF LAGUNA WOODS
Park State Bonds
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	-	-
Investment income	-	14	14
	<u>-</u>	<u>14</u>	<u>14</u>
Total revenues	<u>-</u>	<u>14</u>	<u>14</u>
Expenditures:			
Community development	-	13,862	(13,862)
Total expenditures	<u>-</u>	<u>13,862</u>	<u>(13,862)</u>
Excess (deficiency) of revenues	<u>-</u>	<u>(13,848)</u>	<u>13,876</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(13,848)	13,876
Fund balance, beginning	<u>13,848</u>	<u>13,848</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 13,848</u></u>	<u><u>-</u></u>	<u><u>13,876</u></u>

CITY OF LAGUNA WOODS
Senior Mobility
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 246,146	240,347	(5,799)
Investment income	-	-	-
Total revenues	<u>246,146</u>	<u>240,347</u>	<u>(5,799)</u>
Expenditures:			
Current:			
Community services	<u>272,206</u>	<u>249,319</u>	<u>22,887</u>
Total expenditures	<u>272,206</u>	<u>249,319</u>	<u>22,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,060)</u>	<u>(8,972)</u>	<u>17,088</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>(26,060)</u>	<u>(8,972)</u>	<u>17,088</u>
Fund balance, beginning	<u>(66,806)</u>	<u>(66,806)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (92,866)</u>	<u>(75,778)</u>	<u>17,088</u>

CITY OF LAGUNA WOODS
Proposition 1B
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2013

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	175,544	175,544
Investment income	-	119	119
	<u>-</u>	<u>119</u>	<u>119</u>
Total revenues	<u>-</u>	<u>175,663</u>	<u>175,663</u>
Expenditures:			
Public works	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	175,663	175,663
Fund balance, beginning	<u>(24,321)</u>	<u>(24,321)</u>	<u>-</u>
Fund balance, ending	<u>\$ (24,321)</u>	<u>151,342</u>	<u>175,663</u>