

City of Laguna Woods, California

Comprehensive Annual Financial Report with Report on Audit by Independent Auditors

Year Ended June 30, 2020
(Fiscal Year 2019-20)



Prepared by:

Administrative Services Department
Elizabeth Torres

Administrative Services Director/City Treasurer



City of Laguna Woods, California

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Administrative Services Department

**Elizabeth Torres
Administrative Services Director/City Treasurer**

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**CITY OF LAGUNA WOODS,
CALIFORNIA
JUNE 30, 2020**

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Principal City Officials	x
City Organization Chart.....	xi
GFOA Certificate of Achievement for Excellence in Financial Reporting	xii
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	5
<u>Basic Financial Statements:</u>	
Government-Wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities – Governmental Activities	25
Notes to Basic Financial Statements.....	26
<u>Required Supplementary Information:</u>	
Schedule of Proportionate Share of the Net Pension Liability	57
Schedule of Contributions – Pension	58
Schedule of Changes in the Net Other Post-Employment Benefit (OPEB) Liability and Related Ratios	59
Schedule of Contributions – OPEB	60
Summary of Major Governmental Funds	61
Budgetary Comparison Schedule – General Fund.....	62
Budgetary Comparison Schedule – Fuel Tax Special Revenue Fund	63
Budgetary Comparison Schedule – Measure M Special Revenue Fund	64
Note to Required Supplementary Information	65

Supplementary Information

Other Governmental Funds:

Special Revenue Funds	69
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	72
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Road Repair and Accountability Act of 2017 Special Revenue Fund	74
Coastal Area Road Improvements and Traffic Signals Special Revenue Fund	75
Supplemental Law Enforcement Program Special Revenue Fund	76
Air Quality Improvement Special Revenue Fund	77
PEG/Cable Television Special Revenue Fund	78
Senior Mobility Special Revenue Fund	79
Community Development Block Grant Special Revenue Fund	80
Civic Support Special Revenue Fund	81
Grants Special Revenue Fund	82

STATISTICAL SECTION (UNAUDITED)

Description of Statistical Section Contents	85
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Financial Trends:

Net Position by Component – Last Ten Fiscal Years	86
Changes in Net Position – Expenses and Program Revenues – Last Ten Fiscal Years	88
Changes in Net Position – General Revenues – Last Ten Fiscal Years	90
Fund Balances of Governmental Funds – Last Ten Fiscal Years	92
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	94

Revenue Capacity:

Property Tax Dollar Breakdown – Fiscal Year 2019-20	96
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	97
Overlapping Debt – As of June 30, 2011	98
Overlapping Debt – As of June 30, 2020	99
Top Ten Property Taxpayers – Fiscal Year 2010-11	100
Top Ten Property Taxpayers – Fiscal Year 2019-20	101
Property Use Category Summary – Fiscal Year 2019-20	102
Property Tax Levies and Collections – Last Ten Fiscal Years	103
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	105
Top 25 Sales Tax Producers – Fiscal Year 2010-11	106
Top 25 Sales Tax Producers – Fiscal Year 2019-20	107
Taxable Sales by Category – Last Ten Calendar Years	108

Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Calendar Years.....	110
Principal Employers – Calendar Year 2019 and Nine Years Ago	111
Assessed Value of Taxable Property – Last Ten Fiscal Years	112
Residential Sales Value History – Last Three Calendar Years	114

Operating Information:

Full-Time and Part-Time City Employees by Function – Last Ten Fiscal Years	115
Operating Indicators by Function – Last Ten Fiscal Years	116
Capital Asset Statistics by Function – Last Ten Fiscal Years	117

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INTRODUCTORY SECTION

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City of Laguna Woods

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Noel Hatch
Mayor

December 7, 2020

Shari L. Horne
Mayor Pro Tem

Honorable Mayor and Members of the City Council:

Cynthia Conners
Councilmember

It is our privilege to present the City of Laguna Woods' (City) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020 (Fiscal Year 2019-20). This CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and meets state law requirements for the annual publication of audited financial records.

Carol Moore
Councilmember

Ed H. Tao
Councilmember

This CAFR consists of management's representations concerning the finances of the City. As such, management assumes full responsibility for the completeness and reliability of all information presented. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, and misuse and to compile sufficient reliable information for the preparation of the City's financial statements. The internal control framework is a guide at any given time. As the City's business and operating environments may change over time, management periodically reassesses the internal control framework to identify opportunities to improve its effectiveness. The internal control framework is designed to provide reasonable, rather than absolute, assurance that the City's financial statements will be free of material misstatement. Management believes that, to the best of our knowledge, this CAFR is complete and reliable in all material respects.

Christopher Macon
City Manager

The City's financial statements for Fiscal Year 2019-20 have been independently audited by Brown Armstrong Accountancy Corporation. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The City, as a recipient of federal financial assistance, including pass-through of federal funding by the State of California, County of Orange, and other agencies, is responsible for compliance with applicable laws and regulations related to those programs. The City's internal control framework, monitored by management, is designed to meet required compliance. The United States Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* establishes a threshold for a required

annual audit (single audit) of those entities receiving federal funding. The City did not meet that threshold and a single audit was not required for Fiscal Year 2019-20.

This transmittal letter is designed to supplement the components of this CAFR, which includes Management’s Discussion and Analysis (MD&A), summaries of all financial activity for all funds of the City, and government-wide financial statements. The MD&A provides analysis of trends, fluctuations, variances, and other events or decisions that affect the financial condition of the City. This transmittal letter complements and should be read in conjunction with the MD&A. The MD&A can be found immediately following the independent auditor’s report.

Government Profile

The City was incorporated on March 24, 1999 and includes the private gated community of Laguna Woods Village, several senior-oriented residential communities, a number of commercial centers, three public parks, and additional open space areas. The City occupies approximately three-square miles of land in Orange County, California and is bordered by the cities of Aliso Viejo, Irvine, Laguna Beach, and Laguna Hills, as well as unincorporated and undeveloped open space owned by the County of Orange and the City of Laguna Beach.

The City is a general law city with a Council-Manager form of government, meaning that it operates within the parameters of California municipal law with an elected City Council as its legislative body. The City Council appoints and supervises a professional City Manager who is responsible for the day-to-day administration of the City and implementation of the City Council’s ordinances, regulations, and policy direction. The City Council also appoints a City Attorney to serve as the City’s legal counsel.

The five members of the City Council are residents of Laguna Woods who are elected by registered voters to four-year terms. Elections occur “at-large” (citywide) in even-numbered years with two and then three members of the City Council elected at subsequent elections. All five offices are nonpartisan.

The City Council appoints a Mayor and Mayor Pro Tem from amongst its membership to preside over City Council meetings, execute certain legal instruments and authorizations, and attend to various representative and ceremonial matters. The Mayor Pro Tem serves as the Mayor in their absence.

The City operates as a “contract city,” partnering with other governmental entities and private firms to provide traditional municipal services. Key contract and franchise services providers for Fiscal Year 2019-20 included:

SERVICE	PROVIDER
Animal Control & Shelter Services	City of Laguna Beach
Building Services	Willdan Engineering
Building & Engineering Services	CivilSource
Landscape Maintenance Services	BrightView Landscape Services

SERVICE (continued)	PROVIDER (continued)
Law Enforcement Services	Orange County Sheriff's Department
Legal Services	Rutan & Tucker, LLP
Planning Services	Michael Baker International
Solid Waste Handling Services	Waste Management of Orange County
Street & Right-of-Way Maintenance Services	PV Maintenance
Traffic Signal & Lighting Maintenance Services	Siemens Mobility

The City is a member of two joint powers authorities – the California Joint Powers Insurance Authority (CJPIA), which provides insurance and risk management services, and the Orange County Fire Authority (OCFA), which provides fire services. As a “structural fire fund city,” a fire tax is included in Laguna Woods’ 1% basic property tax levy. The County of Orange collects the fire tax, accumulates the proceeds in a structural fire fund, and makes payments to OCFA on the City’s behalf. Fire services are not accounted for in this CAFR because the City is not involved in the levy, collection, or disbursement of the fire tax.

Prior to each fiscal year, the City Council adopts a budget, which serves as the foundation for the City’s financial planning and control. The budget is established at the fund level with the City Manager having the authority to make adjustments within and between departments in the same fund, provided that there are no increases in fund-level budgets. While the City Manager is authorized to decrease fund-level budget appropriations as a method of fiscal control, City Council action is required to increase fund-level budget appropriations.

Economic Considerations

The novel coronavirus (COVID-19) public health emergency has had a significant economic impact both nationally and locally with the State of California’s 2020-21 Budget noting that “The COVID-19 pandemic has impacted every sector of the state’s economy and has caused record high unemployment—almost 1 in 5 Californians who were employed in February were out of work in May...” The California’s Legislative Analyst’s Office described a “severe decline in economic activity” resulting in a “substantial decline in revenues” in an October 5, 2020 report titled “The 2020-21 Budget: Overview of the California Spending Plan.” As one example of the severity of the economic decline, a surplus of \$5.6 billion had been projected for the State of California’s budget as of January 2020; four months later, projections showed a deficit of \$54.3 billion.

Recent findings from Chapman University’s A. Gary Anderson Center for Economic Research and Claremont McKenna College’s Lowe Institute of Political Economy (Chapman-CMC) suggest that economic improvement may be on the horizon. In a October 7, 2020 press release titled “Is California Poised for a Recovery?,” Chapman-CMC wrote that “The responses to the seven questions that make up the California Consumer Sentiment Index suggest that California has turned the corner and is starting to recover as the economy reopens. Improving consumer sentiment likely reflects the fact that the medical community has a much better understanding on how to treat the coronavirus which is driving down the mortality rate of the virus. In

addition, it appears that a vaccine is on its way. A vaccine will boost economic confidence and ultimately consumer spending.”

In its 2021 Economic Forecast, California State University, Fullerton’s Woods Center for Economic Analysis and Forecasting (Woods Center) noted that “this year’s pandemic and the resulting sudden halt in economic activity has thrown most statistical estimation models in disarray” and acknowledged a “dearth of data at the regional and county level.” Even so, the Woods Center’s research found that “Overall, the business executives in Orange County appear to be quite optimistic about the prospects of recovery of their own businesses.” With respect to “historic” employment losses, the Woods Center foresaw a gradual recovery, including an anticipated end of 2022 timeframe for Southern California and Orange County “employment levels to approximate those at the beginning of 2020.” Housing prices, meanwhile, were forecast to continue on an upward trajectory with median single-family home prices in Orange County expected “to increase at average annual rates of 6% in 2020 and 3.2% in 2021.”

Due to the impacts of COVID-19, significant adjustments were made to General Fund and Special Revenue Funds revenue budgets subsequent to the initial adoption of the FY 2020-21 budget, and in advance of the beginning of FY 2020-21. Additional information, including fund level revenue impacts, can be found in the MD&A.

California State Auditor’s Interactive Dashboard

Since October 2019 (and, beginning with data for Fiscal Year 2016-17), the California State Auditor’s Office has maintained an Interactive Dashboard as a part of its High-Risk Local Government Agency Audit Program. The Interactive Dashboard ranks cities based on detailed information about their fiscal health and is intended to assist the California State Auditor’s Office with determining whether cities are at risk of fiscal distress.

The most recently released data covers Fiscal Year 2018-19. The City is pleased to note that it ranks 11th lowest risk in the State of California (of 453 cities assessed) with an overall score of 96.47 points out of 100 points possible. The City also ranks lowest risk in the Los Angeles Region (of 128 cities assessed) and lowest risk in Orange County (of 34 cities).

In developing the Interactive Dashboard, the California State Auditor’s Office considers 10 financial indicators that are intended “to assess each city’s ability to pay its bills in both the short and long term.” The indicators are general fund reserves, debt burden, liquidity, revenue trends, pension obligations, pension funding, pension costs, future pension costs, other post-employment benefits (OPEB) obligations, and OPEB funding. For Fiscal Year 2018-19, the estimated revenue impact of responding to COVID-19 was also considered.

Significant Financial Concerns

The single greatest threat to the solvency of the City remains the rising cost of law enforcement services. City projections continue to show that law enforcement services costs are increasing

at an unsustainable rate in excess of General Fund operating revenue primarily due to labor agreements approved by the Orange County Board of Supervisors, operational decisions made by the Orange County Sheriff's Department, and unfunded pension liabilities associated with the Orange County Employees Retirement System. The potential future deployment of body-worn cameras is also expected to increase costs. Recent contract cost increases have totaled 5.78% in Fiscal Year 2018-19, 2.05% in Fiscal Year 2019-20, and 3.13% in Fiscal Year 2020-21, for a three-year cumulative increase of 5.34% (or, \$146,759) with no change in staffing.

The reality remains that as long as decisionmakers who are not directly accountable to citizens of Laguna Woods (namely, the Orange County Board of Supervisors, Orange County Sheriff's Department, and Orange County Employees Retirement System) drive the vast majority of the City's increasing cost of doing business, financial pressure will continue to grow. Even with excellent fiscal discipline, more efficient internal operations, and a relatively stable revenue base, rising law enforcement services costs are likely to cause the City to experience future imbalance with some manner of significant service level reduction and/or revenue enhancement required. It is a benefit of the City's financial planning that such potential imbalance has been identified in advance, thus providing opportunities for thoughtful and deliberate remedy.

The City's lack of a strong and diversified commercial tax base continues to be of significant concern. Sales tax and transient occupancy tax – which are the City's second and fifth largest sources of operating revenue, respectively – are extremely vulnerable to sudden and significant loss due to an overreliance on a small number of businesses for the majority of revenue. In the case of sales tax, the replacement of previously sales tax-generating businesses with lesser or non-sales tax-generating businesses exacerbates that concern.

Relevant Financial Policies

The City has numerous financial policies to promote the prudent management and safeguarding of its assets, including investment, budgeting, reserves, reporting, payment, purchasing, and procurement policies. During Fiscal Year 2019-20, the City Council approved amendments to the Investment of Financial Assets policy. All other financial policies remained unchanged.

The Investment of Financial Assets is intended to “assist the City of Laguna Woods with the investment of the City's financial assets in a manner that ensures adequate safety and liquidity, while maximizing yield (return)” and compliance with state law.

- On October 16, 2019, amendments to the policy included increasing the maximum maturity for non-negotiable certificates of deposit, modifying minimum issuer requirements, increasing the maximum amounts of portfolio investment, establishing a maximum amount of individual investment, and removing non-Federal Deposit Insurance Corporation-insured investment authorization for certificates of deposit.
- On December 16, 2019, the amended policy was certified by the California Municipal Treasurers Association for meeting best practices for investing. The previous iteration of the policy had also achieved such certification.

- On June 17, 2020, the policy was amended in response to recommendations made by California Municipal Treasurers Association evaluators, including clarifying authorized investment, collateralization, and reporting requirements, as well as updating the glossary of terms and acronyms and making various non-substantive changes.

Long-Term Financial Planning

In recent years, the City has expanded its budget presentation; transitioned from single-year to two-year budgets and work plans; improved the quality and transparency of its annual financial reporting by preparing CAFRs; updated policies and practices pertaining to investment, budgeting, reserves, reporting, purchasing, and procurement; and, undertaken longer-term strategic financial planning. Those efforts and more have resulted in the City receiving the Operating Budget Meritorious Award for Fiscal Year 2019-20 from the California Society of Municipal Finance Officers, as well Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report for Fiscal Year 2018-19 from the Government Finance Officers Association.

Budgetary Reserves

The overall target for committed and assigned reserves is currently established in an amount equal to 50% of the adopted General Fund revenue budget at the beginning of each fiscal year (July 1), less any one-time revenues and non-operating revenues. The overall target amount is used to fund three committed and assigned reserves – (1) a Paid Leave Contingency Reserve to compensate for payments required to comply with the City’s paid leave policies and obligations, when such amounts exceed adopted budgets; (2) a Self-Insurance Contingency Reserve to compensate for liability and workers’ compensation claim settlements not covered by insurance policies; and, (3) a General Contingency Reserve to compensate for economic uncertainty, operating contingencies, and emergencies caused by calamitous events.

In addition to committed and assigned reserves, unassigned General Fund balance is available for any governmental purpose and can be appropriated upon direction of the City Council. Use of unassigned General Fund balance is generally limited to one-time projects, capital improvement projects, the payment of long-term liabilities for periods beyond the current fiscal year, and emergency expenditures. At the conclusion of Fiscal Year 2019-20, the City had an unassigned General Fund balance of \$7,091,880, equivalent to approximately 120.8% of all General Fund operating expenses for that same fiscal year.

California Public Employees’ Retirement System

Like many local governments in California, the City contracts with the California Public Employees’ Retirement System (CalPERS) to provide pension benefits for employees. Those plans provide defined benefits to qualified employees based on their number of years of service, age at retirement, and final compensation (average salary for a defined period of employment). Qualified employees hired prior to January 1, 2013, or otherwise eligible in accordance with

the Public Employees' Pension Reform Act of 2013 (PEPRA), are considered "classic" members and are enrolled in a "2% at age 55" plan. Classic members contribute 7% of their annual covered salary with the City contributing 10.734% for Fiscal Year 2019-20. Qualified employees hired on or after January 1, 2013, and not considered classic members (new/PEPRA members), are enrolled in a "2% at age 62" plan and contribute a variable percentage of their annual covered salary, in accordance with PEPRA. The new/PEPRA employee contribution rate was 6.75% for Fiscal Year 2019-20 with the City contributing 7.494%.

The City's contributions to CalPERS are based on a variety of assumptions including, but not limited to, discount rates (assumed rate of return) on pooled investments managed by CalPERS. The difference between the sum of the City's accumulated plan assets and the total projected cost of earned pension benefits is referred to as "unfunded accrued liability" (UAL).

Over a three-year period beginning in Fiscal Year 2017-18 and ending in Fiscal Year 2019-20, CalPERS lowered its assumed rate of return on pooled investments from 7.5 to 7%. CalPERS advised its member cities to anticipate increases of up to 3% in annual required contributions over that three-year period, as well as increases of up to 40% in UAL.

On July 15, 2020, CalPERS reported a preliminary 4.7% net return on investments for the fiscal year ended June 30, 2020, significantly below CalPERS' assumed rate of return of 7.0%. According to CalPERS, "The 2019-20 fiscal year return brings total fund performance to 6.3% for the five-year time period, 8.5% for the 10-year time period, and 5.5% for the 20-year time period. Over the past 30 years, the PERF [CalPERS Public Employee Retirement Fund] has returned an average of 8.0% annually.¹"

While many other cities struggle with the burden of increased costs of employee pension plans and, in particular, UALs thereof, the City has taken steps to manage its obligations, including through the establishment of a policy of at least biennial consideration of lump sum payments to reduce UAL. In October 2019, the City made lump sum payments totaling \$101,092 to pay off the entirety of its then-calculated UAL. Similar payments were made in October 2020 that will impact the CAFR for Fiscal Year 2020-21 and, again, cause the City's pension plans to be fully funded according to the most current actuarial projections. Those lump sum payments followed earlier lump sum payments in September 2018 (\$137,455) and May 2017 (\$483,069), the cumulative effect of which is expected to save the City hundreds of thousands of dollars over the next 30 years, in addition to reducing annual required contributions and mitigating potential future impacts of reductions in or variances from CalPERS' discount rate.

Other Post-Employment Benefits Trust

In Fiscal Year 2015-16, the City established an Other Post-Employment Benefits (OPEB) trust (OPEB Trust) to proactively manage costs and reduce unfunded liabilities associated with the City's statutorily required cost-share of CalPERS health insurance premiums for qualified,

¹ "CalPERS Reports Preliminary 4.7% Investment Return for Fiscal Year 2019-20." *CalPERS*, 15 July 2020, www.calpers.ca.gov/page/newsroom/calpers-news/2020/calpers-preliminary-investment-return-2019-20.

retired employees. The OPEB Trust was established with an initial funding level of 80% of the OPEB liability and is reviewed and maintained as stipulated in the City's Budgeting, Reserves, and Reporting Policy, and in accordance with CalPERS guidelines (CalPERS acts as the OPEB Trust Administrator). On June 30, 2020, the City made a lump sum contribution to the OPEB Trust in the amount of \$19,529 in order to return the OPEB liability to an 80% prefunding level as of the most recent actuarial valuation of OPEB liability dated June 22, 2020.

Major Initiatives

In spite of the tumultuous economy and many challenges facing the City, Fiscal Year 2019-20 was successful in terms of service delivery and progress toward implementing the Fiscal Years 2019-21 Budget & Work Plan. Noteworthy, in terms of the City's financial standing, is that the General Fund's fund balance as of June 30, 2020 increased by approximately \$0.3 million from the same point the year prior, meaning that even in unexpectedly strained economic conditions, the City was able to prudently manage its finances and outperform its adopted budget.

During Fiscal Year 2019-20, the City Council pursued the following priority focus areas, which provided guiding principles and goals for the City's programs, projects, and services:

City Council's Priority Focus Areas

A City that is...



Healthy and safe



High in quality of life



Environmentally conscious



Economically prosperous



Fiscally responsible



Professionally and efficiently served

The priority focus areas were first selected in Fiscal Year 2014-15 and are also being used to frame activities undertaken in Fiscal Year 2020-21.

The City Hall/Public Library Project began in Fiscal Year 2019-20 and is expected to continue through Fiscal Year 2021-22. The project includes the construction of a new public library and an enhanced outdoor space joining City Hall and the public library. Though the City undertakes numerous capital improvement projects each fiscal year, the City Hall/Public Library Project is unique in terms of its scope and General Fund impact. It is the first new building construction undertaken by the City and one of the largest construction projects of any type undertaken since incorporation. The General Fund and a \$500,000 State of California budget appropriation will provide funding for the anticipated project cost of more than \$1 million.

This coming June 30, 2021 marks the conclusion of the current two-year budget and work plan cycle. Work on the next two-year budget and work plan (for fiscal years 2021-22 and 2022-23) will begin in early 2021 with adoption anticipated in June 2021.

Acknowledgments

The City appreciates the services and diligence of the independent auditors, Brown Armstrong Accountancy Corporation.

The Ad Hoc Audit Committee comprised of Mayor Hatch and Mayor Pro Tem Horne provided constructive input throughout their work with the independent auditors.

We also appreciate staff's continued efforts to help the City manage its financial future.

Respectfully,



Christopher Macon
City Manager



Elizabeth Torres
Administrative Services Director/City Treasurer

**CITY OF LAGUNA WOODS
PRINCIPAL CITY OFFICIALS
JUNE 30, 2020**

City Officials



Noel Hatch
Mayor

Shari L. Horne
Mayor Pro Tem

Cynthia Conners
Councilmember

Carol Moore
Councilmember

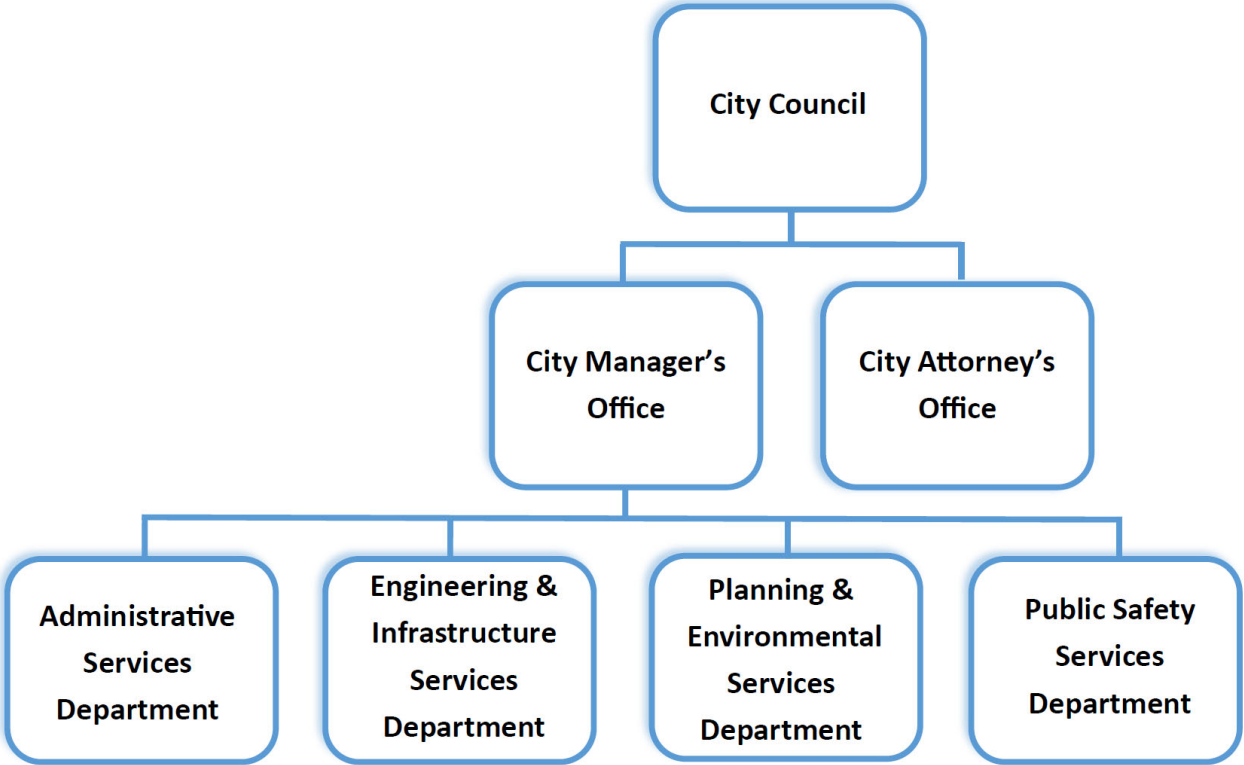
Ed H. Tao
Councilmember

Christopher Macon
City Manager

David B. Cosgrove
City Attorney

Elizabeth Torres
Administrative Services Director/City Treasurer

**CITY OF LAGUNA WOODS
CITY ORGANIZATION CHART
JUNE 30, 2020**





Government Finance Officers Association

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

Presented to

**City of Laguna Woods
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

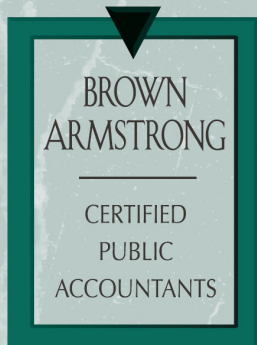
June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of the
City of Laguna Woods
Laguna Woods, California

Report on the Financial Statements

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, 2020, 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 of 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 City'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 City'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.

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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 as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity 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 on pages 5 through 15 and the Required Supplementary Information on pages 57 to 65 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 management's discussion and analysis and 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and schedules and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 7, 2020

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Management's Discussion and Analysis

This discussion and analysis of the City of Laguna Woods' (the City) financial statements provides an overview of the City's financial activities for the fiscal year ended June 30, 2020 (FY 2019-20). This document should be read in conjunction with the basic financial statements and the accompanying notes to those statements.

FINANCIAL HIGHLIGHTS

- The City ended FY 2019-20 with total assets, including capital assets and deferred outflows of resources, exceeding total liabilities and deferred inflows of resources by \$41.8 million. This amount is referred to as the net position of the City. Of this amount, \$10.4 million is unrestricted net position and may be used to meet the City's ongoing obligations to constituents and creditors. Of the remainder, \$30.0 million represents net investment in capital assets and \$1.4 million is restricted for designated programs.
- The City's government-wide net position decreased by \$0.6 million, before a \$0.2 million restatement with a total decrease of \$0.8 million. This decrease is primarily attributable to a net decrease of \$1.0 million in capital assets due to depreciation of prior years' contributed infrastructure exceeding current year additions, offset by a net increase of \$0.2 million in property taxes revenue and investment income. Total revenues from all sources were \$7.7 million and total expenses for all functions and programs (including capital expenses and elective pay-off of pension liabilities) were \$8.3 million.
- The City's governmental funds reported combined ending fund balances of \$11.5 million, which is \$0.3 million higher than the prior year.
- The General Fund reported an ending fund balance of \$10.1 million, with revenues exceeding expenditures by \$0.3 million, primarily related to a decrease in community development and capital projects expenditures compared to the previous fiscal year.
- The General Fund ending fund balance of \$10.1 million represents 172% of actual General Fund expenditures for FY 2019-20 (versus 154% for the prior year). The percentage increase is primarily due to a decrease in community development and capital projects expenditures compared to the previous fiscal year.
- There was a General Fund budgetary savings of \$1.1 million as shown in the Required Supplementary Information, Budgetary Comparison Schedule, General Fund. Budgetary savings do not impact actual activity for reporting revenues, expenditures, and changes to fund balance, but do reflect the City's prudent management of financial resources. FY 2019-20 savings were primarily due to \$0.2 million in revenues received over budgeted amounts and \$0.9 million in expenditures lower than budgeted amounts. In addition to savings realized as a result of budget management and changes in programmatic and project needs, savings were also due to budget curtailments made in response to projected COVID-19 impacts.
- Increasing law enforcement service costs continue to impact funding, reducing amounts that would otherwise be available for general operations and programs. In FY 2015-16, law enforcement costs increased 63.0% due to modified cost sharing, including the addition of two deputies, related equipment, and one vehicle. 43.3% of the increase was due a change in costing methodology by the Orange County Sheriff Department and the impact of prior year labor agreements approved by the Orange County Board of Supervisors (Board of Supervisors). Finally, there was an unplanned 1.28% net increase in April 2016 due to additional labor agreements approved by the Board of Supervisors. In FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20, law enforcement costs increased an additional 5.72% on July 1, 2016, 1.93% on July 1, 2017, 5.78% on July 1, 2018, and 2.05% on July 1, 2019, primarily due to additional labor agreements approved by the Board of Supervisors.

OVERVIEW OF THIS REPORT AND THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The City's basic financial statements include three components: 1) Government-Wide Financial Statements, 2) Governmental Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information regarding historical pension information, other post-employment benefit (OPEB) plan information, and budgetary comparison schedules for major governmental funds.

Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general government, public safety, public works, community development, and community services. Governmental activities are financed by property tax, sales tax, transient occupancy tax, franchise fees, vehicle code fines, fuel tax, funds allocated under the Road Repair and Accountability Act, Measure M tax revenues, and other state and federal funding and grants. The City has no business-type activities.

Reporting the City as a Whole: The Government-Wide Financial Statements, Including 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 Government-Wide Financial Statements provide short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which means that they take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-Wide Financial Statements include the following two statements:

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. Revenues and expenses are reported in this statement for some items that will not result in cash flows or expenditures until future fiscal years (such as uncollected taxes and earned but unused leave balances). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

These statements report that the City's net position decreased during FY 2019-20. The decrease was primarily due to the recording of depreciation of prior years' contributed capital assets. Decreases related to operations were minimal and were primarily due to the elective pay-off of pension liabilities.

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

A fund is a grouping of related accounts that is used to maintain accountability over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure compliance with finance related legal requirements, which could include grant, legal, or legislative restrictions, etc.

Governmental Funds focus on how money flows into and out of funds for governmental activities and the balances left at year-end that are available for future appropriation. These funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current fiscal year, 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 has only a general fund and special revenue funds (capital projects are accounted for in the General Fund or special revenue funds).

The Governmental Fund Financial Statements provide a detailed short-term 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 differences of results in the Governmental Fund Financial Statements to those in the Government-Wide Financial Statements are explained in the reconciliation schedule following each governmental fund financial statement.

The General Fund is the City's primary operating governmental fund. The City also identifies "major" governmental funds within the financial statements. The City's special revenue funds are reviewed annually to determine if any should be classified as a major fund (e.g., the fund has 10% or more of total assets, liabilities, or fund balance of total governmental funds). The City may also classify as a major fund any fund or a combination of funds that is considered particularly important to users. In FY 2019-20, the City has designated the Fuel Tax Fund and Measure M Fund 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 additional 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.

The City added a special revenue fund in FY 2016-17 to account for the Laguna Woods Civic Support Fund, a blended component unit and nonprofit public benefit corporation that was formed on March 16, 2016, to raise and distribute funds to support programs, projects, and services of the City, as well as to function as a "friends of the library" group in support of the Laguna Woods branch of the County of Orange public library system. The Laguna Woods Civic Support Fund began accepting donations supporting the "friends of the library" at the very end of FY 2017-18. In FY 2018-19, the Laguna Woods Civic Support Fund began accepting donations supporting the City's "A Place for Paws" Dog Park.

Management's discussion and analysis continues on the following page beginning with a comparative table summarizing net position.

THE CITY AS A WHOLE

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

Table 1
Net Position
Governmental Activities

	2020	2019
Assets:		
Cash and investments	\$ 12,132,290	\$ 11,477,765
Other receivables and assets	697,504	612,785
Capital assets, net	29,989,812	31,191,743
Total Assets	42,819,606	43,282,293
Deferred Outflows of Resources:		
Deferred amount from pension plans	388,365	551,543
Deferred amount from OPEB plan	36,892	7,355
Total Deferred Outflows of Resources	425,257	558,898
Liabilities:		
Other liabilities	1,147,156	747,466
Long-term liabilities - net pension liability	15,529	96,450
Long-term liabilities - net OPEB liability	51,013	35,342
Long-term liabilities - compensated absences	98,376	80,720
Total Liabilities	1,312,074	959,978
Deferred Inflows of Resources:		
Deferred amount from pension plans	166,253	246,132
Deferred amount from OPEB plans	597	-
Total Deferred Inflows of Resources	166,850	246,132
Net Position:		
Net investment in capital assets	29,989,812	31,191,743
Restricted	1,412,618	1,410,529
Unrestricted	10,363,509	10,032,809
Total Net Position	\$ 41,765,939	\$ 42,635,081

Table 2
Changes in Net Position
Governmental Activities

	2020	2019
REVENUES:		
Program Revenues:		
Charges for services	\$ 710,475	\$ 836,075
Operating contributions and grants	365,823	243,617
Capital contributions and grants	453,524	787,767
General Revenues:		
Taxes:		
Property taxes	391,860	369,893
Property taxes in lieu of VLF	2,461,271	2,345,270
Sales taxes	957,549	901,697
Franchise fees	699,250	701,646
Transient occupancy taxes	349,660	483,729
Other taxes	654,199	457,347
Investment income	369,047	291,825
Miscellaneous income	264,171	483,278
TOTAL REVENUES	7,676,829	7,902,144
EXPENSES:		
Governmental Activities:		
General government	1,545,011	1,418,877
Public safety	2,939,686	2,871,995
Public works	2,721,017	2,643,054
Community development	999,614	1,082,897
Community services	98,971	171,965
TOTAL EXPENSES	8,304,299	8,188,788
Decrease in Net Position	(627,470)	(286,644)
Net Position, Beginning of Year, as Previously Stated	42,635,081	42,921,725
Prior Period Adjustment	(241,672)	-
Net Position - Beginning of Year, Restated	42,393,409	42,921,725
Net Position, End of Year	\$ 41,765,939	\$ 42,635,081

Below summarizes key trends and variances related to Tables 1 and 2.

Tables 1 and 2
Summary of Key Trends and Variances
Governmental Activities

- Total assets and deferred outflows of resources in the government-wide financial statements were \$43.2 million as of year-end, a decrease of \$0.6 million (0.26%) over the prior year, which was due primarily to the depreciation of capital assets and a net increase in cash.
- The City's net position of \$1.4 million, or 3.4% of the total net position, represents resources that are subject to external restriction for designated programs. Unrestricted net position, the part of net position that can be used to finance ongoing obligations, was \$10.4 million at year-end, an increase of \$0.3 million (3.3%) over the prior year.

- The City's total program and general revenues were \$1.5 million and \$6.2 million, respectively, totaling \$7.7 million, compared to the prior year total of \$7.9 million, a decrease of approximately \$0.2 million (2.9%). This decrease is primarily due to the prior year receipt of grant funding for capital project expenses. The total cost of all programs and services was \$8.3 million, a decrease from the prior year of approximately \$0.1 million (1.4%), due primarily to a decrease in demand for Senior Mobility Program transportation services exacerbated by the impact of COVID-19.
- Local property tax revenues and property taxes in lieu of State vehicle license fees (VLF) totaled \$2.9 million, and combined, they were the City's largest revenue source at 37.2% of total revenues. These revenues fund a significant portion of the City's basic services. This combined revenue source increased by \$0.1 million, or 4.9%, from the prior fiscal year.
- Sales taxes of \$0.9 million were the City's second largest revenue source at 12.5% of total revenues. This revenue source increased by \$0.06 million, or 6.2%, from the prior fiscal year.

Governmental Activities

Table 3 below presents the cost of each of the City's governmental activity programs: general government, public safety, public works, community development, and community services, as well as each program's net cost (total cost less revenues generated by the activities). The net cost reflects the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,545,011	\$ (1,545,011)	\$ 1,418,877	\$ (1,418,877)
Public safety	2,939,686	(2,752,899)	2,871,995	(2,723,248)
Public works	2,721,017	(2,233,358)	2,643,054	(1,814,859)
Community development	999,614	(323,404)	1,082,897	(323,636)
Community services	98,971	80,195	171,965	(40,709)
	<u>\$ 8,304,299</u>	<u>\$ (6,774,477)</u>	<u>\$ 8,188,788</u>	<u>\$ (6,321,329)</u>

- General Government expenses of \$1.6 million comprise 18.6% of total cost of services in FY 2019-20; remained level with the prior year; and include City Council, City Manager, City Clerk, City Attorney, Administrative Services, Support Services, and Risk Management.
- Public Safety expenses of \$2.9 million comprise 35.4% of the total cost of services compared to 35.1% in the prior year. Revenue from vehicle code fines and state grants, which were level with amounts received in the prior year, reduced the need for general revenues to support this program in FY 2019-20 by 5.2%. State funded revenues fluctuate year-over-year based on growth trends in statewide sales tax collections.
- Public Works expenses (primarily for maintenance and operation of the City's roadway system) were \$2.7 million and comprise 32.8% of the total cost of services, compared to 32.3% in the prior year. Operating and capital contributions and grants were 17.9% of charges in the current year versus 31.3% in the prior year. The decrease is primarily due to the prior year receipt of grant revenue received for two traffic synchronization projects and a pedestrian accessibility project. FY 2019-20 expenses included annual depreciation expense on the City's infrastructure assets of \$1.8 million.
- Community Development expenses of \$1.0 million comprise 12.0% of the total cost of services, compared to 13.2% in the prior year. The decrease is primarily due to decreases in non-operating costs and planning services exacerbated by the impact of COVID-19.

- Community Services expenses of \$0.01 million comprise 1.2% of the total cost of services, compared to 2.1% in the prior year. Operating contributions and grants, and charges for services related to the Senior Mobility Program, offset 181% of all Community Services program expenses in FY 2019-20. The offset is due to a decrease in demand for Senior Mobility Program transportation services exacerbated by the impact of COVID-19.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At the fiscal year-end, the City's Governmental Funds reported combined fund balances of \$11.5 million, an increase of \$0.3 million (2.4%) from the prior year. The General Fund comprises \$10.1 million, or 87.8%, of the total fund balance. The total fund balance of the City's General Fund equates to over 172.5% of actual General Fund expenditures for FY 2019-20. The City's General Fund unassigned fund balance of \$7.1 million equates to over 120.7% of actual General Fund expenditures for FY 2019-20.

The Fuel Tax Special Revenue Fund reported a fund balance of \$356,595, a decrease of \$240,053 from the prior year due to two large capital projects being completed in FY 2019-20.

The Measure M Special Revenue Fund reported a fund balance of \$59,812, a small decrease of \$6,089 compared to the prior fiscal year.

General Fund Budgetary Highlights:

Revenues: Actual total revenues of \$6.1 million were \$0.2 million, or 3.2%, higher than budgeted, primarily because most revenues came in over budget estimates. Property taxes, property transfer taxes, and sales taxes were all higher than expected. Transient occupancy taxes were less than expected due to the impact of COVID-19. Miscellaneous revenue came in above budget due to the receipt of one-time Rule 20A transfer funds.

Expenditures: Actual expenditures of \$5.9 million were \$0.9 million, or 13.3%, lower than budgeted, primarily due to budget management and changes in programmatic and project needs, as well as budget curtailments made in response to projected COVID-19 impacts.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, totaled \$29,989,812 at year-end, primarily consisting of the City's land, building, and infrastructure assets. During FY 2019-20, the City added \$933,666 in value, including a net \$299,360 increase of value for construction in progress completed during the fiscal year, \$15,600 in building improvement additions, and \$16,281 in furniture and equipment additions. There was a transfer of completed projects in the amount of \$602,425 to building improvements and infrastructure in the amounts of \$67,143 and \$535,282, respectively. The infrastructure transfer relates to a Pavement Management Plan Project in the amount of \$381,658 and an Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project in the amount of \$153,624. The City allocated \$1,873,091 of depreciation expense on capital assets, which increased accumulated depreciation to \$17,364,553 at year-end. Land and construction in progress are not depreciated. Table 4 below summarizes capital assets at year-end, net of depreciation.

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

	2020	2019
Land	\$ 6,916,750	\$ 6,916,750
Construction in progress	1,054,269	768,193
Buildings	2,563,250	2,563,250
Building improvements	1,211,595	1,128,852
Equipment and furniture	23,070	212,231
Infrastructure	35,585,431	35,407,707
Less accumulated depreciation	<u>(17,364,553)</u>	<u>(15,805,240)</u>
Total	<u><u>\$ 29,989,812</u></u>	<u><u>\$ 31,191,743</u></u>

Please refer to Note 1 (g) beginning on page 29 and Note 4 beginning on page 39 for additional discussion related to capital assets.

DEBT ADMINISTRATION

The City currently has no debt obligations.

LONG-TERM LIABILITIES

Pension liabilities, compensated absences, and the net OPEB obligation are classified as long-term liabilities and totaled \$15,529, \$98,376, and \$51,013, respectively, as of year-end. The City's pension unfunded accrued liability was paid off during the fiscal year ended June 30, 2020. The balance of \$15,529 does not reflect the pay off after the measurement date of June 30, 2019. The City has assigned General Fund balance to address compensated absence liabilities. The City established an OPEB Trust in 2016 with a planned funding level of 80%, which is reviewed every two years. As of June 30, 2020, the net OPEB obligation was funded at approximately 67.6% through the OPEB Trust. The funding ratio does not consider contributions made after the measurement date. On June 30, 2020 contributions were made in the amount of \$19,529. This is projected to bring the funded level back to 80%. Please refer to Notes 8 and 9 beginning on page 42 and required supplementary information on pages 57-60 for additional discussion related to pension liabilities and OPEB obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The COVID-19 public health emergency has had a significant economic impact both nationally and locally with the State of California's 2020-21 Budget noting that "The COVID-19 pandemic has impacted every sector of the state's economy and has caused record high unemployment—almost 1 in 5 Californians who were employed in February were out of work in May..." The California's Legislative Analyst's Office described a "severe decline in economic activity" resulting in a "substantial decline in revenues" in a report titled "The 2020-21 Budget: Overview of the California Spending Plan" (dated October 5, 2020). As one example of the severity of the economic decline, a surplus of \$5.6 billion had been projected for the State of California's budget as of January 2020; four months later, projections showed a deficit of \$54.3 billion.

Recent findings from Chapman University's A. Gary Anderson Center for Economic Research and Claremont McKenna College's Lowe Institute of Political Economy suggest that economic improvement may be on the horizon. In a press release titled "Is California Poised for a Recovery?" (dated October 7, 2020), the entities wrote that "The responses to the seven questions that make up the California Consumer Sentiment Index suggest that California has turned the corner and is starting to recover as the economy reopens. Improving consumer sentiment likely reflects the fact that the medical community has a much better understanding on how to treat the coronavirus which is driving down the mortality rate of the virus. In addition, it appears that a vaccine is on its way. A vaccine will boost economic confidence and ultimately consumer spending."

The City's FY 2020-21 budget was initially developed and adopted assuming only minor growth in General Fund revenue (1.5%) and reductions in both of the major Special Revenue Funds (1.7% for the Fuel Tax Fund and 28.9% for the Measure M Fund), as compared to FY 2019-20's adopted budget. The reduction in Measure M revenue was attributable to the completion of two traffic signal synchronization projects and not to a decline in regular annual revenue.

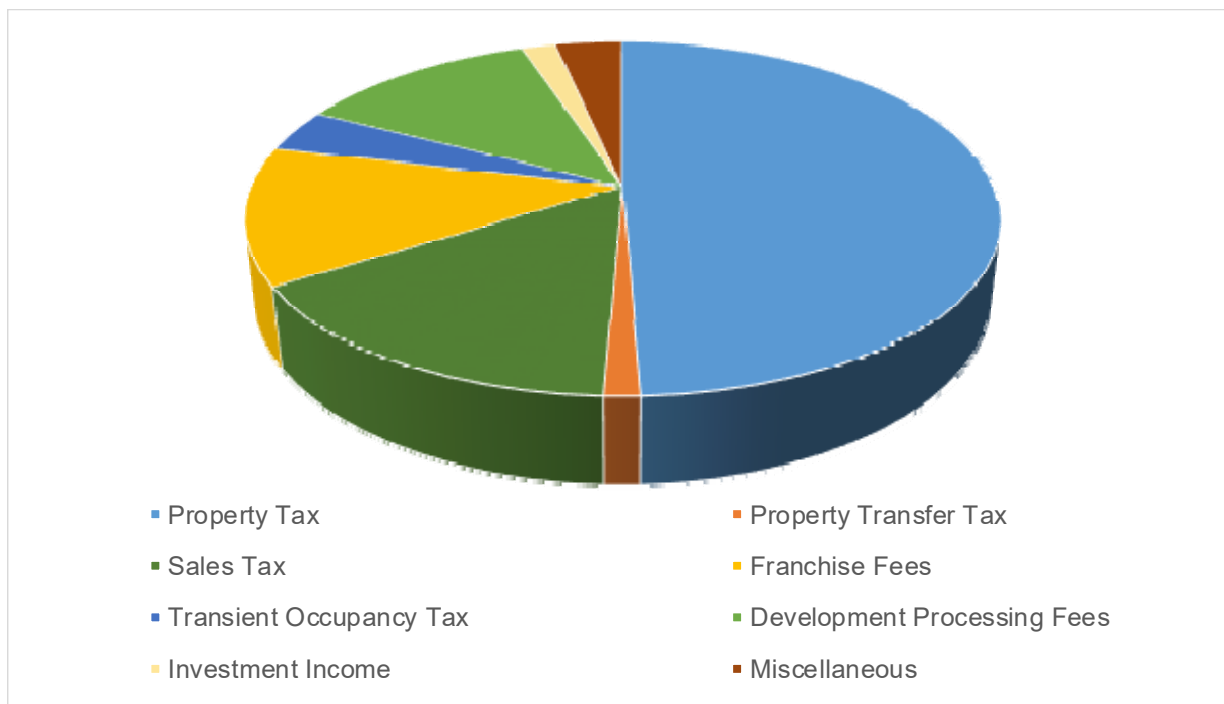
Due to the impacts of COVID-19, significant adjustments were made to General Fund and Special Revenue Funds revenue budgets subsequent to the initial adoption of the FY 2020-21 budget, and in advance of the beginning of FY 2020-21, including:

- General Fund revenue assumptions were reduced by 5.3% due to projected COVID-19 impacts on sales tax (8.1% reduction), transient occupancy tax (50.0% reduction), and interest (14.2% reduction). The interest reduction was also attributable to economic conditions resulting in lower interest rates that preceded, but may potentially be exacerbated by, the impacts of COVID-19.
- Fuel Tax revenue assumptions were reduced by 10.1% due to projected COVID-19 impacts and updated statewide estimates partly attributable to other economic conditions.
- Measure M revenue assumptions were reduced by 5.0%.
- Road Maintenance and Rehabilitation Program revenue assumptions were reduced by 1.8% due to projected COVID-19 impacts and updated statewide estimates partly attributable to other economic conditions.
- Senior Mobility Program revenue assumptions were reduced by 14.0% due to decreased demand for Senior Mobility Program transportation services exacerbated by the impact of COVID-19.

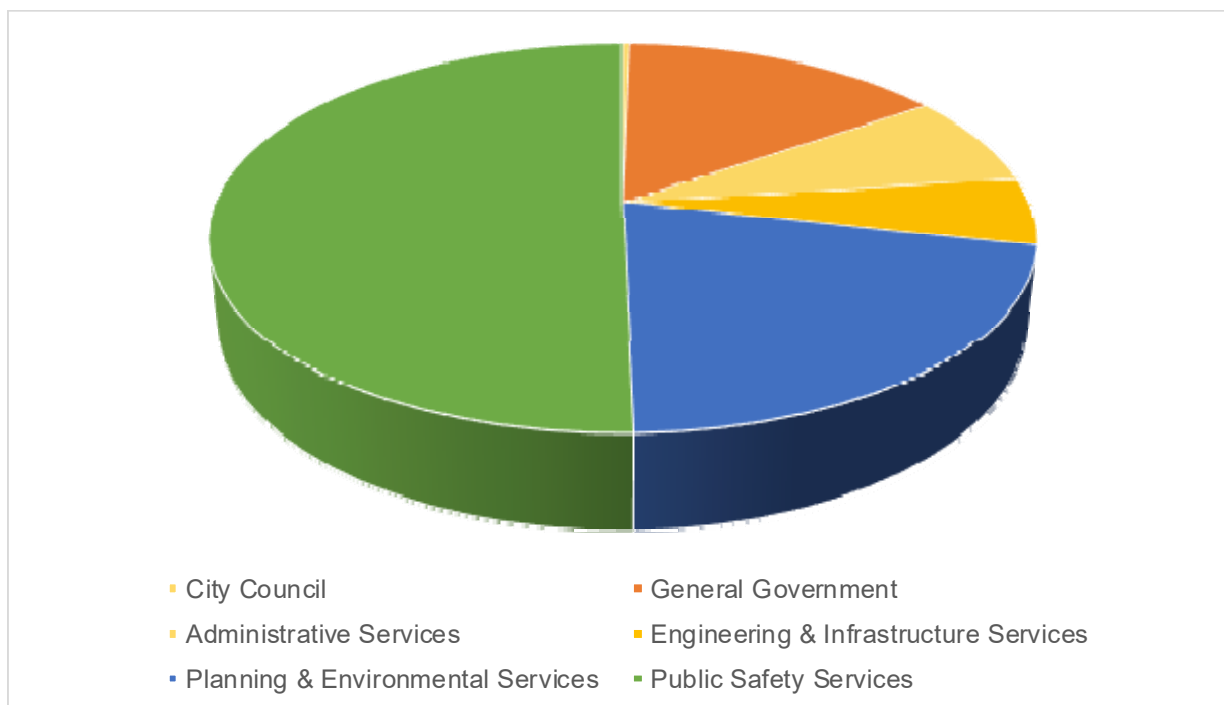
Concurrent with the aforementioned revenue budget adjustments, expenditure budgets were also adjusted to ensure that the FY 2020-21 operating budget was balanced, as well as to accommodate changes in programs and projects made subsequent to the initial adoption of the budget.

Total General Fund FY 2020-21 operating revenues (excluding transfers from other funds) are estimated at \$5,726,800. This represents a 3.6% decrease from FY 2019-20 actual revenues excluding one-time revenues. General Fund operating expenditures are budgeted at \$5,726,420. After adding one-time non-operating expenditures, total General Fund expenditures equal \$5,746,420. At the end of FY 2020-21, the General Fund unassigned fund balance is forecast to be at least 123% of FY 2020-21 General Fund operating expenditures. Budgeted FY 2020-21 General Fund revenues by source and operating expenditures by program are illustrated in the following page:

[General Fund Revenue Estimates by Source – Fiscal Year 2020-21]



[General Fund Operating Expenditures by Program – Fiscal Year 2020-21]



Orange County Sheriff's Department costs continue to increase in a manner that threatens the City's long-term solvency. The City must continue to exercise fiscal discipline in order to ensure the delivery of municipal services and the fulfillment of statutory responsibilities. The City must also continue to operate with a realistic understanding of the limits of its available resources and remain committed to enhancing the efficiency, effectiveness, and economy of its operations, as strategies for managing future costs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City's 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, Administrative Services Department, 24264 El Toro Road, Laguna Woods, California 92637, at (949) 639-0500 or cityhall@cityoflagunawoods.org.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF LAGUNA WOODS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
Assets	
Cash and Investments	\$ 12,132,290
Accounts Receivable	162,009
Interest Receivable	37,302
Due from Other Governments	485,781
Prepaid Items	12,412
Capital Assets:	
Not Being Depreciated	7,971,019
Being Depreciated (Net of Accumulated Depreciation)	<u>22,018,793</u>
Total Assets	<u>42,819,606</u>
Deferred Outflows of Resources	
Deferred Amount from Pension Plans	388,365
Deferred Amount from Other Post-Employment Benefits (OPEB) Plan	<u>36,892</u>
Total Deferred Outflows of Resources	<u>425,257</u>
Liabilities	
Accounts Payable	648,698
Accrued Liabilities	31,836
Unearned Revenues	418,997
Deposits Payable	46,602
Due to Other Governments	1,023
Noncurrent Liabilities:	
Due Within One Year	
Compensated Absences	60,797
Due in More Than One Year	
Compensated Absences	37,579
Net Pension Liability	15,529
Net OPEB Liability	<u>51,013</u>
Total Liabilities	<u>1,312,074</u>
Deferred Inflows of Resources	
Deferred Amount from Pension Plans	166,253
Deferred Amount from Other Post-Employment Benefits (OPEB) Plan	<u>597</u>
Total Deferred Inflows of Resources	<u>166,850</u>
Net Position	
Net Investment in Capital Assets	29,989,812
Restricted for:	
Public Safety	50,047
Public Works	925,381
Community Development	204,030
Community Services	233,160
Unrestricted	<u>10,363,509</u>
Total Net Position	<u>\$ 41,765,939</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF LAGUNA WOODS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 1,545,011	\$ -	\$ -	\$ -	\$ (1,545,011)
Public Safety	2,939,686	-	186,787	-	(2,752,899)
Public Works	2,721,017	-	39,305	448,354	(2,233,358)
Community Development	999,614	671,039	-	5,170	(323,405)
Community Services	98,971	39,436	139,731	-	80,196
Total Governmental Activities	\$ 8,304,299	\$ 710,475	\$ 365,823	\$ 453,524	(6,774,477)
General Revenues:					
Taxes:					
Property Taxes					2,853,131
Sales Taxes					957,549
Transient Occupancy Taxes					349,660
Franchise Taxes					699,250
Other Taxes					654,199
Miscellaneous					264,171
Investment Income					369,047
Total General Revenues					6,147,007
Change in Net Position					(627,470)
Net Position - Beginning of Year					42,635,081
Prior Period Adjustment					(241,672)
Net Position - Beginning of Year, Restated					42,393,409
Net Position - End of Year					\$ 41,765,939

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**CITY OF LAGUNA WOODS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Fuel Tax Special Revenue Fund	Measure M Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash and Investments	\$ 10,284,172	\$ 420,542	\$ 55,764	\$ 1,371,812	\$ 12,132,290
Receivables:					
Accounts	161,189	-	-	820	162,009
Interest	37,302	-	-	-	37,302
Prepaid Items	12,412	-	-	-	12,412
Due from Other Funds	145,805	-	-	-	145,805
Due from Other Governments	201,682	-	101,433	182,666	485,781
Total Assets	<u>\$ 10,842,562</u>	<u>\$ 420,542</u>	<u>\$ 157,197</u>	<u>\$ 1,555,298</u>	<u>\$ 12,975,599</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 519,660	\$ 63,947	\$ 22,777	\$ 42,314	\$ 648,698
Accrued Liabilities	30,944	-	-	892	31,836
Unearned Revenue	52,683	-	-	366,314	418,997
Deposits Payable	46,602	-	-	-	46,602
Due to Other Governments	-	-	-	1,023	1,023
Due to Other Funds	-	-	-	145,805	145,805
Total Liabilities	<u>649,889</u>	<u>63,947</u>	<u>22,777</u>	<u>556,348</u>	<u>1,292,961</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>64,825</u>	<u>-</u>	<u>74,608</u>	<u>5,170</u>	<u>144,603</u>
Fund Balances:					
Nonspendable:					
Prepaid Items	12,412	-	-	-	12,412
Restricted for:					
Public Safety	-	-	-	50,047	50,047
Public Works	-	356,595	59,812	508,974	925,381
Community Development	2,431	-	-	201,599	204,030
Community Services	-	-	-	233,160	233,160
Assigned to:					
Compensated Absences	98,376	-	-	-	98,376
Self-Insurance Contingencies	50,000	-	-	-	50,000
General Fund Contingencies	2,875,174	-	-	-	2,875,174
Unassigned	<u>7,089,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,089,455</u>
Total Fund Balances	<u>10,127,848</u>	<u>356,595</u>	<u>59,812</u>	<u>993,780</u>	<u>11,538,035</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,842,562</u>	<u>\$ 420,542</u>	<u>\$ 157,197</u>	<u>\$ 1,555,298</u>	<u>\$ 12,975,599</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF LAGUNA WOODS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2020**

Total Fund Balances - Total Governmental Funds \$ 11,538,035

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital assets	\$ 47,354,365	
Accumulated depreciation	(17,364,553)	
		29,989,812

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances as of June 30, 2020, are:

Compensated absences	(98,376)	
Net pension liability	(15,529)	
Net OPEB liability	(51,013)	
		(164,918)

Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide financial statements for governmental activities:

Deferred outflows of resources	425,257	
Deferred inflows of resources	(166,850)	
		258,407

Receivables that are not available to pay for current period expenditures are reported as deferred inflows of resources in the governmental fund financial statements.

		144,603
Net Position of Governmental Activities		\$ 41,765,939

The accompanying notes are an integral part of these financial statements.

**CITY OF LAGUNA WOODS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Fuel Tax Special Revenue Fund	Measure M Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes and Assessments	\$ 4,160,340	\$ 365,413	\$ -	\$ 288,786	\$ 4,814,539
Intergovernmental	7,993	18,570	230,270	487,844	744,677
Franchise Fees	699,250	-	-	-	699,250
Charges for Services	671,039	-	-	39,436	710,475
Investment Income	335,092	11,209	2,346	20,400	369,047
Miscellaneous	273,816	-	-	200	274,016
Total Revenues	6,147,530	395,192	232,616	836,666	7,612,004
Expenditures:					
Current:					
General Government	1,432,577	-	-	-	1,432,577
Public Safety	2,754,601	-	-	185,085	2,939,686
Public Works	341,111	352,945	238,705	-	932,761
Community Development	992,748	-	-	6,866	999,614
Community Services	-	-	-	98,971	98,971
Capital Outlay	351,422	282,300	-	299,944	933,666
Total Expenditures	5,872,459	635,245	238,705	590,866	7,337,275
Net Change in Fund Balances	275,071	(240,053)	(6,089)	245,800	274,729
Fund Balances, Beginning	9,852,777	596,648	65,901	747,980	11,263,306
Fund Balances, Ending	\$ 10,127,848	\$ 356,595	\$ 59,812	\$ 993,780	\$ 11,538,035

The accompanying notes are an integral part of these financial statements.

**CITY OF LAGUNA WOODS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$ 274,729
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. The activity is reconciled as follows:

Capital asset purchases and adjustments	\$ 912,833	
Depreciation expense	<u>(1,873,091)</u>	
		(960,258)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(17,656)	
OPEB expense and related changes in deferred outflows of resources	13,269	
Pension expense and related changes in deferred outflows/inflows of resources	<u>(2,378)</u>	
		(6,765)

Certain revenues in the governmental funds are unavailable revenues because they are not collected within the prescribed time period after year-end. However, the revenues are included in the government-wide financial statements.

	<u>64,824</u>
Change in Net Position of Governmental Activities	<u><u>\$ (627,470)</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Laguna Woods (the City) conform to accounting principles generally accepted in the United States of America 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. Description of the Reporting Entity

The City 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.

The Laguna Woods Civic Support Fund (the Fund), a blended component unit, was formed March 16, 2016, as a nonprofit public benefit corporation, with the specific and primary purpose to raise and distribute funds to support programs, projects, and services of the City as well as to function as a “Friends of the Library” group in support of the Laguna Woods branch of the County of Orange’s public library system. Beginning in fiscal year 2018-19, the Fund began raising funds to support the operations and maintenance of the City’s dog park.

Although the Fund is a legally separate entity from the City, it receives provision of operating space and administrative services from the City. In addition, the City Council has continuing accountability for the Fund including appointing persons to the Fund’s Board of Directors, including the appointment of two (2) Councilmembers, and approving all programs, projects, and services for which the Fund raises or distributes funds.

Since the City is able to impose its will on the Fund and to make decisions related to the Fund’s activities, the City is considered to be the primary government and the Fund is a component unit of the City. As a component unit, the financial statements of the Fund and of the City are blended. For presentation within the statements of the City, the transactions between the City and the Fund are reported as interfund transactions. The Fund’s financial data and activity are presented as a Special Revenue Fund. The Fund does not issue separate financial statements.

B. Basis of Accounting, Measurement Focus, and Financial Statement Presentation

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

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

Financial reporting is based upon all GASB pronouncements including the *Codification of Accounting and Financial Reporting Guidelines*.

Government-Wide Financial Statements

Government-Wide Financial Statements display information about the City as a whole. These statements include a statement of net position and a statement of activities. They include a single column for the governmental activities of the primary government. The City has no business-type

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-Wide Financial Statements (Continued)

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*. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services, special assessments, and payments made by parties outside of the City'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. Taxes and other items not properly included among program revenue are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. 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 City are reported as a reduction of the related liability, rather than as an expense.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Funds (Continued)

Revenue recognition is subject to the *measurable* and *available* 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, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.”

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

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.

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 services, that are financed primarily through tax-generated revenues and not required to be accounted for in another fund.
- *Fuel Tax Special Revenue Fund* – The Fuel Tax Fund is used to account for the City’s share of State Highway Users’ Tax (Gasoline) Taxes, Sections 2103, 2105, 2106, 2107, and 2107.5 of the California Streets and Highways Code for the construction, improvement, and maintenance of local streets and roads.
- *Measure M Special Revenue Fund* – The Measure M Fund is used to account for the City’s share of an additional one-half percent sales tax approved by the Orange County electorate and collected by the Orange County Transportation Authority for the improvement and maintenance of local streets and roads.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Funds (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Inclusion of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Cash and Investments

Investments are reported in the accompanying financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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. See Note 2 for additional information related to Fair Value Measurements of Investments.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the purchases method.

F. Due from Other Governments

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

G. 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 acquisition 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 10 years or longer. Capital assets include public domain (infrastructure) general capital assets consisting of roads, streets, sidewalks, medians, and storm drains.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets (Continued)

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

<u>Item</u>	<u>Useful Life</u>
Building	40 years
Building improvements	10-40 years
Equipment and furniture	3-10 years
Infrastructure	10-40 years
Intangibles	3-10 years

The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are not capitalized.

H. Compensated Absences

Permanent, full-time and part-time City employees earn 20 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, primarily from the General Fund, 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.

I. 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.

J. Deferred Outflows/Inflows of Resources

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

- Deferred outflow related to pensions and other post-employment benefits (OPEB) for employer contributions made after the measurement date of the net pension liability and net OPEB liability.
- Deferred outflow related to pensions and OPEB for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans and the OPEB Plan.
- Deferred outflow from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans and the OPEB plan.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources (Continued)

- Deferred outflow related to pensions for the changes in the employer's proportion and differences between employer contributions and the employer proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans' fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflow from unavailable revenue, which arises only under modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow related to pensions for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow related to pensions and OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plan's fiduciary net position. These amounts are amortized over five years.

Gains and losses related to changes in total pension or OPEB liability and their related fiduciary net position are recognized in pension or OPEB expense, respectively, systematically over time. Amounts are first recognized in pension or OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension or OPEB and are recognized in future pension and OPEB expense, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources (Continued)

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

Net difference between projected and actual earnings on pension or OPEB plan investments	5 years	All plans
All other amounts are amortized over the expected average remaining service lifetime (EARSLS) of the respective plan. As of June 30, 2019, EARSLS were:	8.3 years	OPEB Plan
	3.8 years	Pension Miscellaneous - Cost Sharing Plan

K. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) pension plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8 for additional disclosures related to pensions.

L. Net Other Post-Employment Benefits (OPEB) Liability

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

M. Fund Balance and Spending Policy

The City follows the provisions of 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, or 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance and Spending Policy (Continued)

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources that are neither restricted nor 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 to assign fund balance for specific departmental projects.

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.

N. Net Position

In the government-wide financial statements, net position is classified in the following categories: *Net Investment in Capital Assets*, which consists of capital assets net of accumulated depreciation and is reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets; *Restricted Net Position*, which is net position restricted by external creditors, grantors, contributors, or laws or regulations of other governments; and *Unrestricted Net Position*, which is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

O. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

P. 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 recognizes as revenue only those taxes which are received during the year and within 60 days after year-end.

The property tax calendar for the City is as follows:

Lien date	January 1
Levy date	July 1
Due dates	First Installment – November 1 Second Installment – February 1
Delinquent dates	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
	33

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Use of Estimates

The preparation of financial statements in accordance 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.

R. Implementation of Accounting Standards

GASB issued the following accounting pronouncements that the City implemented in the current fiscal year:

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief to governments and stakeholders in light of the COVID-19 pandemic. The requirements of this statement are effective immediately. The effective dates for GASB Statements Nos. 84, 88, 89, 90, 91, 92, and 93 were postponed by one year for the City. The effective date for GASB Statement No. 87 was postponed by 18 months for the City.

S. Pending Accounting Standards

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for periods beginning after December 15, 2019. The City will implement GASB Statement No. 84 if and where applicable.

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for periods beginning after June 15, 2021. The City will implement GASB Statement No. 87 if and where applicable.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The requirements of this statement are effective for periods beginning after December 15, 2020. The City will implement GASB Statement No. 89 if and where applicable.

GASB Statement No. 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The requirements of this statement are effective for periods beginning after December 15, 2019. The City will implement GASB Statement No. 90 if and where applicable.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for periods beginning after December 15, 2021. The City will implement GASB Statement No. 91 if and where applicable.

GASB Statement No. 92 – *Omnibus 2020*. The requirements of this statement were originally effective for periods beginning after June 15, 2020. GASB Statement No. 95 delayed the effective date to June 15, 2021. The City will implement GASB Statement No. 92 if and where applicable.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement were originally effective for periods beginning after June 15, 2020. GASB Statement No. 95 delayed the effective date to June 15, 2021. The City will implement GASB Statement No. 93 if and where applicable.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for periods beginning after June 15, 2022. The City will implement GASB Statement No. 94 if and where applicable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Pending Accounting Standards (Continued)

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for periods beginning after June 15, 2022. The City will implement GASB Statement No. 96 if and where applicable.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this statement are effective for periods beginning after June 15, 2021. The City will implement GASB Statement No. 97 if and where applicable.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	<u>\$ 12,132,290</u>

Cash and investments held by the City at June 30, 2020, consisted of the following:

Petty Cash	\$ 1,366
Demand Deposits	898,990
Negotiable Certificates of Deposits	2,654,057
Local Agency Investment Pool (LAIF)	6,415,411
Orange County Investment Pool (OCIP)	<u>2,162,466</u>
Total Cash and Investments Held by City	<u>\$ 12,132,290</u>

The City of Laguna Woods follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances.

Deposits

At June 30, 2020, the carrying amount of the City's deposits was \$900,356 and the bank balance was \$964,013. The \$63,657 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California, as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

NOTE 2 – CASH AND INVESTMENTS (Continued)**Investments Authorized by the California Government Code and the City's Investment Policy**

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). Investment types authorized by the California Government Code, but not by the City's investment policy, are not presented. The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Type of Investment	Maximum Amount of Portfolio Investment*	Maximum Amount of Individual Investment	Maximum Maturity*
Federal Deposit Insurance Corporation (FDIC) Insured Accounts	100%	-	N/A
Bankers' Acceptances	20% (no more than 5% with one bank)	-	180 days
Commercial Paper	15% (no more than 10% of a single issuer)	-	270 days
Local Government Investment Pools	90%	-	N/A
Money Market Mutual Funds	10%	-	N/A
Certificates of Deposit (Negotiable and Non-Negotiable)	30% (no more than 10% with one bank or single issuer)	\$250,000	5 years
Passbook Savings Demand Deposits	100%	-	3 years
Repurchase Agreements	10% (no more than 20% of a single issuer)	-	30 days
United States Treasury Obligations	90% of overall portfolio for any one investment type (no more than 20% of a single issuer)	-	5 years
United States Agency Obligations		-	5 years
State of California and Other States-Issued Obligations		-	3 years
California Local Government-Issued Municipal Obligations		-	3 years

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

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Government 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 the City's investment 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.

Investments Authorized by Debt Agreements

As of June 30, 2020, the City had no investments from debt proceeds held by bond trustees.

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. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on amortized cost basis. LAIF does not impose limits or

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments in State Investment Pool (Continued)

restrictions on participant withdrawals, and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

Investment in Orange County Investment Pool (OCIP)

The City is also a voluntary participant in the Orange County Investment Pool (OCIP) that is regulated by California Government Code under the oversight of the County of Orange Treasurer. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by OCIP for the entire OCIP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by OCIP, which are recorded on amortized cost basis. OCIP is not rated. OCIP has a daily liquidity and there are no limitations or restrictions on participant withdrawals.

GASB Statement No. 31

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Rating as of Year-End	
			AAA	Not Rated
LAIF	\$ 6,415,411	N/A	\$ -	\$ 6,415,411
OCIP	2,162,466	N/A	-	2,162,466
Negotiable Certificates of Deposit	2,654,057	N/A	-	2,654,057
Total	<u>\$ 11,231,934</u>		<u>\$ -</u>	<u>\$ 11,231,934</u>

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

NOTE 2 – CASH AND INVESTMENTS (Continued)**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, 2020, the City did not hold any investments in any one issuer (other than external investment pools) that represented 5% or more of total City investments.

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.

Information about the 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. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

Investment Type	Remaining Maturity (in Months)				Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months	
LAIF	\$ 6,415,411	\$ -	\$ -	\$ -	\$ 6,415,411
OCIP	2,162,466	-	-	-	2,162,466
Negotiable Certificates of Deposit	598,236	356,449	1,699,372	-	2,654,057
Total	<u>\$ 9,176,113</u>	<u>\$ 356,449</u>	<u>\$ 1,699,372</u>	<u>\$ -</u>	<u>\$ 11,231,934</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

During the fiscal year ended June 30, 2020, the City 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).

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The City's investments in LAIF and OCIP are not subject to the fair value measurement hierarchy. The City's investments in the Negotiable Certificates of Deposit are categorized as Level 2 inputs in the fair value measurement hierarchy. Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 3 – INTERFUND TRANSACTIONS

Current interfund balances as of June 30, 2020, is as follows:

Due to/Due from Other Funds

	Due from Other Funds	Due from Other Funds Nonmajor Governmental Funds
General Fund	\$	145,805
	\$	145,805

The interfund balances at June 30, 2020, were the results of routine interfund transactions not cleared prior to the end of the fiscal year.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

Governmental Activities	Beginning Balance	Adjustments *	Adjusted Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets Not Being Depreciated:							
Land	\$ 6,916,750	\$ -	\$ 6,916,750	\$ -	\$ -	\$ -	\$ 6,916,750
Construction in Progress	768,193	7,549	775,742	901,785	(20,833)	(602,425)	1,054,269
Total Capital Assets Not Being Depreciated	7,684,943	7,549	7,692,492	901,785	(20,833)	(602,425)	7,971,019
Capital Assets Being Depreciated:							
Building	2,563,250	-	2,563,250	-	-	-	2,563,250
Building Improvements	1,128,852	-	1,128,852	15,600	-	67,143	1,211,595
Furniture and Equipment	212,231	-	212,231	16,281	(205,442)	-	23,070
Infrastructure	35,407,707	(357,558)	35,050,149	-	-	535,282	35,585,431
Total Capital Assets Being Depreciated	39,312,040	(357,558)	38,954,482	31,881	(205,442)	602,425	39,383,346
Less Accumulated Depreciation for:							
Building	659,122	(82,391)	576,731	64,081	-	-	640,812
Building Improvements	748,903	(2,451)	746,452	41,588	-	-	788,040
Furniture and Equipment	212,231	-	212,231	-	(205,442)	-	6,789
Infrastructure	14,184,984	(23,494)	14,161,490	1,767,422	-	-	15,928,912
Total Accumulated Depreciation	15,805,240	(108,336)	15,696,904	1,873,091	(205,442)	-	17,364,553
Net Total Capital Assets Being Depreciated	23,506,800	(249,222)	23,257,578	(1,841,210)	-	602,425	22,018,793
Total Capital Assets, Net of Accumulated Depreciation	\$ 31,191,743	\$ (241,673)	\$ 30,950,070	\$ (939,425)	\$ (20,833)	\$ -	\$ 29,989,812

* Adjustment in the amount of \$7,549 was made to record prior year expenditures incurred for Construction in Progress projects.

Adjustments to infrastructure in the amount of \$(357,558) and to accumulated depreciation in the amount of \$(23,494) were made to properly record infrastructure assets.

Total adjustment to accumulated depreciation in the amount of \$84,842 was made to calculate depreciation in accordance with the City's policy.

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 105,669
Public Works	1,767,422
Total	\$ 1,873,091

NOTE 4 – CAPITAL ASSETS (Continued)

The following construction commitments existed at June 30, 2020:

Project Name	Expenditures to Date as of June 30, 2020	Remaining Commitments
Dog Park Relocation	\$ 614,002	\$ 118,884
Water Efficient Median Improvement	272,143	67,345
City Hall Refurbishment and Safety: Phase 2	20,243	254,747
City Hall/Public Library Project	147,882	52,118
	<u>\$ 1,054,270</u>	<u>\$ 493,095</u>

NOTE 5 – COMPENSATED ABSENCES

The City's policies relating to compensated absences are described in Note 1 of the Notes to the Financial Statements. The liability will be paid in future years by the General Fund and Special Revenue Funds. Changes in compensated absences for the year ended June 30, 2020, were as follows:

Type of Debt	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Compensated Absences	<u>\$ 80,720</u>	<u>\$ 67,542</u>	<u>\$ 49,886</u>	<u>\$ 98,376</u>	<u>\$ 60,797</u>
Total Compensated Absences	<u>\$ 80,720</u>	<u>\$ 67,542</u>	<u>\$ 49,886</u>	<u>\$ 98,376</u>	<u>\$ 60,797</u>

NOTE 6 – RISK MANAGEMENT**A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board of Directors operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied

NOTE 6 – RISK MANAGEMENT (Continued)

B. Self-Insurance Programs of the Authority (Continued)

Primary Liability Program (Continued)

to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Workers' Compensation Program

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

For fiscal year 2019-20, the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017, through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City property currently has all-risk property insurance protection in the amount of \$4,882,084. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

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

NOTE 6 – RISK MANAGEMENT (Continued)

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2019-20.

NOTE 7 – JOINT VENTURE

Orange County Fire Authority

In 1999, the City entered into a joint powers agreement that now includes the Cities of Buena Park, Cypress, Dana Point, Garden Grove, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Aliso Viejo, Rancho Santa Margarita, Mission Viejo, San Clemente, San Juan Capistrano, Santa Ana, Seal Beach, Stanton, Tustin, Villa Park, Westminster, and Yorba Linda and the County of Orange (the County) to create the Orange County Fire Authority (Fire Authority). The purpose of the Fire 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 Fire Authority's governing board consists of one representative from each city and two from the County. The operations of the Fire 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, Santa Ana, and Seal Beach. The County pays all structural fire fees it collects to the Fire Authority. The cities of Stanton, Tustin, San Clemente, Westminster, Buena Park, Santa Ana, and Seal Beach are considered "cash contract cities" and accordingly make cash contributions based on the Fire Authority's annual budget. The City does not have an equity interest in the assets of the Fire Authority.

Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Irvine, CA 92602.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans (Plans) administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments (COLAs), and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The COLAs for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)A. General Information about the Pension Plans (Continued)Benefits Provided (Continued)

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013 *	On or after January 1, 2013
Benefit Formula	2.000% @ 55	2.000% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-67	52-67
Monthly Benefits, as a Percentage of Eligible Compensation	1.426% to 2.418%	1.000% to 2.500%
Required Employee Contribution Rates	7.000%	6.750%
Required Employer Contribution Rates		
Normal Cost Rate	10.734%	7.494%
Payment of Unfunded Liability	\$ 5,092	\$ 1,404

* Closed to new entrants except as allowed under applicable laws

Employees Covered

At the June 30, 2019 measurement date, the following employees were covered by the benefit terms of the Plans:

Description	Number of Members	
	Miscellaneous	PEPRA
Active members	3	3
Transferred members	4	2
Terminated members	1	1
Retired members and beneficiaries	6	0
Total	13	6

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)A. General Information about the Pension Plans (Continued)Contributions (Continued)

contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the City to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

For the year ended June 30, 2020, the contributions that were recognized as a reduction to the net pension liability was \$201,185.

B. Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of the Plans as follows:

Proportionate Share of Net Pension Liability / (Asset)

	Fiscal Year Ending	
	June 30, 2020	June 30, 2019
Miscellaneous	\$ 15,529	\$ 96,450

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's total proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2018 and 2019, was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.001000%
Proportion - June 30, 2019	0.001500%
Change - Increase (Decrease)	0.000500%

For the year ended June 30, 2020, the City recognized pension expense of \$162,253.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**B. Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**
(Continued)

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 159,875	\$ -
Differences between actual and expected experience	1,078	(84)
Changes in assumptions	740	(262)
Change in employer's proportion	72,673	(145,643)
Differences between employer's contributions and the employer's proportionate share of contribution	153,999	(19,993)
Net differences between projected and actual earnings on plan investments	-	(271)
Total	<u>\$ 388,365</u>	<u>\$ (166,253)</u>

\$159,875 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows / (Inflows) of Resources
2021	\$ 36,551
2022	24,519
2023	1,113
2024	54
2025	-
Thereafter	-
Total	<u>\$ 62,237</u>

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability determined in the June 30, 2018 actuarial accounting valuation. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table *	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50 % until Purchasing Power Protection Allowance Floor on Purchasing Power applies

* The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for December 2018, including updates to salary increase, mortality, and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumptions

There were no changes in demographic assumptions and inflation rate. There were no changes in the discount rate.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**B. Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions** (Continued)Discount Rate (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	<u>100.00%</u>		

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

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

The following presents the City's proportionate share of the net pension liability of the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

<u>Miscellaneous</u>	<u>Discount Rate - 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
Net Pension Liability	\$ 426,021	\$ 15,529	\$ (323,304)

Pension Plans' Fiduciary Net Position

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

C. Payable to the Pension Plans

At June 30, 2020, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City provides retiree medical benefits under the Public Employees Medical and Hospital Care Act (PEMHCA), which provides access to group health insurance to eligible retirees and their spouses in accordance with PEMHCA. The City's OPEB plan does not issue a separate stand-alone report as the plan type is an agent multiple-employer plan managed by the California Employers' Retirement Benefit Trust (CERBT) Fund. There are no special funding situations and no non-employer contributing entities.

B. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled), are eligible for a CalPERS pension, and have worked for the City for a minimum of 10 years. The benefits are available only to employees who retire from the City. Membership of the plan (OPEB Plan) consisted of 9 active employees and 4 enrolled eligible retirees at June 30, 2020. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the OPEB Plan at a later date.

C. Contributions

The contribution requirements of plan members and the City are established and may be amended by the City and the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements and makes additional contributions to the City's OPEB Trust. For the year ended June 30, 2020, the City paid \$6,385 in contributions for post-employment healthcare benefits.

D. OPEB Trust

The City established an OPEB Trust to prefund future OPEB costs in February 2016 with a goal of maintaining an 80% funding status. Prefunding allows the City to reduce future costs by generating investment income which reduces future employer cash flow requirements necessary to offset annual costs. Prefunding of the trust was established with a one-time contribution of \$60,511 in fiscal year 2015-16. The value of the trust as of the June 30, 2019 measurement date was \$101,173. The trust value at June 30, 2020, is \$127,057. The City contributed \$19,529 in fiscal year 2019-20.

Due to the establishment of the OPEB Trust, the funded status is anticipated to be at or above 80% with the next calculation (calculated June 30, 2022).

E. The CERBT Plan Long-Term Expected Rate of Return

	Target Allocation (1)	Expected Real Rate of Return (2)
Asset Class:		
Global Equity	22.00%	4.82%
Fixed Income	49.00%	1.47%
TIPS	16.00%	1.29%
Commodities	5.00%	0.84%
REITS	8.00%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return		5.50%
Discount Rate		5.50%

Notes:

- (1) CERBT Strategy 3 provided by CalPERS' Strategic Asset Allocation Analysis Review in August 2014.
- (2) The long-term expected real rates of return are presented as geometric means developed over a 20-year period.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**F. Measurement Period and Employees Covered**

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	6
Inactive employees currently receiving benefits*	<u>4</u>
Total	<u><u>10</u></u>

*or beneficiaries currently receiving benefits

G. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

<u>Net OPEB Liability</u>		
Fiscal year ending	June 30, 2020	June 30, 2019
Measurement date	June 30, 2019	June 30, 2018
Total OPEB liability	\$ 152,121	\$ 129,681
Fiduciary net position	<u>(101,108)</u>	<u>(94,339)</u>
Net OPEB liability	<u><u>\$ 51,013</u></u>	<u><u>\$ 35,342</u></u>

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**H. Change in the Net OPEB Liability**

Change in Net OPEB Liability			
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at fiscal year ended June 30, 2019*	\$ 129,681	\$ 94,339	\$ 35,342
Changes for the year			
Service cost	13,574	-	13,574
Interest	7,705	-	7,705
Actual vs. expected experience	7,437	-	7,437
Assumption changes	62	-	62
Contributions - employer***	-	6,385	(6,385)
Net investment income	-	6,789	(6,789)
Benefit payments***	(6,338)	(6,338)	-
Administrative expense	-	(67)	67
Net changes	22,440	6,769	15,671
Balance at fiscal year ended June 30, 2020**	<u>\$ 152,121</u>	<u>\$ 101,108</u>	<u>\$ 51,013</u>

* Measurement date June 30, 2018

** Measurement date of June 30, 2019

*** Includes \$1,212 implied subsidy benefit payments

I. Sensitivity of the Net OPEB Liability to Changes in Assumptions

The following presents the net OPEB liability of the OPEB Plan if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019.

Change in Discount Rate			
	1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability	\$ 71,772	\$ 51,013	\$ 33,960

The following presents the net OPEB liability of the OPEB Plan if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019.

Change in Health Care Cost Trend Rates			
	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	\$ 31,996	\$ 51,013	\$ 74,903

J. Balances of Deferred Outflows/Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in the future OPEB expense.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)J. Balances of Deferred Outflows/Inflows of Resources (Continued)

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$17,050.

At June 30, 2020, the City had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 30,319	\$ -
Differences between expected and actual experience	6,519	-
Changes of assumptions	54	-
Net difference between projected and actual earnings on OPEB Plan investments	<u>-</u>	<u>(597)</u>
Net OPEB liability	<u>\$ 36,892</u>	<u>\$ (597)</u>

*Actual employer contributions paid to the OPEB Trust plus actual benefit payments paid from employer resources outside of the OPEB Trust.

\$30,319 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Deferred Outflows</u>
2021	\$ 892
2022	893
2023	717
2024	605
2025	926
Thereafter	<u>1,943</u>
Total	<u>\$ 5,976</u>

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**K. Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Significant actuarial assumptions used in calculating the total OPEB liability at June 30, 2020, are:

Actuarial Assumption	June 30, 2019 Measurement Date
Discount Rate	Discount rate based on Crossover Test 5.50% at June 30, 2019 5.50% at June 30, 2018
Long-Term Expected Rate of Return on Investments	5.50% at June 30, 2019, net of expenses 5.50% at June 30, 2018, net of expenses
Inflation	2.75% per annum
Salary Increase	Aggregate 3% annually Merit - CalPERS 1997-2015 Experience Study
Crossover Test Assumptions	Employer contributes to maintain 80% funding status. Administrative expenses - 0.005% of pay. Assets are projected to always exceed benefit payments.
Mortality, Disability, Termination, Retirement	CalPERS 1997-2011 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate of 4.00% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate of 4.00% in 2076
Healthcare Participation for Future Retirees	50%

NOTE 10 – 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.

In fiscal year 2017-18, the City began a multi-year review of the Coastal Area Road Improvements and Traffic Signals Fund (CARITS). No provision has been made for any liabilities that may arise from the City's review since the amounts, if any, cannot be determined at this date.

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment was made to the governmental activities' beginning net position to adjust the capital assets balance to actuals. The restatement of beginning net position of the governmental activities is summarized as follows:

Governmental Activities	
Net position at July 1, 2019, as previously stated	\$ 42,635,081
Capital asset adjustments	<u>(241,672)</u>
Net position at July 1, 2019, as restated	<u>\$ 42,393,409</u>

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 7, 2020, the date the financial statements were available to be issued and has concluded that no subsequent events have occurred that would require recognition or disclosure in the basic financial statements.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. In response, the County, followed by the Governor of California, issued a Shelter at Home order effective March 19, 2020, requiring certain non-essential businesses to temporarily close to the public. At the current time, management is unable to quantify the potential effects of this pandemic on its future financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF LAGUNA WOODS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS***

Fiscal year ended	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability	0.00150%	0.00100%	0.00113%	0.00653%	0.00581%	0.00641%
City's proportionate share of the net pension liability	\$ 15,529	\$ 96,450	\$ 112,334	\$ 565,179	\$ 398,688	\$ 398,648
City's covered payroll	\$ 662,081	\$ 707,254	\$ 729,196	\$ 716,484	\$ 825,725	\$ 815,301
City's proportionate share of the net pension liability as a percentage of covered payroll	2.35%	13.64%	15.41%	78.88%	48.28%	48.90%
City's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	83.03%
City's proportionate share of aggregate employer contributions	\$ 125,816	\$ 104,868	\$ 95,620	\$ 87,255	\$ 74,766	\$ 52,739

Notes to the Schedule

Changes in Benefit Terms

There were no changes in benefit terms.

Changes in Assumptions

In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. From fiscal year June 30, 2015 to June 30, 2016: GASB Statement No. 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date was without reduction of pension plan administrative expense.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

**CITY OF LAGUNA WOODS
SCHEDULE OF CONTRIBUTIONS – PENSION
LAST TEN FISCAL YEARS***

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 58,783	\$ 63,730	\$ 62,659	\$ 545,363	\$ 6,231	\$ 79,169
Contributions in relation to the actuarially determined contributions	<u>(159,875)</u>	<u>(201,185)</u>	<u>(62,659)</u>	<u>(545,363)</u>	<u>(6,231)</u>	<u>(79,169)</u>
Contribution deficiency (excess)	<u>\$ (101,092)</u>	<u>\$ (137,455)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 622,969	\$ 662,081	\$ 707,254	\$ 729,196	\$ 716,484	\$ 825,725
Contributions as a percentage of covered payroll	25.66%	30.39%	8.86%	74.79%	0.87%	9.59%

Notes to Schedule:

Valuation Date 6/30/2017

Methods and Assumptions Used to

Determine Contribution Rates:

Actuarial valuation method	Entry age normal cost method
Amortization method	Level percentage of payroll, direct rate smoothing
Asset valuation method	Market Value
Inflation	2.625%
Salary increases	Varies by entry age and service
Investment rate of return	7.25%, net of administrative expenses
Mortality	The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation, therefore, only six years are shown.

CITY OF LAGUNA WOODS
SCHEDULE OF CHANGES IN THE NET OTHER POST-EMPLOYMENT
BENEFIT (OPEB) LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

Total OPEB Liability	2020	2019	2018
Service cost	\$ 13,574	\$ 13,179	\$ 12,795
Interest on the total OPEB liability	7,705	6,877	6,056
Actual vs. expected experience	7,437	-	-
Assumption changes	62	-	-
Benefit payments (includes \$1,212 implied subsidy)	(6,338)	(4,470)	(4,115)
Net change in total OPEB liability	22,440	15,586	14,736
Total beginning OPEB liability	129,681	114,095	99,359
Total ending OPEB liability	\$ 152,121	\$ 129,681	\$ 114,095
Plan Fiduciary Net Position			
Contributions - employer	\$ 6,385	\$ 28,282	\$ 4,115
Net investment interest on the total OPEB liability	6,789	3,187	2,678
Benefit payments (includes \$1,212 implied subsidy)	(6,338)	(4,470)	(4,115)
Administrative expense	(67)	(124)	(34)
Net change in plan fiduciary net position	6,769	26,875	2,644
Total beginning plan fiduciary net position	94,339	67,464	64,820
Total ending plan fiduciary net position	\$ 101,108	\$ 94,339	\$ 67,464
Net OPEB liability	\$ 51,013	\$ 35,342	\$ 46,631
Plan fiduciary net position as a percentage of the total OPEB liability	66.5%	72.7%	59.1%
Covered payroll	\$ 684,801	\$ 702,326	\$ 690,005
Net OPEB liability as a percentage of covered payroll	7.4%	5.0%	6.8%

Notes:

Note 1 – The discount rate used was 5.50% net of administrative expense for the measurement period ended June 30, 2019.

Note 2 – Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be displayed up to ten years when information becomes available.

Note 3 – The next actuarial study is to be issued in 2021 with a June 30, 2020 measurement period.

**CITY OF LAGUNA WOODS
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN FISCAL YEARS***

Note: This disclosure is not required. Funding is not based on actuarially determined contributions and contributions are neither statutorily or contractually established.

**CITY OF LAGUNA WOODS
SUMMARY OF MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

GENERAL FUND

The General Fund is the primary operating fund of the City. The General Fund accounts for activities and services traditionally associated with governments, such as law enforcement services. The General Fund is used to account for revenue sources that are not legally restricted to expenditures for specified purposes, 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 expenditures for specified purposes. The following funds have been classified as major funds. The budget-actual comparisons for these funds have been presented in the accompanying financial statements as Required Supplementary Information:

Fuel Tax Fund – is used to account for the City's share of the motor vehicle gas tax imposed under the provisions of the Streets and Highways Code of the State of California under Sections 2103, 2105, 2106, 2107, and 2107.5 which are legally restricted for the acquisition, construction, improvement, and maintenance of public streets.

Measure M Fund – is used to account for the City's share of an additional one-half percent sales tax approved by the Orange County electorate and collected by the Orange County Transportation Authority for the improvement and maintenance of local streets and roads.

**CITY OF LAGUNA WOODS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Property Tax	\$ 2,718,400	\$ 2,718,400	\$ 2,767,653	\$ 49,253
Property Transfer Tax	76,000	76,000	85,478	9,478
Sales Tax	944,400	944,400	957,549	13,149
Transient Occupancy Tax	485,000	485,000	349,660	(135,340)
Franchise Fee	706,800	706,800	699,250	(7,550)
Charges for Services	697,200	697,200	671,039	(26,161)
Intergovernmental	19,769	19,769	7,993	(11,776)
Investment Income	114,200	114,200	335,092	220,892
Miscellaneous	196,600	196,600	273,816	77,216
Total Revenues	<u>5,958,369</u>	<u>5,958,369</u>	<u>6,147,530</u>	<u>189,161</u>
EXPENDITURES:				
Current:				
City Council	17,657	17,657	15,762	1,895
Administrative Services	616,570	591,470	519,528	71,942
General Government	881,487	982,579	897,287	85,292
Public Safety	2,864,858	2,864,858	2,754,601	110,257
Public Works	475,791	430,118	341,111	89,007
Community Development	1,175,439	1,200,539	992,748	207,791
Capital Outlay	336,602	683,535	351,422	332,113
Total Expenditures	<u>6,368,404</u>	<u>6,770,756</u>	<u>5,872,459</u>	<u>898,297</u>
NET CHANGE IN FUND BALANCE	<u>\$ (410,035)</u>	<u>\$ (812,387)</u>	275,071	<u>\$ 1,087,458</u>
FUND BALANCE:				
Beginning of Year			<u>9,852,777</u>	
End of Year			<u>\$ 10,127,848</u>	

**CITY OF LAGUNA WOODS
BUDGETARY COMPARISON SCHEDULE
FUEL TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Intergovernmental	\$ 18,717	\$ 18,717	\$ 18,570	\$ (147)
Taxes and Assessments	423,921	423,921	365,413	(58,508)
Investment Income	7,000	7,000	11,209	4,209
Total Revenues	<u>449,638</u>	<u>449,638</u>	<u>395,192</u>	<u>(54,446)</u>
EXPENDITURES:				
Current:				
Public Works	377,769	401,495	352,945	48,550
Capital Outlay	<u>300,000</u>	<u>370,639</u>	<u>282,300</u>	<u>88,339</u>
Total Expenditures	<u>677,769</u>	<u>772,134</u>	<u>635,245</u>	<u>136,889</u>
NET CHANGE IN FUND BALANCE	<u>\$ (228,131)</u>	<u>\$ (322,496)</u>	(240,053)	<u>\$ 82,443</u>
FUND BALANCE:				
Beginning of Year			<u>596,648</u>	
End of Year			<u>\$ 356,595</u>	

**CITY OF LAGUNA WOODS
BUDGETARY COMPARISON SCHEDULE
MEASURE M SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Intergovernmental	\$ 226,093	\$ 226,093	\$ 230,270	\$ 4,177
Investment Income	99,840	99,840	2,346	(97,494)
Total Revenues	<u>325,933</u>	<u>325,933</u>	<u>232,616</u>	<u>(93,317)</u>
EXPENDITURES:				
Current:				
Public Works	<u>260,270</u>	<u>260,270</u>	<u>238,705</u>	<u>21,565</u>
Total Expenditures	<u>260,270</u>	<u>260,270</u>	<u>238,705</u>	<u>21,565</u>
NET CHANGE IN FUND BALANCE	<u>\$ 65,663</u>	<u>\$ 65,663</u>	(6,089)	<u>\$ (71,752)</u>
FUND BALANCE:				
Beginning of Year			<u>65,901</u>	
End of Year			<u>\$ 59,812</u>	

**CITY OF LAGUNA WOODS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – BUDGETARY POLICY

The City Manager shall prepare and submit the proposed annual budget for all governmental funds to the City Council for its approval. The City Council reviews the proposed budget during a series of public meetings. The budget is legally enacted by means of a budget resolution passed by the City Council prior to July 1st of each year. 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 increase total appropriations for a fund.

Appropriations lapse at the end of the fiscal year except (1) unexpended appropriations for 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) unexpended appropriations for capital improvement projects and non-operating projects.

Budgeted amounts are as originally adopted, or as amended in accordance with prescribed procedures throughout the fiscal year. During the year, there were twelve supplemental appropriations approved by the City Council totaling \$669,772, and capital and other one-time projects budget carryovers totaling \$146,349.

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SUPPLEMENTARY INFORMATION

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**CITY OF LAGUNA WOODS
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2020**

SPECIAL REVENUE FUNDS

The following Special Revenue Funds have been classified as nonmajor funds in the accompanying financial statements:

Road Repair and Accountability Act of 2017 Fund – is used to account for the City's share of the motor vehicle gas tax imposed under the provisions of Senate Bill 1 (SB 1), a California legislative bill that was passed and signed into law in April 2017 with expenditures restricted for improvement and maintenance of public streets, improving traffic safety, and expanding public transit systems.

Coastal Area Road Improvements and Traffic Signals Fund (CARITS) – is used to account for receipts from the County of Orange and expenditures for the construction of roadway gaps, intersection improvements, and traffic signals as identified in the South County Road Improvement Action Plan.

Supplemental Law Enforcement Program Fund – is used to account for the receipts and expenditures from the State of California's Citizens Option for Public Safety (COPS) program.

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

PEG/Cable Television Fund – is used to account for funds received and expenditures related to maintenance and the purchase of equipment necessary for the operation of public, educational, and governmental access (PEG) channels and cable access to PEG channels within the City's jurisdiction.

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

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

Civic Support Fund – is used to account for revenue, donor support, and expenditures of the Laguna Woods Civic Support Fund, a nonprofit public benefit corporation.

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

**CITY OF LAGUNA WOODS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds			
	Road Repair and Accountability Act of 2017	Coastal Area Road Improvements and Traffic Signals	Supplemental Law Enforcement Program	Air Quality Improvement
ASSETS				
Cash and Investments	\$ 229,862	\$ 258,513	\$ 24,102	\$ 198,687
Receivables:				
Accounts	-	-	-	-
Due from Other Governments	20,599	-	-	5,170
Total Assets	<u>\$ 250,461</u>	<u>\$ 258,513</u>	<u>\$ 24,102</u>	<u>\$ 203,857</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 12,842	\$ 2,368
Accrued Liabilities	-	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>12,842</u>	<u>2,368</u>
Deferred Inflows of Resources:				
Unavailable Revenues	-	-	-	5,170
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,170</u>
Fund Balances:				
Restricted for:				
Public Works	250,461	258,513	-	-
Community Development	-	-	-	196,319
Community Services	-	-	-	-
Public Safety	-	-	11,260	-
Total Fund Balances	<u>250,461</u>	<u>258,513</u>	<u>11,260</u>	<u>196,319</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 250,461</u>	<u>\$ 258,513</u>	<u>\$ 24,102</u>	<u>\$ 203,857</u>

**CITY OF LAGUNA WOODS
COMBINING BALANCE SHEET (Continued)
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2020**

Special Revenue Funds (Continued)					Total Other Governmental Funds
PEG/Cable Television	Senior Mobility	CDBG	Civic Support	Grants	
\$ 114,162	\$ 103,508	\$ -	\$ 8,374	\$ 434,604	\$ 1,371,812
750	70	-	-	-	820
-	11,198	145,699	-	-	182,666
<u>\$ 114,912</u>	<u>\$ 114,776</u>	<u>\$ 145,699</u>	<u>\$ 8,374</u>	<u>\$ 434,604</u>	<u>\$ 1,555,298</u>
\$ -	\$ 2,881	\$ -	\$ -	\$ 24,223	\$ 42,314
-	892	-	-	-	892
-	-	-	-	366,314	366,314
-	-	1,023	-	-	1,023
-	-	144,676	1,129	-	145,805
-	3,773	145,699	1,129	390,537	556,348
-	-	-	-	-	5,170
-	-	-	-	-	5,170
-	-	-	-	-	508,974
-	-	-	-	5,280	201,599
114,912	111,003	-	7,245	-	233,160
-	-	-	-	38,787	50,047
<u>114,912</u>	<u>111,003</u>	<u>-</u>	<u>7,245</u>	<u>44,067</u>	<u>993,780</u>
<u>\$ 114,912</u>	<u>\$ 114,776</u>	<u>\$ 145,699</u>	<u>\$ 8,374</u>	<u>\$ 434,604</u>	<u>\$ 1,555,298</u>

**CITY OF LAGUNA WOODS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds			
	Road Repair and Accountability Act of 2017	Coastal Area Road Improvements and Traffic Signals	Supplemental Law Enforcement Program	Air Quality Improvement
REVENUES:				
Taxes and Assessments	\$ 288,786	\$ -	\$ -	\$ -
Intergovernmental	-	-	156,006	15,627
Charges for Services	-	-	-	-
Investment Income	3,953	5,413	800	4,005
Miscellaneous	-	-	-	-
Total Revenues	<u>292,739</u>	<u>5,413</u>	<u>156,806</u>	<u>19,632</u>
EXPENDITURES:				
Current:				
Public Safety	-	-	154,100	-
Community Development	-	-	-	6,866
Community Services	-	-	-	-
Capital Outlay	154,245	-	-	-
Total Expenditures	<u>154,245</u>	<u>-</u>	<u>154,100</u>	<u>6,866</u>
NET CHANGE IN FUND BALANCES	<u>138,494</u>	<u>5,413</u>	<u>2,706</u>	<u>12,766</u>
FUND BALANCES:				
Beginning of Year	111,967	253,100	8,554	183,553
End of Year	<u>\$ 250,461</u>	<u>\$ 258,513</u>	<u>\$ 11,260</u>	<u>\$ 196,319</u>

**CITY OF LAGUNA WOODS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

Special Revenue Funds (Continued)					Total Other Governmental Funds
PEG/Cable Television	Senior Mobility	CDBG	Civic Support	Grants	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,786
13,216	126,515	145,699	-	30,781	487,844
-	39,436	-	-	-	39,436
2,203	1,469	-	7	2,550	20,400
-	-	-	200	-	200
<u>15,419</u>	<u>167,420</u>	<u>145,699</u>	<u>207</u>	<u>33,331</u>	<u>836,666</u>
-	-	-	-	30,985	185,085
-	-	-	-	-	6,866
-	89,405	-	9,566	-	98,971
-	-	145,699	-	-	299,944
<u>-</u>	<u>89,405</u>	<u>145,699</u>	<u>9,566</u>	<u>30,985</u>	<u>590,866</u>
<u>15,419</u>	<u>78,015</u>	<u>-</u>	<u>(9,359)</u>	<u>2,346</u>	<u>245,800</u>
<u>99,493</u>	<u>32,988</u>	<u>-</u>	<u>16,604</u>	<u>41,721</u>	<u>747,980</u>
<u>\$ 114,912</u>	<u>\$ 111,003</u>	<u>\$ -</u>	<u>\$ 7,245</u>	<u>\$ 44,067</u>	<u>\$ 993,780</u>

**CITY OF LAGUNA WOODS
ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES:				
Taxes and Assessments	\$ 274,707	\$ 274,707	\$ 288,786	\$ 14,079
Investment Income	<u>-</u>	<u>-</u>	<u>3,953</u>	<u>3,953</u>
Total Revenues	<u>274,707</u>	<u>274,707</u>	<u>292,739</u>	<u>18,032</u>
EXPENDITURES:				
Current:				
Capital Outlay	<u>275,000</u>	<u>275,000</u>	<u>154,245</u>	<u>120,755</u>
Total Expenditures	<u>275,000</u>	<u>275,000</u>	<u>154,245</u>	<u>120,755</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (293)</u></u>	<u><u>\$ (293)</u></u>	<u>138,494</u>	<u><u>\$ 138,787</u></u>
FUND BALANCE:				
Beginning of Year			<u>111,967</u>	
End of Year			<u><u>\$ 250,461</u></u>	

**CITY OF LAGUNA WOODS
COASTAL AREA ROAD IMPROVEMENTS AND
TRAFFIC SIGNALS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Investment Income	\$ 4,000	\$ 4,000	\$ 5,413	\$ 1,413
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>5,413</u>	<u>1,413</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,000</u>	<u>\$ 4,000</u>	5,413	<u>\$ 1,413</u>
FUND BALANCE:				
Beginning of Year			<u>253,100</u>	
End of Year			<u>\$ 258,513</u>	

**CITY OF LAGUNA WOODS
SUPPLEMENTAL LAW ENFORCEMENT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Intergovernmental	\$ 154,100	\$ 154,100	\$ 156,006	\$ 1,906
Investment Income	-	-	800	800
Total Revenues	<u>154,100</u>	<u>154,100</u>	<u>156,806</u>	<u>2,706</u>
EXPENDITURES:				
Current:				
Public Safety	<u>154,100</u>	<u>154,100</u>	<u>154,100</u>	<u>-</u>
Total Expenditures	<u>154,100</u>	<u>154,100</u>	<u>154,100</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	2,706	<u>\$ 2,706</u>
FUND BALANCE:				
Beginning of Year			<u>8,554</u>	
End of Year			<u>\$ 11,260</u>	

**CITY OF LAGUNA WOODS
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 15,627	\$ (4,373)
Investment Income	3,000	3,000	4,005	1,005
Total Revenues	<u>23,000</u>	<u>23,000</u>	<u>19,632</u>	<u>(3,368)</u>
EXPENDITURES:				
Current:				
Community Development	<u>7,500</u>	<u>9,081</u>	<u>6,866</u>	<u>(2,215)</u>
Total Expenditures	<u>7,500</u>	<u>9,081</u>	<u>6,866</u>	<u>(2,215)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 15,500</u>	<u>\$ 13,919</u>	12,766	<u>\$ (5,583)</u>
FUND BALANCE:				
Beginning of Year			<u>183,553</u>	
End of Year			<u>\$ 196,319</u>	

**CITY OF LAGUNA WOODS
PEG/CABLE TELEVISION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES:				
Intergovernmental	\$ 13,300	\$ 13,300	\$ 13,216	\$ (84)
Investment Income	<u>1,600</u>	<u>1,600</u>	<u>2,203</u>	<u>603</u>
Total Revenues	<u>14,900</u>	<u>14,900</u>	<u>15,419</u>	<u>519</u>
EXPENDITURES:				
Current:				
Community Services	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 9,900</u>	<u>\$ 9,900</u>	15,419	<u>\$ 5,519</u>
FUND BALANCE:				
Beginning of Year			<u>99,493</u>	
End of Year			<u>\$ 114,912</u>	

**CITY OF LAGUNA WOODS
SENIOR MOBILITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Charges for Services	\$ 72,000	\$ 72,000	\$ 39,436	\$ (32,564)
Intergovernmental	131,442	131,442	126,515	(4,927)
Investment Income	-	-	1,469	1,469
Total Revenues	<u>203,442</u>	<u>203,442</u>	<u>167,420</u>	<u>(36,022)</u>
EXPENDITURES:				
Current:				
Community Services	<u>175,500</u>	<u>175,500</u>	<u>89,405</u>	<u>86,095</u>
Total Expenditures	<u>175,500</u>	<u>175,500</u>	<u>89,405</u>	<u>86,095</u>
NET CHANGE IN FUND BALANCE	<u>\$ 27,942</u>	<u>\$ 27,942</u>	78,015	<u>\$ 50,073</u>
FUND BALANCE:				
Beginning of Year			<u>32,988</u>	
End of Year			<u>\$ 111,003</u>	

**CITY OF LAGUNA WOODS
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Intergovernmental	\$ 145,700	\$ 145,700	\$ 145,699	\$ (1)
Total Revenues	<u>145,700</u>	<u>145,700</u>	<u>145,699</u>	<u>(1)</u>
EXPENDITURES				
Current:				
Capital Outlay	<u>145,700</u>	<u>145,700</u>	<u>145,699</u>	<u>1</u>
Total Expenditures	<u>145,700</u>	<u>145,700</u>	<u>145,699</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ -</u>	

**CITY OF LAGUNA WOODS
CIVIC SUPPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES:				
Miscellaneous	\$ 11,515	\$ 11,515	\$ 200	\$ (11,315)
Investment Income	-	-	7	7
Total Revenues	<u>11,515</u>	<u>11,515</u>	<u>207</u>	<u>(11,308)</u>
EXPENDITURES:				
Current:				
Community Services	<u>12,025</u>	<u>12,025</u>	<u>9,566</u>	<u>2,459</u>
Total Expenditures	<u>12,025</u>	<u>12,025</u>	<u>9,566</u>	<u>2,459</u>
NET CHANGE IN FUND BALANCE	<u>\$ (510)</u>	<u>\$ (510)</u>	<u>(9,359)</u>	<u>\$ (8,849)</u>
FUND BALANCE:				
Beginning of Year			<u>16,604</u>	
End of Year			<u>\$ 7,245</u>	

**CITY OF LAGUNA WOODS
GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES:				
Intergovernmental	\$ 118,884	\$ 265,979	\$ 2,550	\$ (263,429)
Investment Income	<u>-</u>	<u>-</u>	<u>30,781</u>	<u>30,781</u>
Total Revenues	<u>118,884</u>	<u>265,979</u>	<u>33,331</u>	<u>(232,648)</u>
EXPENDITURES:				
Current:				
Public Safety	<u>-</u>	<u>147,095</u>	<u>30,985</u>	<u>116,110</u>
Total Expenditures	<u>-</u>	<u>147,095</u>	<u>30,985</u>	<u>116,110</u>
NET CHANGE IN FUND BALANCE	<u>\$ 118,884</u>	<u>\$ 118,884</u>	<u>2,346</u>	<u>\$ (116,538)</u>
FUND BALANCE:				
Beginning of Year			<u>41,721</u>	
End of Year			<u>\$ 44,067</u>	

STATISTICAL SECTION

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**CITY OF LAGUNA WOODS
DESCRIPTION OF STATISTICAL SECTION CONTENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	86 - 95
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	96 - 109
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	110 - 114
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	115 - 117

**CITY OF LAGUNA WOODS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30				
	2011	2012	2013 as restated	2014 as restated	2015
Governmental activities:					
Net investment in capital assets	\$ 20,428,076	\$ 20,473,643	\$ 22,474,259	\$ 27,395,543	\$ 35,331,456
Restricted	165,250	171,390	920,587	669,420	1,464,214
Unrestricted	6,990,401	7,708,348	8,115,566	8,289,008	9,399,679
Total governmental activities net position	<u>\$ 27,583,727</u>	<u>\$ 28,353,381</u>	<u>\$ 31,510,412</u>	<u>\$ 36,353,971</u>	<u>\$ 46,195,349</u>

Note:

(1) The City has no business-type activities.

Business-type activities would impact government-wide activities and net position.

Source: City of Laguna Woods, Administrative Services Department

Fiscal Year Ended June 30				
2016	2017 as restated	2018	2019 as restated	2020
\$ 33,783,628	\$ 32,095,973	\$ 31,748,757	\$ 30,950,071	\$ 29,989,812
1,587,683	1,371,195	1,236,152	1,410,529	1,412,618
8,898,481	9,734,782	9,936,816	10,032,809	10,363,509
<u>\$ 44,269,792</u>	<u>\$ 43,201,950</u>	<u>\$ 42,921,725</u>	<u>\$ 42,393,409</u>	<u>\$ 41,765,939</u>

**CITY OF LAGUNA WOODS
CHANGES IN NET POSITION
EXPENSES AND PROGRAM REVENUES
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30			
	2011	2012	2013 as restated	2014 as restated
Expenses:				
Governmental activities:				
General government	\$ 2,152,892	\$ 1,427,072	\$ 1,652,166	\$ 1,582,672
Public safety	1,715,908	1,617,293	1,738,531	1,865,156
Public works	1,573,552	1,474,254	165,783	2,090,472
Community development	838,745	801,271	850,354	700,826
Community services	409,631	521,797	440,732	434,773
Total governmental activities expenses	<u>6,690,728</u>	<u>5,841,687</u>	<u>4,847,566</u>	<u>6,673,899</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	187,584	257,340	121,094	118,820
Public safety	355,642	204,592	258,636	248,537
Public works	-	-	-	-
Community development	353,430	422,952	580,765	535,675
Community services	-	30,000	5,319	38,547
Operating grants and contributions	2,143,059	1,852,654	3,011,819	1,485,564
Capital grants and contributions	100,099	100,032	100,000	1,457,217
Total governmental activities program revenues	<u>3,139,814</u>	<u>2,867,570</u>	<u>4,077,633</u>	<u>3,884,360</u>
Net revenues (expenses)	<u>\$ (3,550,914)</u>	<u>\$ (2,974,117)</u>	<u>\$ (769,933)</u>	<u>\$ (2,789,539)</u>

Note:

(1) The City has no business-type activities.

Business-type activities would impact government-wide activities and net position.

Source: City of Laguna Woods, Administrative Services Department

Fiscal Year Ended June 30

2015	2016	2017	2018	2019	2020
\$ 1,378,555	\$ 1,503,279	\$ 1,433,890	\$ 1,331,112	\$ 1,418,877	\$ 1,545,011
1,623,288	2,606,312	2,667,582	2,668,100	2,871,995	2,939,686
2,588,172	2,654,039	2,440,923	4,064,453	2,643,054	2,721,017
1,102,273	1,107,156	948,873	963,362	1,082,897	999,614
346,288	487,854	429,479	265,384	171,965	98,971
7,038,576	8,358,640	7,920,747	9,292,411	8,188,788	8,304,299
150,814	90,343	200,896	252,305	-	-
25,810	5,851	-	-	-	-
699,984	730,203	694,316	647,008	-	-
-	-	-	-	759,261	671,039
-	-	-	110,898	76,814	39,436
1,419,207	1,176,753	782,456	694,918	243,617	365,823
10,376,299	205,231	209,447	2,552,084	787,767	453,524
12,672,114	2,208,381	1,887,115	4,257,213	1,867,459	1,529,822
<u>\$ 5,633,538</u>	<u>\$ (6,150,259)</u>	<u>\$ (6,033,632)</u>	<u>\$ (5,035,198)</u>	<u>\$ (6,321,329)</u>	<u>\$ (6,774,477)</u>

**CITY OF LAGUNA WOODS
CHANGES IN NET POSITION
GENERAL REVENUES
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30			
	2011	2012	2013 as restated	2014 as restated
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 241,632	\$ 229,802	\$ 384,386	\$ 289,177
Property taxes in lieu of VLF	1,732,818	1,627,101	1,649,600	1,557,290
Sales taxes	840,953	855,533	850,241	980,556
Franchise fees	389,820	607,785	688,948	628,027
Transient occupancy taxes	350,660	396,797	404,110	443,361
Other taxes	-	-	-	-
Investment income	46,628	26,753	20,438	19,428
Miscellaneous income	37,389	-	-	-
Total governmental activities	<u>3,639,900</u>	<u>3,743,771</u>	<u>3,997,723</u>	<u>3,917,839</u>
Net program revenues/(expenses)	<u>(3,550,914)</u>	<u>(2,974,117)</u>	<u>(769,933)</u>	<u>(2,789,539)</u>
Changes in net position:				
Governmental activities	<u>\$ 88,986</u>	<u>\$ 769,654</u>	<u>\$ 3,227,790</u>	<u>\$ 1,128,300</u>

Note:

(1) The City has no business-type activities.

Business-type activities would impact government-wide activities and net position.

Source: City of Laguna Woods, Administrative Services Department

Fiscal Year Ended June 30					
2015	2016	2017	2018	2019	2020
\$ 308,786	\$ 328,168	\$ 428,265	\$ 378,862	\$ 369,893	\$ 391,860
1,803,982	984,031	2,062,919	2,194,558	2,345,270	2,461,271
908,621	475,926	888,817	896,503	901,697	957,549
604,739	626,027	662,027	672,266	701,646	699,250
452,293	1,949,418	487,391	484,470	483,729	349,660
-	-	-	-	457,347	654,199
26,810	44,394	73,727	128,314	291,825	264,171
102,609	-	-	-	483,278	369,047
4,207,840	4,407,964	4,603,146	4,754,973	6,034,685	6,147,007
5,633,538	(6,150,259)	(6,033,632)	(5,035,198)	(6,321,329)	(6,774,477)
<u>\$ 9,841,378</u>	<u>\$ (1,742,295)</u>	<u>\$ (1,430,486)</u>	<u>\$ (280,225)</u>	<u>\$ (286,644)</u>	<u>\$ (627,470)</u>

**CITY OF LAGUNA WOODS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30			
	2011	2012	2013 as restated	2014 as restated
General fund:				
Nonspendable	\$ 104,107	\$ -	\$ -	\$ -
Restricted	-	-	-	32,300
Assigned	763,235	1,021,165	1,859,674	1,774,782
Unassigned	6,269,079	6,815,516	6,845,440	7,485,338
Total general fund	<u>\$ 7,136,421</u>	<u>\$ 7,836,681</u>	<u>\$ 8,705,114</u>	<u>\$ 9,292,420</u>
All other governmental funds:				
Restricted	\$ 165,250	\$ 1,005,889	\$ 920,587	\$ 561,920
Unassigned	-	(923,251)	(358,308)	(852,083)
Total all other governmental funds	<u>\$ 165,250</u>	<u>\$ 82,638</u>	<u>\$ 562,279</u>	<u>\$ (290,163)</u>

Notes:

- (1) The City has no debt service or capital projects funds.
- (2) GASB Statement No. 75, which was implemented in 2018, eliminated reporting under GASB Statement No. 45 for other post-employment benefits. As such, years prior to 2018 are not directly comparable to 2018 and subsequent years.

Source: City of Laguna Woods, Administrative Services Department

Fiscal Year Ended June 30					
2015	2016	2017	2018	2019	2020
\$ -	\$ 66,466	\$ 75,761	\$ 57,001	\$ 74,655	\$ 12,412
-	602	-	3,980	-	2,431
1,728,998	679,260	285,734	1,010,054	419,823	3,023,550
<u>8,348,147</u>	<u>8,861,873</u>	<u>9,293,180</u>	<u>8,868,233</u>	<u>9,358,299</u>	<u>7,089,455</u>
<u>\$ 10,077,145</u>	<u>\$ 9,608,201</u>	<u>\$ 9,654,675</u>	<u>\$ 9,939,268</u>	<u>\$ 9,852,777</u>	<u>\$ 10,127,848</u>
\$ 1,464,214	\$ 1,746,561	\$ 1,371,195	\$ 1,232,172	\$ 1,410,529	\$ 1,410,187
<u>(486,915)</u>	<u>(338,715)</u>	<u>(114,932)</u>	<u>(175,762)</u>	<u>-</u>	<u>-</u>
<u>\$ 977,299</u>	<u>\$ 1,407,846</u>	<u>\$ 1,256,263</u>	<u>\$ 1,056,410</u>	<u>\$ 1,410,529</u>	<u>\$ 1,410,187</u>

**CITY OF LAGUNA WOODS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30			
	2011	2012	2013 as restated	2014 as restated
Revenues:				
Taxes and assessments	\$ 1,904,699	\$ 1,985,268	\$ 2,085,041	\$ 3,828,708
Intergovernmental	3,499,723	2,962,692	4,424,819	1,763,196
Franchise fees	389,821	607,787	688,949	628,028
Charges for services	494,431	623,471	689,184	610,251
Fines and forfeitures	355,642	210,089	259,561	248,089
Investment income	51,432	28,979	22,724	19,428
Miscellaneous	83,966	81,112	17,021	123,340
Total revenues	<u>6,779,714</u>	<u>6,499,398</u>	<u>8,187,299</u>	<u>7,221,040</u>
Expenditures				
Current:				
General government	2,068,618	1,352,679	1,566,398	1,660,037
Public safety	1,715,908	1,617,293	1,738,531	1,865,156
Public works	4,184,158	1,588,710	2,243,210	2,825,384
Community development	838,745	801,271	850,354	700,826
Community services	409,631	521,797	440,732	434,773
Capital outlay	-	-	-	-
Total expenditures	<u>9,217,060</u>	<u>5,881,750</u>	<u>6,839,225</u>	<u>7,486,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,437,346)</u>	<u>617,648</u>	<u>1,348,074</u>	<u>(265,136)</u>
Other financing sources (uses):				
Transfers in	27,505	71,738	-	25,000
Transfers out	<u>(27,505)</u>	<u>(71,738)</u>	<u>-</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,437,346)</u>	<u>\$ 617,648</u>	<u>\$ 1,348,074</u>	<u>\$ (265,136)</u>

Source: City of Laguna Woods, Administrative Services Department

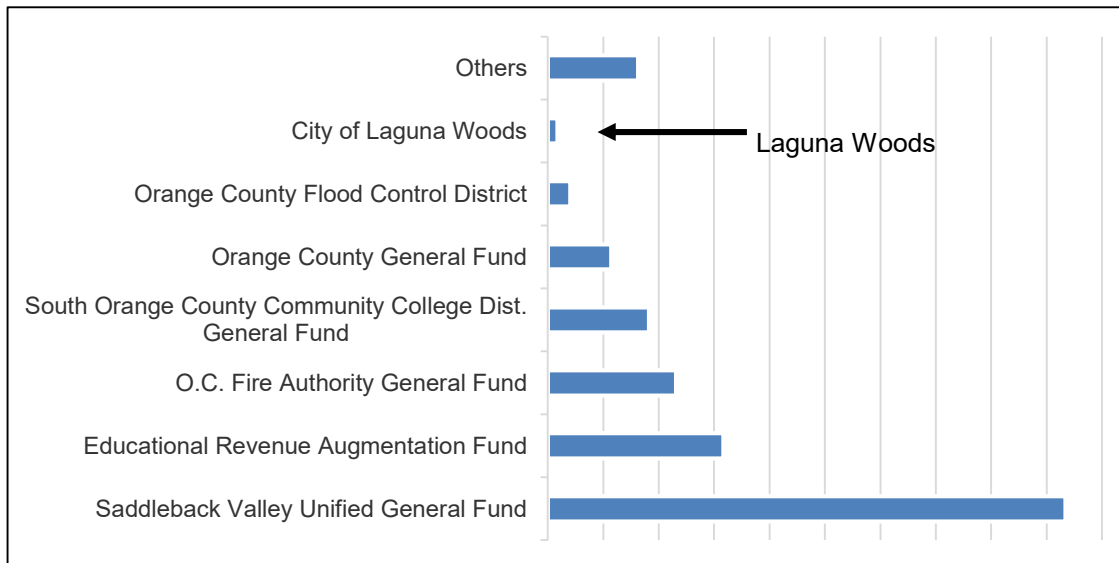
Fiscal Year Ended June 30

2015	2016	2017	2018	2019	2020
\$ 4,005,500	\$ 4,094,673	\$ 4,185,064	\$ 4,402,360	\$ 4,709,062	\$ 4,814,539
1,769,480	1,011,982	750,304	1,351,583	982,268	744,677
604,739	539,107	748,947	672,266	701,646	699,250
699,984	730,203	694,316	647,008	836,075	710,475
25,810	5,851	-	-	-	-
24,300	46,905	73,728	128,314	291,825	369,047
150,814	192,950	186,300	251,566	510,730	274,016
<u>7,280,627</u>	<u>6,621,671</u>	<u>6,638,659</u>	<u>7,453,097</u>	<u>8,031,606</u>	<u>7,612,004</u>
1,259,342	1,519,438	1,860,609	1,234,039	1,462,734	1,432,577
1,637,906	2,621,018	2,667,582	2,668,100	2,871,995	2,939,686
885,016	899,623	785,903	2,184,451	880,889	932,761
1,102,273	1,107,156	948,873	1,016,383	1,082,897	999,614
343,903	489,051	429,479	265,384	171,965	98,971
-	-	51,322	-	1,293,498	933,666
<u>5,228,440</u>	<u>6,636,286</u>	<u>6,743,768</u>	<u>7,368,357</u>	<u>7,763,978</u>	<u>7,337,275</u>
<u>2,052,187</u>	<u>(14,615)</u>	<u>(105,109)</u>	<u>84,740</u>	<u>267,628</u>	<u>274,729</u>
-	27,528	882,275	5,000	14,915	-
-	(27,528)	(882,275)	(5,000)	(14,915)	-
-	-	-	-	-	-
<u>\$ 2,052,187</u>	<u>\$ (14,615)</u>	<u>\$ (105,109)</u>	<u>\$ 84,740</u>	<u>\$ 267,628</u>	<u>\$ 274,729</u>

**CITY OF LAGUNA WOODS
PROPERTY TAX DOLLAR BREAKDOWN
FISCAL YEAR 2019-20**

Tax Rate Area	Annual Tax Increment
Saddleback Valley Unified General Fund	\$0.4668
Educational Revenue Augmentation Fund	\$0.1584
O.C. Fire Authority General Fund	\$0.1157
South Orange County Community College Dist. General Fund	\$0.0912
Orange County General Fund	\$0.0573
Orange County Flood Control District	\$0.0204
Others:	
Orange County Public Library	\$0.0172
O.C. Dept. of Education General Fund	\$0.0168
Aliso Viejo City CSA #4 RO (in 99-06r)	\$0.0162
O.C. Harbors Beaches and Parks CSA 26	\$0.0157
El Toro Water District - General Fund	\$0.0110
Laguna Woods General Fund	\$0.0088
Orange County Transit Authority	\$0.0029
Orange County Vector Control District	\$0.0011
Orange County Cemetery Fund - General	\$0.0005
Total Annual Tax Increment (ATI)	\$1.0000

ATI Ratios for Tax Rate Area 32010, Excluding Redevelopment Factors and Additional Debt Service



Source: Orange County Assessor - FY 2019-20 Annual Tax Increment Tables
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF TAXABLE VALUE)**

	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Direct Rates										
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Tax Rates (2)										
Capistrano										
Union	0.01105	0.01101	0.01171	0.00972	0.00900	0.00845	0.00843	0.00800	0.00786	0.00745
Laguna Beach										
Unified	0.01582	0.01601	0.01694	0.01567	0.01461	0.01396	0.01371	0.01287	0.01285	0.01266
Metropolitan										
Water Dist.	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Saddleback										
Valley										
Unified	0.03194	0.03163	0.03265	0.03207	0.02806	0.03008	0.02688	0.02365	0.02392	0.02295
Total Direct and Overlapping Tax Rates	1.06251	1.06235	1.06480	1.06096	1.05517	1.05599	1.05252	1.04802	1.04813	1.04656
1% Levy Per Prop 13 (3)	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879
Total Direct Rate (4)	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00877	0.00877

Notes:

- (1) In 1978, California voters passed Proposition 13, which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies within which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners within the City.
- (3) The City's share of the 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.
- (4) Total Direct Rate is the weighted average of all individual direct rates applied to the City and excludes revenues derived from aircraft. Beginning in the fiscal year ended June 30, 2014, the Total Direct Rate no longer includes revenue generated from former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during the fiscal year ended June 30, 2013. For purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.
- (5) The City of Laguna Woods never established a redevelopment agency.

Source: Orange County Assessor - 2010-11 through 2019-20 Tax Rate Table
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
OVERLAPPING DEBT
AS OF JUNE 30, 2011
(RATE PER \$100 OF TAXABLE VALUE)**

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City</u>	<u>Net Bonded Debt</u>
Overlapping Debt			
628.01 CAPISTRANO UNION SFID#1 1999 BOND #2002C	\$ 15,450,000	0.051%	\$ 7,843
629.01 CAPISTRANO UNION SFID#1 1999 BOND #2001B	18,374,930	0.051%	9,327
632.02 LAGUNA BEACH UNIFIED 2001 BOND SERIES 2003	740,000	0.857%	6,340
634.02 LAGUNA BEACH UNIFIED 2001 BOND SERIES 2001	535,000	0.857%	4,584
640.02 CAPISTRANO UNION SFID#1 1999 BOND #2000A	14,625,000	0.051%	7,424
6AB.01 SADDLEBACK VALLEY USD 2004 BOND #2004A	85,925,000	6.945%	5,967,816
6AW.01 SADDLEBACK VALLEY USD 2004 SERIES B	49,010,000	6.945%	3,403,930
6BM.01 LAGUNA BEACH USD 2010 GO REFUNDING BOND	30,090,000	0.857%	257,792
C55.14 METROPOLITAN WATER DISTRICT (1)	45,704,591	0.593%	270,851
Total Overlapping Debt			<u>\$ 9,935,907</u>

Fiscal Year 2010-11 Assessed Valuation:

\$2,213,675,969 After Deducting \$0 Incremental Value

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	0.45%
	Total Debt	0.45%

Notes:

- (1) This fund is a portion of a larger agency and is responsible for debt in areas outside the City.
- (2) This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the City. The City has issued no such bonds or instruments.
- (3) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: Orange County Assessor and Auditor-Controller - Combined FY 2010-11 Lien Date Tax Rolls
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
OVERLAPPING DEBT
AS OF JUNE 30, 2020
(RATE PER \$100 OF TAXABLE VALUE)**

	Gross Bonded Debt Balance	Percent Applicable to City	Net Bonded Debt
Overlapping Debt			
628.01 CAPISTRANO UNION SFID#1 1999 BOND #2002C	\$ 13,565,000	0.056%	\$ 7,548
629.01 CAPISTRANO UNION SFID#1 1999 BOND #2001B	5,360,885	0.056%	2,983
6AB.01 SADDLEBACK VALLEY USD 2004 BOND #2004A	22,100,000	7.039%	1,555,718
6AW.01 SADDLEBACK VALLEY USD 2004 SERIES B	28,995,000	7.039%	2,041,088
6BM.01 LAGUNA BEACH USD 2010 GO REFUNDING BOND	18,200,000	0.866%	157,663
6CZ.01 SADDLEBACK VALLEY USD 2013 REF	47,510,000	7.039%	3,344,442
6DK.01 SADDLEBACK VALLEY USD GOB EL 2014, SERIES 2016A	8,940,000	7.039%	629,327
C55.14 METROPOLITAN WATER DISTRICT (1)	7,541,389	0.599%	45,145
Total Overlapping Debt			<u>\$ 7,783,914</u>

Fiscal Year 2019-20 Assessed Valuation:
\$3,307,108,088 After Deducting \$0 Incremental Value

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	0.24%
	Total Debt	0.24%

Notes:

- (1) This fund is a portion of a larger agency and is responsible for debt in areas outside the City.
- (2) This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the City. The City has issued no such bonds or instruments.
- (3) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: Orange County Assessor and Auditor-Controller - Combined FY 2019-20 Lien Date Tax Rolls
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
TOP TEN PROPERTY TAXPAYERS – FISCAL YEAR 2010-11
PRINCIPAL PROPERTY OWNERS BASED ON NET VALUES**

Owner	Secured			Unsecured		
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV
1) United Laguna Hills Mutual*	69	\$303,456,152	13.91%	26	\$1,518,156	4.76%
2) Federal National Mortgage Association*	34	\$222,126,367	10.18%			
3) NCB FSB*	11	\$116,104,485	5.32%			
4) Avalon Regency LLC	1	\$55,218,101	2.53%	1	\$6,848	0.02%
5) Avalon Las Palmas LLC*	2	\$45,949,346	2.11%			
6) Behringer Harvard San Sebastian	134	\$34,629,903	1.59%	1	\$615,151	1.93%
7) Nancy Yagan*	5	\$35,144,784	1.61%			
8) Raintree Realty LLC*	3	\$23,514,590	1.08%			
9) KPL Villas LLC	1	\$16,845,249	0.77%	1	\$29,323	0.09%
10) Camino Oaks Limited	3	\$12,148,189	0.56%			
Top Ten Total	263	\$865,137,166	39.65%	29	\$2,169,478	6.80%
City Total		\$2,181,760,994			\$31,914,975	

Owner	Combined		Primary Use and Primary Agency
	Value	% of Net AV	
1) United Laguna Hills Mutual*	\$304,974,308	13.78%	R
2) Federal National Mortgage Association*	\$222,126,367	10.03%	R
3) NCB FSB*	\$116,104,485	5.24%	R
4) Avalon Regency LLC	\$55,224,949	2.49%	C
5) Avalon Las Palmas LLC*	\$45,949,346	2.08%	C
6) Behringer Harvard San Sebastian	\$35,245,054	1.59%	R
7) Nancy Yagan*	\$35,144,784	1.59%	R
8) Raintree Realty LLC*	\$23,514,590	1.06%	C
9) KPL Villas LLC	\$16,874,572	0.76%	C
10) Camino Oaks Limited	\$12,148,189	0.55%	C
Top Ten Total	\$867,306,644	39.18%	
City Total	\$2,213,675,969		

R = Residential

C = Commercial

I = Institutional

AV = Assessed Value

*Pending Appeals on Parcels

All property tax collected on assessed value is paid to the Laguna Woods General Fund.

Source: Orange County Assessor - FY 2010-11 Combined Tax Rolls and the SBE Non Unitary Tax Roll
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
TOP TEN PROPERTY TAXPAYERS – FISCAL YEAR 2019-20
PRINCIPAL PROPERTY OWNERS BASED ON NET VALUES**

Owner	Secured			Unsecured		
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV
1) United Laguna Hills Mutual*	76	\$536,824,919	16.37%	55	\$620,881	2.25%
2) Welltower Victory II Landlord LP	3	\$93,355,092	2.85%			
3) Gladys F Shaffer	1	\$40,030,542	1.22%			
4) Behringer Harvard San Sebastian LP	134	\$39,520,387	1.21%			
5) Federal National Mortgage Association	3	\$39,148,034	1.19%			
6) Omeid John Eshraghi	2	\$35,015,951	1.07%			
7) Peter Konrad	1	\$32,548,888	0.99%			
8) Robert James Salem	1	\$31,875,731	0.97%			
9) Steve Adams	1	\$30,650,606	0.93%			
10) Raintree Realty LLC*	3	\$27,455,611	0.84%			
Top Ten Total	225	\$906,425,761	27.64%	55	\$620,881	2.25%
City Total		\$3,279,488,113			\$27,619,975	

Owner	Combined		Primary Use and Primary Agency
	Value	% of Net AV	
1) United Laguna Hills Mutual*	\$537,445,800	16.25%	R
2) Welltower Victory II Landlord LP	\$93,355,092	2.82%	C
3) Gladys F Shaffer	\$40,030,542	1.21%	R
4) Behringer Harvard San Sebastian LP	\$39,520,387	1.20%	R
5) Federal National Mortgage Association	\$39,148,034	1.18%	R
6) Omeid John Eshraghi	\$35,015,951	1.06%	R
7) Peter Konrad	\$32,548,888	0.98%	R
8) Robert James Salem	\$31,875,731	0.96%	R
9) Steve Adams	\$30,650,606	0.93%	R
10) Raintree Realty LLC*	\$27,455,611	0.83%	C
Top Ten Total	\$907,046,642	27.43%	
City Total	\$3,307,108,088		

R = Residential

C = Commercial

I = Institutional

AV = Assessed Value

*Pending Appeals on Parcels

All property tax collected on assessed value is paid to the Laguna Woods General Fund.

Source: Orange County Assessor - FY 2019-20 Combined Tax Rolls and the SBE Non Unitary Tax Roll
HdL, Coren & Cone

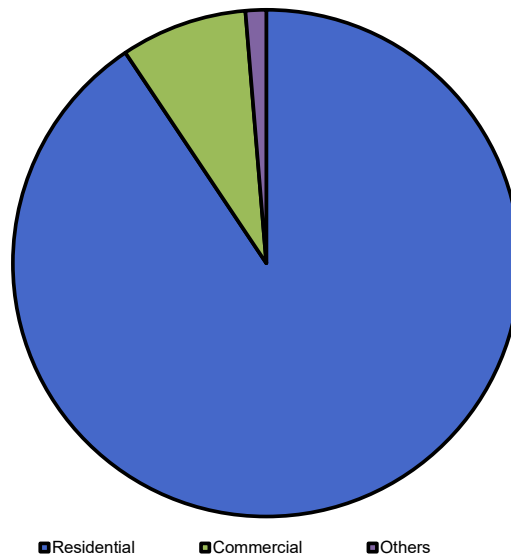
**CITY OF LAGUNA WOODS
PROPERTY USE CATEGORY SUMMARY – FISCAL YEAR 2019-20
BASIC PROPERTY VALUE TABLE**

Category	Secured				
	Parcels	Assessed Value	% of AV	Net Taxable Value	% of Net AV
Residential	6,618	\$3,001,142,276	89.9%	\$2,996,653,316	90.6%
Commercial	43	\$279,408,754	8.4%	\$266,841,745	8.1%
Industrial	3	\$12,674,022	0.4%	\$12,674,022	0.4%
Vacant	5	\$1,375,397	0.0%	\$1,375,397	0.0%
Exempt	247	\$8,198,736	0.2%	\$0	0.0%
Cross Reference	[35]	\$6,153,710	0.2%	\$1,943,633	0.1%
Unsecured	[282]	\$28,164,057	0.8%	\$27,619,975	0.8%
Totals	6,916	\$3,337,116,952	100.0%	\$3,307,108,088	100.0%

Note:

(1) Cross Reference and Unsecured parcels counts are not included in parcels totals.

NET TAXABLE VALUE



Source: Orange County Assessor - FY 2019-20 Combined Tax Rolls
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied Excluding VLF Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percent of Levy (1)		Amount (1), (2), & (3)	Percent of Levy
2011	Not available	\$ (5,492)	Not available	\$ 5,492	\$ -	Not available
2012	\$ 408,142	(4,757)	-1.17%	4,757	-	0.00%
2013	421,164	(96,010)	-22.80%	96,010	-	0.00%
2014	417,701	(3,175)	-0.76%	3,175	-	0.00%
2015	457,287	(1,322)	-0.29%	1,322	-	0.00%
2016	295,957	231,501	78.22%	1,870	233,371	78.85%
2017	253,757	243,608	96.00%	2,309	245,917	96.91%
2018	269,934	260,584	96.54%	2,142	262,726	97.33%
2019	286,443	278,728	97.31%	2,147	280,875	98.06%
2020	298,789	291,321	97.50%	2,327	293,648	98.28%

Notes:

(1) Amounts levied, excluding VLF levies, for years prior to Fiscal Year Ended June 30, 2012 were not available.

(2) "Collections in Subsequent Years" includes the total amount of delinquent taxes collected in each fiscal year. The Orange County Auditor-Controller does not provide detailed information regarding the levy year to which delinquent tax collections pertain.

(3) Total collections in any year may exceed 100% due to collection reporting per Note 2 above and the fact that delinquent tax penalties collected are included in total reported collections.

Source: Orange County Auditor-Controller, "Tax Ledger - Detail" Report as of fiscal year-end.

FY 2016-17 and prior, compiled by the Orange County Auditor-Controller

FY 2017-18 and subsequent, compiled by Administrative Services from reports by the Orange County Auditor-Controller

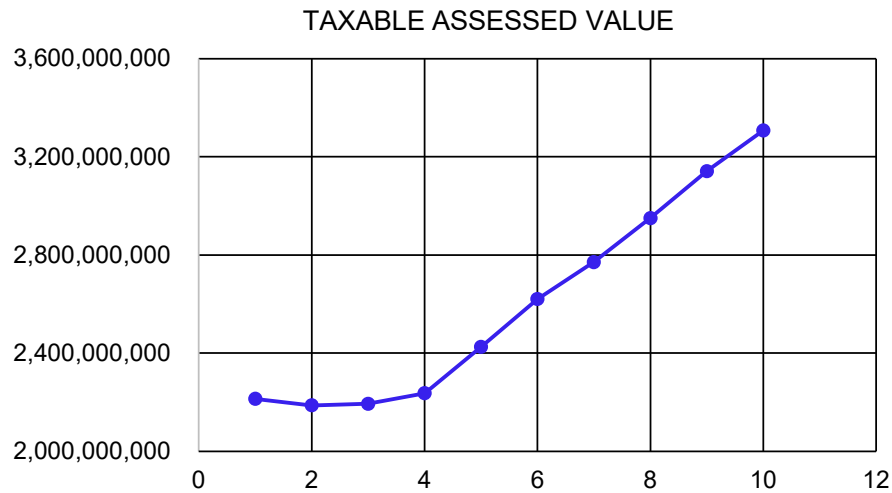
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**CITY OF LAGUNA WOODS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Secured	Unsecured	Taxable Assessed Value	Percentage Change
2011	\$ 2,181,760,994	\$ 31,914,975	\$ 2,213,675,969	-2.64%
2012	2,152,983,070	33,958,519	2,186,941,589	-1.21%
2013	2,160,531,125	33,093,242	2,193,624,367	0.31%
2014	2,207,900,802	28,493,026	2,236,393,828	1.95%
2015	2,398,940,722	26,520,067	2,425,460,789	8.45%
2016	2,598,081,332	22,267,774	2,620,349,106	8.04%
2017	2,746,863,438	24,143,207	2,771,006,645	5.75%
2018	2,918,362,456	31,733,582	2,950,096,038	6.46%
2019	3,109,429,786	31,988,341	3,141,418,127	6.49%
2020	3,279,488,113	27,619,975	3,307,108,088	5.27%

Note:

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



Source: Orange County Assessor - 2010-11 through 2019-20 Combined Tax Rolls
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
TOP 25 SALES TAX PRODUCERS
FISCAL YEAR 2010-11**

<u>Business Name*</u>	<u>Business Category</u>
Adapt 2 It	Medical/Biotech
Carls Jr	Quick-Service Restaurants
CVS Pharmacy	Drug Stores
El Toro Pharmacy	Drug Stores
EZ Lube	Auto Repair Shops
Golden Rain Foundation	Government/Social Org.
Home Depot	Building Materials
Hometown Buffet	Casual Dining
Jack in the Box	Quick-Service Restaurants
Leisure World Mobil	Service Stations
Mc Cormick & Son	Morticians and Undertakers
Mothers Market	Grocery Stores
Moulton Mini Market	Service Stations
Officemax	Office Supplies/Furniture
Okon Dental Lab	Medical/Biotech
Olive Garden	Casual Dining
Papa Johns Pizza	Quick-Service Restaurants
Rite Aid	Drug Stores
Saddleback Golf Cars	Boats/Motorcycles
Starbucks	Quick-Service Restaurants
Stater Bros	Grocery Stores
Subway	Quick-Service Restaurants
Sushi Wok	Casual Dining
Tomo Sushi	Casual Dining
Vons	Grocery Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 96.52%

* Firms Listed Alphabetically

(Period: July 2010 through March 2011)

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

**CITY OF LAGUNA WOODS
TOP 25 SALES TAX PRODUCERS
FISCAL YEAR 2019-20**

<u>Business Name*</u>	<u>Business Category</u>
19 Restaurant & Lounge	Casual Dining
Adapt 2 It	Medical/Biotech
Aldi	Grocery Stores
CVS Pharmacy	Drug Stores
Dollar Tree	Variety Stores
Firehouse Subs	Quick-Service Restaurants
Golden Rain Foundation	Government/Social Org.
Home Depot	Building Materials
Jack in the Box	Quick-Service Restaurants
Laguna Café & Spirits	Casual Dining
Leisure World Mobil	Service Stations
McCormick & Son	Morticians and Undertakers
Mother's Market	Grocery Stores
Moulton Mini Market	Service Stations
Okon Dental Lab	Medical/Biotech
Olive Garden	Casual Dining
Papa John's Pizza	Quick-Service Restaurants
PrestineHydro	Medical/Biotech
Rite Aid	Drug Stores
Sabrosada	Fast-Casual Restaurants
Saddleback Golf Cars	Boats/Motorcycles
Starbucks	Quick-Service Restaurants
Stater Bros	Grocery Stores
Tomo Sushi	Casual Dining
Trident Society Orange County	Morticians and Undertakers

Percent of Fiscal Year Total Paid by Top 25 Accounts = 96.26%

* Firms Listed Alphabetically

(Period: July 2019 thru March 2020)

Source: State of California Board of Equalization, California Department of Taxes and Fees
Administration, State Controller's Office
Hinderliter, de Llamas & Associates

**CITY OF LAGUNA WOODS
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(IN THOUSANDS OF DOLLARS)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Eating and Drinking Places	\$ 10,775	\$ 10,715	\$ 10,593	\$ 10,774
Other Retail Stores	58,007	62,455	64,142	66,770
All Other Outlets	<u>11,674</u>	<u>11,832</u>	<u>13,222</u>	<u>12,975</u>
Total sales	<u>\$ 80,456</u>	<u>\$ 85,002</u>	<u>\$ 87,957</u>	<u>\$ 90,519</u>

Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

- (1) All data as reported in the FY 2016-17 Consolidated Annual Report has been updated to reflect final adjusted amounts amounts released by the State of California Board of Equalization.

Source: State of California Board of Equalization, California Department of Taxes and Fees Administration,
State Controller's Office
Hinderliter, de Llamas & Associates

<u>2014</u>	<u>2015 (2)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 11,540	\$ 12,430	\$ 11,164	\$ 11,392	\$ 12,245	\$ 12,060
65,839	65,895	63,148	62,301	65,324	63,833
<u>15,508</u>	<u>14,219</u>	<u>15,662</u>	<u>14,254</u>	<u>15,121</u>	<u>18,475</u>
<u>\$ 92,887</u>	<u>\$ 92,544</u>	<u>\$ 89,974</u>	<u>\$ 87,947</u>	<u>\$ 92,690</u>	<u>\$ 94,368</u>

**CITY OF LAGUNA WOODS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>	<u>Median Age (2)</u>
2010	18,747	\$ 639,854	\$ 34,131	13.10%	78.2
2011	16,334	580,282	35,526	11.90%	78.0
2012	16,500	586,212	35,528	7.90%	77.1
2013	16,581	619,400	37,356	7.00%	76.4
2014	16,575	639,480	38,581	5.60%	75.7
2015	16,213	610,005	37,624	4.50%	74.5
2016	16,319	631,062	38,670	4.10%	74.9
2017	16,597	643,075	38,746	2.60%	75.5
2018	16,518	657,531	39,806	2.20%	75.3
2019	16,243	663,431	40,844	1.80%	75.4

Notes:

(1) Population: California State Department of Finance

(2) Income and Per Capita Income: US Census Bureau, most recent American Community Survey

(3) Unemployment: California Employment Development Department

Sources: Data compiled from agencies as listed in the notes section above by
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
PRINCIPAL EMPLOYERS
CALENDAR YEAR 2019 AND NINE YEARS AGO**

2019		
Employer	Estimated Number of Employees	Percent of Total Employment
Laguna Woods Village	1,000	32.26%
Professional Community Mgmt. of CA, Inc.	80	2.58%
State Bros. Market	68	2.19%
Rainbow Realty Corporation	60	1.94%
OCB Restaurant Company LLC	55	1.77%

2010		
Employer	Estimated Number of Employees	Percent of Total Employment
Professional Community Management	1,000	37.04%
HCR Manorcare Medical Services	150	5.56%
Renaissance Senior Living LLC	100	3.70%
GMRI Inc.	86	3.19%
OCB Restaurant Company LLC	56	2.07%

Notes:

- (1) Calendar year 2019 represents the current completed calendar year.
- (2) "Total Employment" as used above represents the total employment of all employers located within City limits per the State of California Employment Development Department.

Sources: State of California Employment Development Department and Center for Demographic Research - 2020, 2010 Orange County Selectory, Harris InfoSource 2010 and Center for Demographic Research - 2010.

**CITY OF LAGUNA WOODS
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Category	Fiscal Year Ended June 30,			
	2011	2012	2013 as restated	2014 as restated
Residential	\$ 1,924,235,756	\$ 1,934,950,643	\$ 1,938,957,534	\$ 1,982,057,711
Commercial	245,051,889	206,212,280	209,170,969	213,924,549
Industrial	10,417,199	9,858,815	10,055,990	9,939,949
Agricultural	72,671	73,218	74,682	76,175
Vacant	1,470,832	1,345,031	1,822,131	1,473,682
Cross Reference	512,647	543,083	449,819	428,736
Unsecured	31,914,975	33,958,519	33,093,242	28,493,026
Exempt (1)	(7,049,339)	(7,138,680)	(7,281,425)	(7,427,044)
Totals	<u>\$ 2,213,675,969</u>	<u>\$ 2,186,941,589</u>	<u>\$ 2,193,624,367</u>	<u>\$ 2,236,393,828</u>
Total Direct Rate	<u>0.00879</u>	<u>0.00879</u>	<u>0.00879</u>	<u>0.00879</u>

Notes:

- (1) Exempt values are not included in totals.
- (2) In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Orange County Assessor - FY 2010-11 through FY 2019-20 Combined Tax Rolls
HdL, Coren & Cone

Fiscal Year Ended June 30,

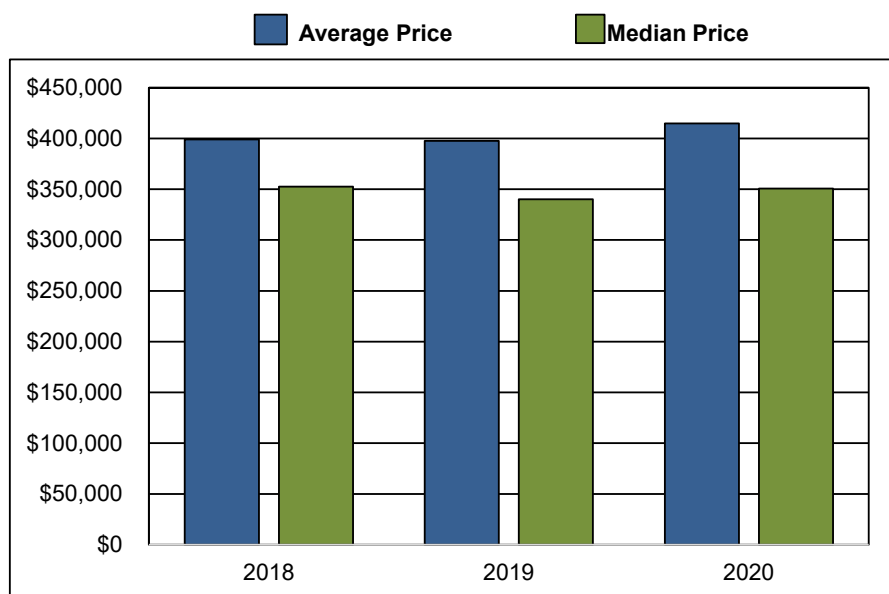
2015	2016	2017	2018	2019	2020
\$ 2,171,362,601	\$ 2,364,906,778	\$ 2,504,594,671	\$ 2,646,289,901	\$ 2,828,785,756	\$ 2,996,653,316
215,235,603	219,510,257	228,050,908	257,688,478	265,232,204	266,841,745
10,184,717	11,418,127	11,592,252	11,824,096	12,425,513	12,674,022
76,520	78,048	79,238	80,822	-	-
1,480,370	1,509,945	1,216,836	1,241,171	1,348,431	1,375,397
600,911	658,177	1,329,533	1,237,988	1,637,882	1,943,633
26,520,067	22,267,774	24,143,207	31,733,582	31,988,341	27,619,975
(7,460,756)	(7,609,792)	(7,725,834)	(7,882,362)	(8,039,999)	(8,198,736)
<u>\$ 2,425,460,789</u>	<u>\$ 2,620,349,106</u>	<u>\$ 2,771,006,645</u>	<u>\$ 2,950,096,038</u>	<u>\$ 3,141,418,127</u>	<u>\$ 3,307,108,088</u>
<u>0.00879</u>	<u>0.00879</u>	<u>0.00879</u>	<u>0.00879</u>	<u>0.00877</u>	<u>0.00877</u>

**CITY OF LAGUNA WOODS
RESIDENTIAL SALES VALUE HISTORY
LAST THREE CALENDAR YEARS**

Calendar Year	Full Value Sales	Average Price	Median Price	Median % Change
2018	425	\$ 398,976	\$ 352,500	7.14%
2019	439	\$ 397,521	\$ 340,000	-3.55%
2020	176	\$ 414,673	\$ 350,500	3.09%

Note:

Sales not included in the analysis are quitclaim deeds, trust transfers, timeshares, and partial sales.



Source: County of Orange Clerk-Recorder as of July 31, 2020 pre-release of final amounts.
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government (1)	3.00	2.00	2.06	2.50	3.00	2.19	2.45	2.45	2.45	3.00
Administrative services	3.75	3.75	3.88	3.76	3.48	4.00	3.95	4.00	4.00	3.00
Community services (2)	1.00	1.00	1.00	1.00	1.00	0.42	-	-	-	-
Community development	2.00	2.20	2.13	2.00	1.00	0.38	1.00	1.00	1.00	1.00
Public safety (3)	-	1.00	0.13	0.13	-	-	-	-	-	-
Public works	-	-	-	-	-	0.63	1.00	1.00	1.00	2.00
Total	<u>9.75</u>	<u>9.95</u>	<u>9.20</u>	<u>9.39</u>	<u>8.48</u>	<u>7.62</u>	<u>8.40</u>	<u>8.45</u>	<u>8.45</u>	<u>9.00</u>

Notes:

- (1) The City Manager provides staff support to multiple functions, but is reported in general government.
- (2) Beginning January 2016, personnel accounted for in the general government and administrative services section are responsible for coordinating community services and events.
- (3) The City contracts out for law enforcement services and is served by a joint power authority for fire services. Personnel accounted for in the general government section are responsible for coordinating with public safety partners.

Source: City of Laguna Woods, Administrative Services Department

**CITY OF LAGUNA WOODS
OPERATING INDICATORS
BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Activity initiated by -										
Calls for Service	2,607	2,767	2,722	2,829	2,852	2,835	2,682	2,525	2,587	2,421
Office/Field Initiated	394	439	434	350	387	683	957	636	723	1,158
Total Calls Handled	3,001	3,206	3,156	3,179	3,239	3,518	3,639	3,161	3,310	3,579
Arrests										
Part 1 Crimes	153	152	137	124	119	160	146	125	131	160
Part 2 Crimes	134	113	139	107	90	78	86	109	132	213
Fire:										
Number of calls answered (1)	4,560	4,717	4,748	4,306	4,847	5,321	5,636	5,333	5,342	5,390
Public works: (2)										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-

NOTE:

- (1) The number of fire calls answered included incidents dispatched by the Orange County Fire Authority with ambulance response only. In FY 2018-19 there were 404 such responses and in fiscal year 2019-20 there were 423.
- (2) The City currently tracks resurfaced areas in total, and not by year. As of June 30, 2020, there were 0.317 total square miles of streets that had been resurfaced.

Sources: Orange County Sheriff's Department, Orange County Fire Authority, and
City of Laguna Woods, Engineering & Infrastructure Services Department

**CITY OF LAGUNA WOODS
CAPITAL ASSET STATISTICS
BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police: (1)	-	-	-	-	-	-	-	-	-	-
Fire: (2)	-	-	-	-	-	-	-	-	-	-
Public works:										
Street (miles) (4)	5	5	5	5	5	5	5	5	5	5
Streetlights	221	221	221	221	221	221	221	221	221	221
Traffic signals	14	14	14	14	14	14	14	14	14	14
Parks and recreation:										
Parks	3	3	3	3	3	3	3	3	3	3
Water: (3)	-	-	-	-	-	-	-	-	-	-

Notes:

(1) The City contracts with the Orange County Sheriff's Department for law enforcement services.

(2) The City is a member of the Orange County Fire Authority.

(3) The City does not provide water services.

(4) All years have been updated to adjust total miles.

Source: City of Laguna Woods, Administrative Services Department



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