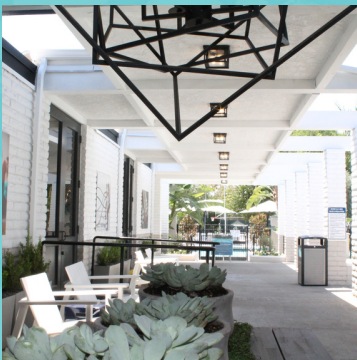


# City of Mission Viejo

## Annual Comprehensive Financial Report

### Year Ended June 30, 2023



About the covers – Residents can enjoy the newly renovated Montanoso Recreation Center, which received a fresh, modern look during 2022 along with many amenity updates including new rentable spaces.

The new rentable space – The Deck – consists of two large rentable bungalows, which are furnished with modern seating areas and featuring televisions, a small refrigerator, storage area and shelves, multiple electrical outlets, and fire pits. Just outside the bungalows is a 25-yard pool with six lanes, a hot tub, and more. The Deck is available for use during operating hours and is available to rent for special occasions.

The facility was also upgraded with new gym flooring and air conditioning. New equipment and fitness classes have also been added to provide more workout options.

For information about recreation memberships and pricing, visit [cityofmissionviejo.org/recreation/memberships](https://cityofmissionviejo.org/recreation/memberships). For rental pricing and information about The Deck, contact [fitness@cityofmissionviejo.org](mailto:fitness@cityofmissionviejo.org) or 949-859-4348. Montanoso Recreation Center is located at 25800 Montanoso Drive.

**CITY OF MISSION VIEJO  
CALIFORNIA**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

**CITY COUNCIL**

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

**CITY MANAGER**

Dennis R. Wilberg

**PREPARED BY  
ADMINISTRATIVE SERVICES DEPARTMENT**

Cheryl Dyas  
Director of Administrative Services



MISSION VIEJO

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**CITY OF MISSION VIEJO**  
Annual Comprehensive Financial Report  
Year ended June 30, 2023

**Table of Contents**

---

**INTRODUCTORY SECTION**

Letter of Transmittal .....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	vii
Organizational Structure.....	viii
List of Principal Officials .....	ix

**FINANCIAL SECTION**

Independent Auditor's Report.....	1
Management's Discussion and Analysis (Required Supplementary Information).....	5
Basic Financial Statements .....	27
Government-Wide Financial Statements .....	29
Statement of Net Position .....	29
Statement of Activities .....	30
Fund Financial Statements.....	32
Governmental Funds.....	34
Balance Sheet .....	34
Reconciliation of Balance Sheet to the Statement of Net Position.....	36
Statement of Revenues, Expenditures and Changes in Fund Balances.....	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	40
Proprietary Funds.....	41
Statement of Net Position .....	41
Statement of Revenues, Expenses and Changes in Net Position .....	42
Statement of Cash Flows.....	43
Fiduciary Funds.....	45
Statement of Fiduciary Net Position.....	45
Statement of Changes in Fiduciary Net Position .....	46
Notes to Basic Financial Statements .....	47
Required Supplementary Information.....	103
Schedule of Changes in Net Pension Liability and Related Ratios.....	104
Schedule of Pension Plan Contributions .....	106
Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios.....	108
Schedule of OPEB Contributions .....	110
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) .....	112

**CITY OF MISSION VIEJO**  
 Annual Comprehensive Financial Report  
 Year ended June 30, 2023

**Table of Contents**

---

General Fund.....	112
Grants Fund.....	113
Mission Viejo Housing Authority Fund.....	114
American Rescue Plan Act Fund .....	115
Notes to Required Supplementary Information .....	116
 Supplementary Schedules .....	 121
General Fund .....	122
Combining Balance Sheet .....	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	123
Nonmajor Governmental Funds.....	124
Combining Governmental Balance Sheet .....	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	125
Nonmajor Special Revenue Funds .....	127
Combining Balance Sheet .....	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	130
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) .....	132
Gas Tax Fund.....	132
Library Operations Fund .....	133
Law Enforcement Grants Fund .....	134
Air Quality Fund.....	135
Project V Fund.....	136
Building Homes & Jobs Act (SB2) Fund.....	137
Accessibility Compliance CASp Fund .....	138
Federal Opioid Settlement Fund .....	139
CARES Act Assistance Fund.....	140
Nonmajor Debt Service Funds.....	141
Combining Balance Sheet .....	142
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	143
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis).....	144
Mall Parking Lease Fund .....	144
CDFA 1999 Mall Bonds Fund .....	145
CDFA 2016 Lease Revenue Refunding Bonds Fund .....	146
CDFA 2021 Lease Revenue Bonds Fund .....	147
Capital Projects Funds .....	148
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis).....	149
Developer Fees Fund .....	149

**CITY OF MISSION VIEJO**  
Annual Comprehensive Financial Report  
Year ended June 30, 2023

**Table of Contents**

---

Capital Projects Fund..... 150

**STATISTICAL SECTION**

Statistical Tables and Other Schedules..... 151

Financial Trends ..... 152

    Net Position by Component – Last Ten Fiscal Years ..... 152

    Changes in Net Position – Last Ten Fiscal Years ..... 153

    Fund Balances of Governmental Funds – Last Ten Fiscal Years..... 156

    Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years ..... 157

    Governmental Fund Revenues and Expenditures – Last Ten Fiscal Years..... 159

    Tax Revenues by Source – Last Ten Fiscal Years..... 160

Revenue Capacity: ..... 161

    Assessed Value and Estimated Actual Value of Taxable Property – Last Ten  
    Fiscal Years ..... 161

    Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years ..... 162

    Principal Property Taxpayers – Current Year and Nine Years Ago ..... 163

    Property Tax Levies and Collections – Last Ten Fiscal Years..... 164

Debt Capacity:..... 165

    Ratios of Outstanding Debt by Type – Last Ten Fiscal Years ..... 165

    Direct and Overlapping Debt..... 166

    Legal Debt Margin Information – Last Ten Fiscal Years..... 167

    Pledged - Revenue Coverage – Last Ten Fiscal Years..... 168

Demographic and Economic Information: ..... 169

    Demographic and Economic Statistics – Last Ten Fiscal Years..... 169

    Principal Employers – Current Year and Nine Years Ago ..... 170

Operating Information:..... 171

    Full-Time Equivalent City Government Employees by Function – Last Ten  
    Fiscal Years ..... 171

    Operating Indicators by Function – Last Ten Fiscal Years ..... 172

    Capital Asset Statistics by Function – Last Ten Fiscal Years ..... 173



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# City of Mission Viejo

## Administrative Services Department

**Brian Goodell**  
Mayor

**Trish Kelley**  
Mayor Pro Tem

**Wendy Bucknum**  
Council Member

**Bob Ruesch**  
Council Member

**Cynthia Vasquez**  
Council Member

December 18, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Mission Viejo for the fiscal year ended June 30, 2023 is submitted herewith.

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

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

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

### *Profile of Mission Viejo*

Mission Viejo is located in southern California approximately halfway between Los Angeles and San Diego, in the southern-most portion of Orange County commonly referred to as the Saddleback Valley. The City's current population is 91,846 making it the largest city in the Saddleback Valley and the ninth largest of the county's 34 cities.

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

The City is governed under the Council-Manager form of government, with a five-member City Council elected on a non-partisan basis. Beginning with the 2022 General Election, the City has been divided into five districts. All five council seats were up for election in 2022 for four-year terms. There is a three consecutive term limit for all council seats. Council elections are held in November of even-numbered years. The Mayor is selected by the City Council from among its membership and serves a one-year term. The City

Manager is appointed by the City Council to carry out the policies and direction of the City Council, oversee the day-to-day operations of the City and appoint the heads of the various City departments. The current City Manager, Dennis Wilberg, has served in that position since November 2003.

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

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

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

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

#### *Local economy*

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

The two largest employers in the City are Providence Mission Hospital and Saddleback College. Both have been major employers in the community since incorporation. Providence Mission Hospital is the largest hospital in South Orange County and one of only three trauma centers in all of Orange County with over 2,700 employees. The hospital began a three-part multistage expansion plan in the fall of 2022. The expansion will include a new tower at Providence Mission Hospital with nearly 100 private patient rooms, leading-edge operating suites, and cardiac catheterization labs. Part two expansion include enhancements

to neuroscience, cardiovascular and maternity services and part three expansion includes construction of two health centers, including one location in Rancho Mission Viejo. Saddleback College, the City's second largest employer with over 1,770 employees, is a two-year community college serving nearly 40,000 students each school year. It was established in 1968 and is part of the California Community College system. The college is fully accredited and offers over 300 associate degrees, certificates and occupational skills awards in 190 program areas, including accounting, engineering, fashion, journalism and nursing.

The commercial sector of the City is anchored by The Shops at Mission Viejo, a regional mall of 1.1 million square feet. Tenants include Macy's, Nordstrom, Apple, Tesla, Dick's Sporting Goods and Sephora. In addition to Tesla, six other auto dealers are located in Mission Viejo: Audi, Infiniti, Jaguar/Land Rover, Kia, Lexus, and Volvo. Home Depot also has a major presence in town as does Floor & Décor and Target, with three locations in Mission Viejo. The Mission Viejo Freeway Center, located adjacent to Interstate 5, is home to Best Buy, Michael's, Petco and World Market. In September 2020, an Amazon Fulfillment Center opened at the former Unisys site on Jeronimo Road between Alicia Parkway and Los Alisos Boulevard. The station powers Amazon's last-mile delivery capabilities to speed up deliveries for customers in the south Orange County area and has created almost 300 new jobs.

Since its incorporation, Mission Viejo has had a strong tax base. Over the years, the relatively high property values and personal income levels within the City have generated tax revenues sufficient to support a very high level of municipal services and facilities for the community to enjoy, as well as healthy fund balances. Since 2013, assessed valuation of property in the City has grown at an average annual rate of 4.4%. City property tax revenue accounts for 42% of total governmental revenues. Sales tax revenue represents 21% of governmental revenues. The remainder of the tax base (franchise taxes, real property transfer taxes and transient occupancy taxes (TOT)) contributes another 6% of governmental revenues.

During the past ten years, the unemployment rate peaked at 8.6% in 2020 due to the impacts of the COVID-19 pandemic. The health of the economy has recovered more rapidly than originally expected and unemployment levels have decreased since 2020 and the unemployment rate has dropped to 3.8% at the end of 2023. Median housing values were not affected by the pandemic. Median housing values grew from \$700,000 in 2019 to a peak of \$1,010,000 in 2022. The housing market cooled in 2023 and the median housing values at the end of 2023 was \$937,000. Sales tax revenue has rebounded after declining in the first year of the pandemic due to state-wide closures. Total sales tax revenue received for fiscal year 2022-23 was \$20.7 million, a new high for Mission Viejo. Hotels in the City have also rebounded to above pre-pandemic levels. Total TOT revenue for the fiscal year was over \$1.3 million.

#### *Long-term financial planning*

The City prepared a Master Financial Plan (MFP) as part of the 2023-2025 biennial budget and is an integral part of the City's budget process. The MFP includes a seven-year General Fund revenue forecast and expenditure plan. The MFP also provides essential information on projected General Fund reserves, and allows for analysis of the amount of resources available to fund equipment replacement as well as asset rehabilitation and repair. The long-range nature of the MFP also allows management and staff to be more proactive in budget planning, using the seven years of projections to plan for anticipated swings in revenues or expenditures. The 2025-30 revenue forecast indicated that general fund revenue would grow throughout the forecast period on an average of 3.44% per year. Property tax and sales tax revenue represents 80% of General Fund revenue and are important revenue sources for the City. The MFP projects that both these revenue sources will grow annually on an average of 3.71% for property taxes and 4.01% for sales taxes

through 2030. Actual revenue growth for property taxes was 6.5% in FY 2022-23, exceeding the MFP projection of 2.72%. Sales tax revenue in FY 2022-23 exceeded original revenue projections by \$0.6 million and exceeded the MFP projection by 11%. The current MFP was prepared with a conservative approach to future expenditure planning. The 2023-24 adopted budget is balanced without the use of General Fund reserves. For each year beyond 2024, the MFP reflects that the City can maintain a balanced budget through FY 2029-30 with careful planning.

Financial policy requires the City to adopt a balanced operating budget. This means that budgeted revenues are sufficient to support current operating expenditures while maintaining a positive operating position. Any one-time revenues that are received are to be used for one-time costs. The City's General Fund reserve policy requires that reserves will be established through a risk analysis performed biennially in coordination with the preparation of the two-year budget. The analysis for the 2023-25 budget was adopted in May 2023. The City Council set the target General Fund reserve at \$35.0 million, with a minimum General Fund reserve of \$31.5 million. The reserve balance at June 30, 2023 is \$38.3 million, or 51.0% of fiscal year 2022-23 on-going General Fund revenue. The revenue used for this calculation excludes one-time revenue and other non-reoccurring revenue such as CIP project reimbursements (e.g. grant reimbursements).

The City received the GFOA Distinguished Budget Presentation Award and CSMFO Excellence in Operational Budgeting Award for its 2021-2023 biennial budget document. To qualify for the GFOA award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The CSMFO award reflects excellence in the budget document and the underlying budget process through which the budget is implemented. The 2023-25 budget document was submitted to both GFOA and CSMFO for award consideration.

#### *Major initiatives/projects*

LOS OSOS Project (Core Area Vision Plan Project) – In March 2017, the City Council approved the Core Area Vision Plan. This vision plan articulates the future development potential of the City's Core Area which includes the properties around the intersection of La Paz Road and Marguerite Parkway, and along Marguerite Parkway, to the south, including the intersection of Marguerite and Oso Parkways. In early 2021, a property owner in the Village Center at the southeast quadrant of La Paz Road and Marguerite Parkway, approached the City about purchasing the Stein Mart property within the center. The City spent several months negotiating price and terms with the property owner and the City Council approved the negotiated purchase and sale agreement at the September 14, 2021 City Council meeting and closed escrow on the property on November 24, 2021. Also, during the September 14 meeting, the City Council directed staff to take actions necessary to finance the Core Area Vision Plan project with lease revenue bonds, including the purchase of the Stein Mart property. At the November 9 City Council meeting, the City Council authorized the issuance of \$19.0 million of Mission Viejo Community Development Financing Authority Lease Revenue Bonds (Core Area Vision Plan Project), to finance the first phase cost of the project which includes; acquisition of the Stein Mart property and easements to implement the project; professional services for conceptual design, design development, and working drawings and construction management; and other costs necessary to implement the overall vision plan. The phase one bonds were issued on December 22, 2021. While the City Council authorized the issuance of additional bonds in November 2021 for \$27.0 million, there are currently no plans to issue additional bonds. At the October 24, 2023 meeting, the City Council approved the LOS OSOS Go Forward Plan. This plan presented five phases for the further development of the property. Phase I development includes the design, environmental clearance and construction of the North Paseo from



Marguerite Parkway to the front of the current MART (formerly Stein Mart) building. The current estimated cost for Phase I is \$6.2 million that would be funded with unspent bond proceeds from the 2021 Lease Revenue Bonds issued in December 2021. The design and environmental clearance are expected to take place between December 2023 and March 2025. Project construction is expected to begin in April 2025 with completion by September 2026. The current total project cost, including the cost to purchase the property is approximately \$67.8 million. The 2017 Core Area Vision Plan is located at <https://cityofmissionviejo.org/sites/default/files/mission-viejo-core-area-vision-plan.pdf>. Information about the project including concept videos are located at <https://envisionmv.com/vision/>. The Resources page at the envisionMV website contains materials of past public presentations and City Council meeting agenda reports.

Oso Creek Public Golf Course – In July 2020, the City issued a contract to MR-ProFun to develop a golf course and open space vision plan. The scope of the plan was to include potential future use and operation of the golf course, including potential complementary uses such as hospitality or other recreational uses that would serve to enhance and sustain the existing golf course facility. The effort also included potential future uses of approximately 5 acres of undeveloped land adjacent to the golf course and the Marguerite Recreation Center. The Vision Plan was presented to the City Council and public at the November 9, 2021 City Council meeting. The City Council approved moving forward with the near term project recommendations which include creating a temporary outdoor event area at the golf course, create additional parking at the golf course for staff and valet service, create a new pedestrian crossing on Casta Del Sol Drive, create additional parking at the Marguerite Recreation Center, create a new trail head and parking lot along the Oso Creek Trail off Casta Del Sol Drive, including amenities such as restrooms and trail café and improvements to the Oso Creek Trail between Casta Del Sol Drive and Jeronimo Road. Project recommendations are expected to be implemented over the next two to four years. Additionally, at the March 28, 2023 City Council meeting, the Council approved appropriating \$300,000 to study the feasibility of constructing a multi-level parking structure at the golf course site. This study is in progress.

Performing Arts Center – In March 2023, the City Council approved the appropriation of \$100,000 to study the feasibility of constructing a performing arts center in Mission Viejo in furtherance of the Cultural Arts Master Plan. This study is in progress.

Development of Lower Curtis Park – The area below and east of the existing Curtis Park, between La Paz Road and Escatron has been identified as open space for additional recreational purposes. Beginning in 2019 the City began conceptual development of this site, including issuing contracts for geotechnical soils work and rough grading plans for the construction of a “super-pad”. In September 2019, the City received a grant from the Orange County Transportation Authority for the construction of bioretention water quality basins at the north end of the proposed park expansion site. The plan includes importing approximately 760,000 cubic yards of dirt from the freeway improvements that are currently underway to the Interstate 5 freeway that would be graded into a pad that could be used in the future for recreational uses. Dirt import began in August 2021 and is expected to continue over a period of three years. Once the pad is complete, the City will consider options for park expansion and other recreational improvements.

La Paz Bridge & Road Widening – This project will add a third lane in each direction of La Paz Road between Chrisanta Drive and Muirlands Boulevard. The roadway and the existing bridges over the railroad tracks will be widened. Estimated cost of project is \$18.5 million. Construction began in January 2023 and is expected take about a year to complete.

*Awards and acknowledgements*

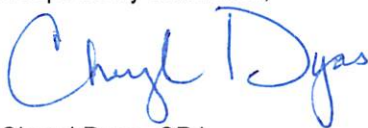
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mission Viejo for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. The Certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Mission Viejo received its first Certificate of Achievement in 1988-89, its first full year of incorporation as a city, and has received the certificate every year since then. I believe this 2022-23 ACFR continues to conform to the Certificate of Achievement program requirements, and it will be submitted to GFOA for award consideration.

The preparation and publication of the ACFR is a team effort, requiring the dedication and cooperation of the entire Administrative Services Department staff and the City's independent auditors, Davis Farr LLP. I would like to acknowledge the following individuals who contributed significant effort toward the publication of this document: Administrative Services Manager Andrea Bartlett, Administrative Services Manager Susan Knudson, Junior Accountant Jennifer Frye and Administrative Services Analyst Sherry Merrifield.

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

Respectfully submitted,



Cheryl Dyas, CPA  
Director of Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Mission Viejo  
California**

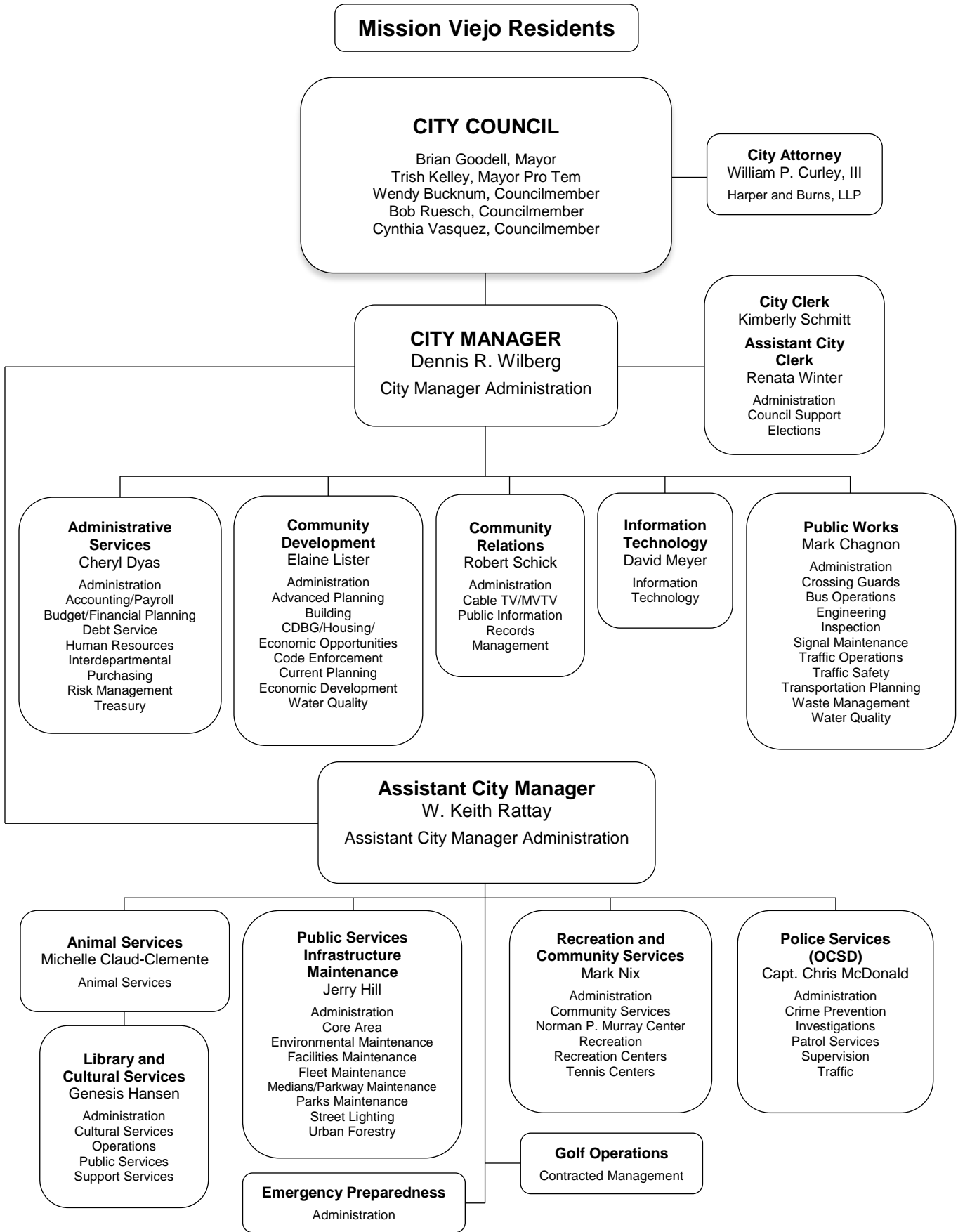
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**CITY OF MISSION VIEJO**  
 Organizational Structure  
 June 30, 2023





**CITY OF MISSION VIEJO**  
List of Principal Officials  
as of June 30, 2023

---

City Manager .....	Dennis R. Wilberg
Assistant City Manager.....	W. Keith Rattay
Director of Administrative Services.....	Cheryl Dyas
Director of Animal Services .....	Michelle Claud-Clemente
Director of Community Development.....	Elaine Lister
Director of Community Relations .....	Robert Schick
Director of Information Technology.....	David Meyer
Director of Library and Cultural Services .....	Genesis Hansen
Director of Public Services .....	Jerry Hill
Director of Public Works .....	Mark Chagnon
Director of Recreation and Community Services .....	Mark Nix
City Clerk.....	Kimberly Schmitt
City Attorney.....	William P. Curley III
Chief of Police Services (O.C. Sheriff Department).....	Captain Chris McDonald



MISSION VIEJO

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## **Independent Auditor's Report**

City Council  
City of Mission Viejo  
Mission Viejo, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mission Viejo (City), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mission Viejo as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As described further in Note 11 to the financial statements, during the year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Agreements. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information for the General*

*Fund and each major special revenue fund, schedule of changes in net pension liability and related ratios, schedule of plan contributions, schedule of changes in net OPEB liability/(asset) and related ratios and schedule of OPEB contributions* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Summarized Comparative Information**

We have previously audited the City's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial

statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California  
December 18, 2023



Management's Discussion and Analysis (Required Supplementary Information)

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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As management of the City of Mission Viejo ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. Please read it in conjunction with the accompanying transmittal letter at the front of this report, and the basic financial statements, which follow this section.

### **Financial Highlights**

- Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$708.8 million. This amount is referred to as the net position of the City. Of this amount, \$24.8 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased \$10.4 million from the prior year.
- As of June 30, 2023, the City's governmental funds (the General Fund plus Special Revenue, Debt Service and Capital Projects funds) reported combined ending fund balances of \$73.1 million. Governmental revenues and other financing sources exceeded expenditures and other financing uses by \$6.5 million in FY 2022-23. Of the \$73.1 million combined ending fund balances at June 30, 2023, \$30.1 million is categorized as unassigned, \$10.0 million is categorized as assigned, \$32.9 million is categorized as restricted and \$31,000 is categorized as non-spendable.
- Of the \$10.0 million General Fund assigned fund balance, \$4.4 million is assigned to extreme events/natural disasters, \$3.2 million is assigned to debt liabilities, \$1.4 million is assigned to capital asset replacement, with \$1.0 million assigned to capital projects.
- Unassigned General Fund fund balance of \$33.2 million includes a \$25.0 million reserve for economic and budgetary uncertainty. Another \$4.9 million is for carryover appropriations to FY 2023-24, including encumbrances. The balance of \$3.3 million is available for any purpose at the Council's discretion.
- The City's total long-term liabilities, as reported on the Statement of Net Position, is \$70.7 million, an increase of \$12.0 million. Liabilities for bond debt decreased \$3.1 million due to principal payments during the year, while pension liabilities increased \$15.2 million due to a pension plan net loss of 6.1% for fiscal year ended June 30, 2022.

### **Overview of the Financial Statements**

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

**Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. There are two government-wide financial statements: the Statement of Net Position and the Statement of Activities. They present information for the government as a whole and present a longer-term view of the City's



**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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finances. These two statements help to answer the question: "Is the City as a whole better off or worse off as a result of this year's activities?"

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

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

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

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

The government-wide financial statements can be found on pages 29-31 of this report.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

The basic governmental fund financial statements can be found on pages 34-40 of this report.

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

The basic proprietary fund financial statements can be found on pages 41-44 of this report.

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

The basic fiduciary fund financial statements can be found on pages 45-46 of this report.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 47-101 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's "modified approach" method of accounting for its street infrastructure assets, budgetary policies and supplemental information on the City's defined benefit plans. Required supplementary information can be found on pages 104-119 of this report.

The supplemental schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 122-150 of this report.

**Government-wide Financial Analysis**

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

**Net Position at Year-End (in millions)**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2022-2023
Current assets	\$ 94.6	\$ 91.2	\$ 7.2	\$ 7.6	\$ 101.8	\$ 98.8	3.0%
Noncurrent assets	-	2.0	0.4	0.5	0.4	2.5	-84.0%
Capital assets	665.4	665.3	14.2	14.0	679.6	679.3	0.0%
<b>Total assets</b>	<b>760.0</b>	<b>758.5</b>	<b>21.8</b>	<b>22.1</b>	<b>781.8</b>	<b>780.6</b>	<b>0.2%</b>
<b>Deferred outflows of resources</b>	<b>10.4</b>	<b>3.7</b>	<b>1.4</b>	<b>0.4</b>	<b>11.8</b>	<b>4.1</b>	<b>187.8%</b>
Current liabilities	12.3	15.4	0.7	1.3	13.0	16.7	-22.2%
Noncurrent liabilities	66.9	56.8	3.8	1.9	70.7	58.7	20.4%
<b>Total liabilities</b>	<b>79.2</b>	<b>72.2</b>	<b>4.5</b>	<b>3.2</b>	<b>83.7</b>	<b>75.4</b>	<b>11.0%</b>
<b>Deferred inflows of resources</b>	<b>0.6</b>	<b>9.3</b>	<b>0.5</b>	<b>1.6</b>	<b>1.1</b>	<b>10.9</b>	<b>-89.9%</b>
Net position:							
Net investment in capital assets	636.1	633.0	13.5	13.2	649.6	646.2	0.5%
Restricted	34.4	28.9	-	-	34.4	28.9	19.0%
Unrestricted	20.1	18.8	4.7	4.5	24.8	23.3	6.4%
<b>Total net position</b>	<b>\$ 690.6</b>	<b>\$ 680.7</b>	<b>\$ 18.2</b>	<b>\$ 17.7</b>	<b>\$ 708.8</b>	<b>\$ 698.4</b>	<b>1.5%</b>

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$708.8 million as of June 30, 2023, the close of the most recent fiscal year. In comparison to 2022 and 2021, net position was \$698.4 million and \$690.8 million, respectively. The City's total net position increased by \$10.4 million from the prior year.

By far the largest portion of the City's net position at June 30, 2023 (\$649.6 million, or 91.6% of total net position) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are further discussed later in this analysis.

An additional \$34.4 million of the City's net position is restricted net position, representing resources that are subject to external restrictions on how they may be used. Restricted net position increased \$5.5 million, or 19.0% from June 30, 2022. During FY 2022-23, a contribution of \$1.5 million was made to the Section 115 pension trust fund, increasing the total assets in the Section 115 pension trust fund to \$6.8 million. Accumulated resources restricted for engineering and transportation projects increased by \$2.6 million, with cash balances increasing by a combined \$1.6 million in the gas tax fund, capital projects fund due to Measure M2 allocations and the air quality fund. These resources will be used for future projects. Community development restricted resources increased by \$0.8 million. During the year, two affordable housing loans were paid off with the Housing Authority receiving over \$0.7 million in resources restricted for affordable housing purposes.

The third category of net position, unrestricted, increased by \$1.5 million to \$24.8 million from the prior year. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This same condition also held true for the prior fiscal year. The City's overall net position increase of \$10.4 million from the prior fiscal year is discussed in the following sections for governmental activities and business-type activities.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

**Changes in Net Position (in millions)**

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2023	2022	2023	2022	2023	2022	2022-2023
<b>Revenues</b>							
Program revenues:							
Charges of services	\$ 9.7	\$ 9.1	\$ 7.6	\$ 6.8	\$ 17.3	\$ 15.9	8.8%
Operating grants and contributions	13.5	10.3	0.1	0.1	13.6	10.4	30.8%
Capital grants and contributions	4.6	1.6	-	-	4.6	1.6	187.5%
General revenues:							
Property taxes	43.7	40.8	-	-	43.7	40.8	7.1%
Sales and use taxes	20.7	20.5	-	-	20.7	20.5	1.0%
Other taxes	5.9	5.9	-	-	5.9	5.9	0.0%
Investment earnings	0.8	(0.8)	0.1	(0.1)	0.9	(0.9)	-200.0%
Other	0.2	0.2	-	-	0.2	0.2	0.0%
<b>Total revenues</b>	<b>99.1</b>	<b>87.6</b>	<b>7.8</b>	<b>6.8</b>	<b>106.9</b>	<b>94.4</b>	<b>13.2%</b>
<b>Expenses</b>							
General government- legislative	1.6	0.6	-	-	1.6	0.6	166.7%
General government- management/support	11.5	11.1	-	-	11.5	11.1	3.6%
Public safety	24.0	22.3	-	-	24.0	22.3	7.6%
Community development	3.8	4.0	-	-	3.8	4.0	-5.0%
Engineering & transportation	9.3	8.6	-	-	9.3	8.6	8.1%
Infrastructure maintenance	26.4	23.6	-	-	26.4	23.6	11.9%
Recreation, community and library services	10.6	8.6	-	-	10.6	8.6	23.3%
Golf operations	-	-	4.2	3.6	4.2	3.6	16.7%
Animal services	-	-	3.6	3.0	3.6	3.0	20.0%
Mission Viejo television	-	-	0.3	0.2	0.3	0.2	50.0%
Interest on long-term debt	1.2	1.2	-	-	1.2	1.2	0.0%
<b>Total expenses</b>	<b>88.4</b>	<b>80.0</b>	<b>8.1</b>	<b>6.8</b>	<b>96.5</b>	<b>86.8</b>	<b>11.2%</b>
<b>Excess/(deficiency) in net position before transfers and extraordinary item</b>	<b>10.7</b>	<b>7.6</b>	<b>(0.3)</b>	<b>-</b>	<b>10.4</b>	<b>7.6</b>	<b>36.8%</b>
Transfers	(0.8)	(0.6)	0.8	0.6	-	-	0.0%
<b>Increase (decrease) in net position</b>	<b>9.9</b>	<b>7.0</b>	<b>0.5</b>	<b>0.6</b>	<b>10.4</b>	<b>7.6</b>	<b>36.8%</b>
Net position, beginning of year	680.7	673.7	17.7	17.1	698.4	690.8	1.1%
<b>Net position, end of year</b>	<b>\$ 690.6</b>	<b>\$ 680.7</b>	<b>\$ 18.2</b>	<b>\$ 17.7</b>	<b>\$ 708.8</b>	<b>\$ 698.4</b>	<b>1.5%</b>

**Governmental activities.** During the current year, net position for governmental activities increased \$9.9 million from the prior fiscal year ending balance of \$680.7 million. Total revenues of \$99.1 million were more than expenses and net transfers of \$89.2 million.

Revenue Analysis

Total revenues increased by \$11.5 million over the prior year. General revenues increased by \$4.7 million. Property tax revenue was up \$2.9 million. The property tax growth rate for secured and unsecured property for FY 2022-23 was 5.63%, accounting for the majority of this increase. Sales tax revenue increased from the prior year in the amount of \$0.2 million. Other taxes, which includes Transient Occupancy Tax (TOT) and Franchise Fees remained flat. While TOT experienced an

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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increase of \$0.2 million as hotels continued to rebound post pandemic, franchise fees remained flat and real property transfer tax declined \$0.3 million as the real estate market cooled. Investment income increased \$1.6 million as the City was able to take advantage of rising interest rates after experiencing a decline in the market value of investment held at June 30, 2022 as a result of rising interest rates.

Program revenues are broken out into three categories: charges for services, operating grants and contributions and capital grants and contributions. Overall, program revenue increased by \$6.8 million. Charges for services increased by \$0.6 million. Operating grants and contributions increased by \$3.2 million and capital grants and contributions increased by \$3.0 million.

The Recreation, Community and Library Services program area experienced a \$0.9 million increase in charges for services during the year. At the start of FY 2021-22, while all recreation and library facilities were open, hours of operation at certain recreation facilities and many program offerings had not been fully restored to pre-pandemic levels. FY 2022-23 is the first full year post pandemic where all facilities, programs and services reached or exceeded pre-pandemic levels. Passport revenue increased \$65,000. Class revenue across all facilities increased \$319,000. Recreation center memberships and day use fees increased \$283,000 and tennis center membership and day use fees increased \$170,000. These increases were offset with small declines in other operating areas. Community development program area revenue declined \$181,000, with most of this decline due to lower planning fees and cell tower rental fees collected as compared to the prior year. Building permits fees remained flat. Engineering and transportation program area charges for services were also down \$256,000 due to lower improvement plan check and inspection fees in the current year.

In the area of operating grants and contributions, revenue was up in all program areas with the exception of Public Safety, with an overall net increase of \$3.2 million. The largest increases were reflected in the Engineering and Transportation and Infrastructure Maintenance functions in the amount of \$0.6 million and \$1.6 million respectively. For Engineering and Transportation, gas tax and Measure M2 revenues were up approximately \$0.5 million due to increases in state gas tax rates and sales tax applied against rising gas prices. The City also received reimbursements of \$0.2 million from local water districts as part of the annual street resurfacing program. For Infrastructure Maintenance, \$3.3 million was recognized from the American Rescue Plan Act (ARPA) allocation for a variety of general government purposes. This is \$1.6 million more than the prior year. ARPA funding capital projects included Coronado Park playground rehabilitation, Marty Russo Park field light installation, and the Aquatics Center sales building installation. ARPA funds were also used toward the Jeronimo Road slope rehabilitation and repairs, City Hall HVAC replacement, Aquatics Center dive tower repairs and the Oso Creek Water Reclamation Plan agreement. Community Development program area reported an increase of \$0.4 million attributed to two affordable housing loan repayments in the Housing Authority Fund. Recreation, Community and Library Services program area reported an increase of \$0.4 million, recognizing CDBG grant revenue that provided funding for a senior grocery and meal delivery program and ARPA funding used to support the Kid's Factory program and purchase recreation center gym equipment.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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In the area of capital grants and contributions, net revenues were up \$3.0 million. In the current year, the City received reimbursement from two grants for \$3.0 million for the La Paz Road and Bridge Widening project. Construction on this project began in January 2023.

Expenses Analysis

Expenses associated with governmental activities increased by \$8.4 million, or 10.5%. The largest increase is in the area of Infrastructure Maintenance in the amount of \$2.8 million. The City expended \$1.0 million to the Santa Margarita Water District as an initial deposit on the Oso Creek Water Reclamation Plan project agreement. Under this agreement, the City is obligated to pay an additional \$3.0 million. City also expended \$1.1 million more on facility repairs and maintenance across all facilities. The more significant one-time repairs included the Aquatics Center dive tower repairs for \$0.3 million and \$0.2 million for new City Hall HVAC equipment. Recreation, Community and Library Services function costs increased \$2.0 million. As previously stated, FY 2022-23 is the first full year post pandemic where all facilities, programs and services reached or exceeded pre-pandemic levels. The increase in operating hours and expansion of programs over the previous year, resulted in an increase in costs. The expenses in the current year of \$10.5 million are equal to the total expenses in FY 2018-19, the last full fiscal year before the pandemic started. The Public Safety function increased by \$1.7 million with the primary cause the increase to the Orange County Sheriff's contract by 3.57% over the prior year with \$1.3 million more paid in FY 2022-23. Also, as electricity costs have risen, the City spent \$0.1 million more on street lighting over the prior year. General Government-Legislative function expenses exceeded prior year by \$1.0 million due to additional legal costs associated with ongoing litigation, residential home rehab task force issues and Core Area issues.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

The cost of all governmental activities in FY 2022-23 was \$88.4 million. That cost was financed by: those who directly benefited from the programs and services (10.9%); other governments and organizations that subsidized certain programs and projects with grants and contributions (20.5%); and general tax revenues and other general revenues of the City (68.6%). The percentage of costs borne by general revenue sources decreased by 5.3% from the prior year.

**Net Cost of Governmental Activities (in millions)**

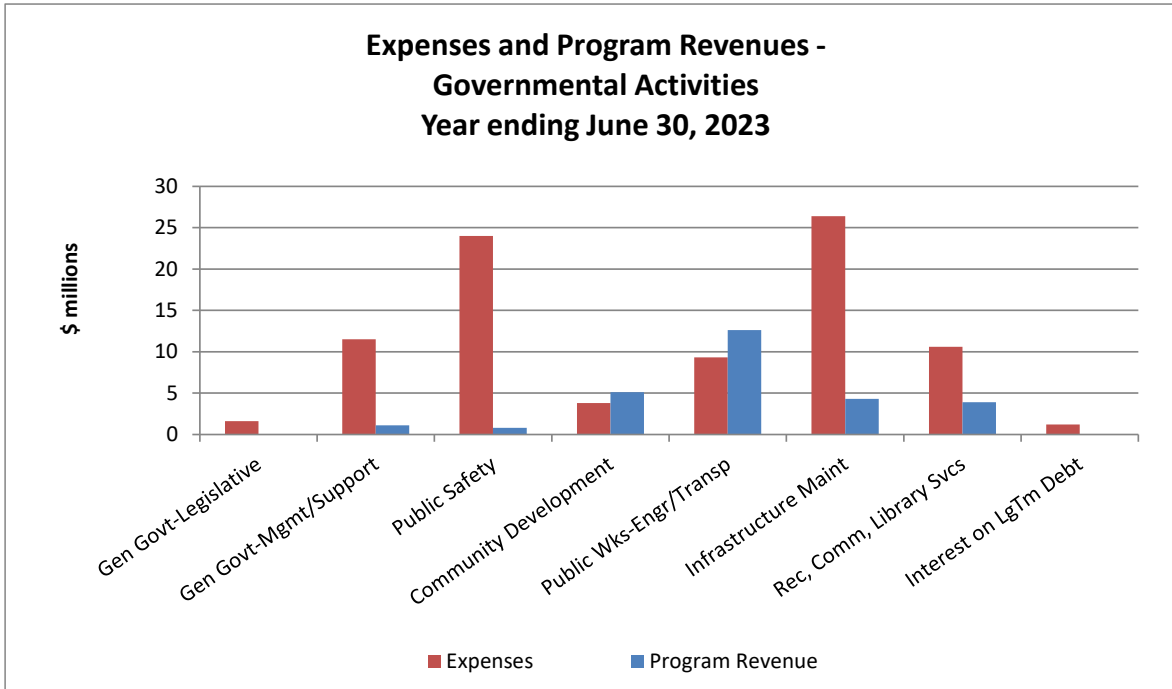
	2023			2022		
	Total Cost of Services	Net Cost of Services	% of Total Cost Borne By General Revenues	Total Cost of Services	Net Cost of Services	% of Total Cost Borne By General Revenues
General government- legislative	\$ 1.6	\$ 1.6	100.0%	\$ 0.6	\$ 0.6	100.0%
General government- management/support	11.5	10.4	90.4%	11.1	10.4	93.7%
Public safety	24.0	23.2	96.7%	22.3	21.5	96.4%
Community development	3.8	(1.3)	-34.2%	4.0	(1.0)	-25.0%
Engineering & transportation	9.3	(3.3)	-35.5%	8.6	(0.6)	-7.0%
Infrastructure maintenance	26.4	22.1	83.7%	23.6	21.0	89.0%
Recreation, community and library services	10.6	6.7	63.2%	8.6	6.0	69.8%
Interest on long-term debt	1.2	1.2	100.0%	1.2	1.2	100.0%
	<b>\$ 88.4</b>	<b>\$ 60.6</b>	<b>68.6%</b>	<b>\$ 80.0</b>	<b>\$ 59.1</b>	<b>73.9%</b>

The overall decrease is caused by the increase in the recognition of ARPA funding received in response to the COVID-19 pandemic. The amount recognized in the current year of \$3.5 million is \$1.8 million higher than the amount recognized in the prior year of \$1.7 million.

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



**CITY OF MISSION VIEJO**  
 Management's Discussion and Analysis  
 Year ended June 30, 2023



**Business-type activities.** There are three business-type activities of the City: Golf Course operations, comprising 51.5% of total expenses; Animal Services, comprising 44.9% of the total expenses; and Mission Viejo Television, comprising 3.6% of expenses. Business-type activities continue to be a relatively small component of overall City operations, representing about 8.4% of total City expenses for the current fiscal year.

Golf Course

Net position for the Golf Course Fund increased \$212,000 in FY 2022-23. Program revenue increased \$0.6 million over the prior year. Total expenses increased \$0.6 million. The increases are due to an increase in green fees effective July 2022 and the expansion of dinner food service at the clubhouse restaurant. The City contracts with American Golf Corporation to manage the day-to-day operations of the golf course.

Animal Services

Net position for the Animal Services Fund increased \$104,000 in FY 2022-23. Program revenue increased \$175,000 and expenses increased \$624,000 from the prior year. The increase in expenses is primarily in the area of personnel as a result of significant swings in pension costs from one year to the next as net investment earnings went from 21.3% in FY 2020-21, a return that exceeded the assumed rate of 7.0% to a return of negative 6.1% in FY 2021-22. The City provides animal services to four neighboring cities in addition to the residents of Mission Viejo. Net costs of the operation are allocated to each city based on population. Charges for services collected from other cities was \$1.6 million for FY 2022-23, while the City's share of the operating subsidy was \$805,000, an increase of \$95,000 from the prior year.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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Mission Viejo Television

Net position for Mission Viejo Television (MVTV) increased by \$143,000 in FY 2022-23. Program revenue was down \$30,000. The primary revenue for funding this operation are franchise fees from local cable operators. This revenue stream has shown periods of decline as customers opt for other streaming services over local cable providers. Operating expenses increased \$72,000 from the prior year, with personnel services showing an increase of \$55,000. While actual cost of personnel salaries and benefits have not increased by this amount, the increase in expenses is a result of significant swings in pension costs from one year to the next as net investment earnings went from 21.3% in FY 2020-21, a return that exceeded the assumed rate of 7.0% to a return of negative 6.1% in FY 2021-22.

Financial Analysis of the Governmental Funds

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

At June 30, 2023, the City's governmental funds (as presented in the balance sheet on pages 34-35) reported combined fund balances of \$73.1 million, an increase of \$6.5 million in comparison with the prior year balance of \$66.5 million. Approximately \$30.1 million of this total amount (41.3%) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted or assigned to indicate that it is 1) not in spendable form (\$31,000), 2) legally required to be spent on specific uses or be maintained intact (\$32.9 million), or 3) assigned for a particular purpose (\$10.0 million).

**General Fund.** The General Fund is the chief operating fund of the City. As of June 30, 2023, the total fund balance of the General Fund was \$51.0 million, an increase of \$5.8 million from the \$45.2 million prior year balance. General Fund revenues were up overall approximately \$4.3 million. Tax revenues were up \$2.1 million. Property tax revenue was up \$2.3 million. The property tax growth rate for secured and unsecured property for FY 2022-23 was 5.63%, accounting for the majority of this increase. Sales tax revenue decreased from the prior year in the amount of \$0.2 million. Transient Occupancy Tax (TOT) increased \$0.2 million as hotels continued to rebound following the pandemic. Franchise Fees increased \$0.1 million and property transfer tax decreased almost \$0.3 million as the housing market slowed. Investment earnings increased \$1.5 million. The City reported an investment loss of \$0.7 million in the prior year as the market value of investments held by the City at June 30, 2022 declined due to the rise in interest rates. Throughout the current year, the City has been able to reinvest maturing investments in higher yielding securities resulting in higher returns. Charges for services revenue was up \$0.7 million. As previously reported, FY 2022-23 was the first full year post

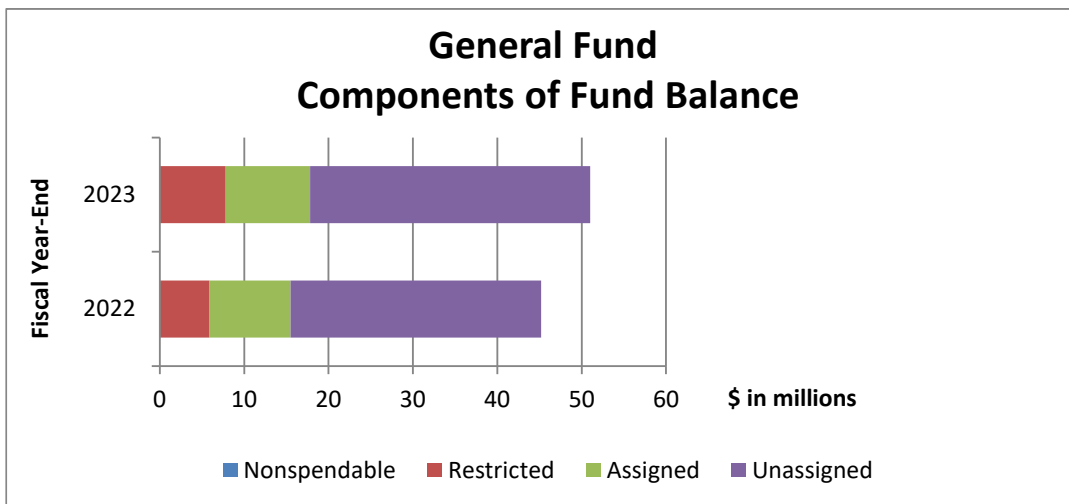
**CITY OF MISSION VIEJO**  
 Management's Discussion and Analysis  
 Year ended June 30, 2023

---

pandemic when all facilities, programs and services reached or exceeded pre-pandemic levels. Class revenue across all facilities increased \$319,000. Recreation center memberships and day use fees increased \$283,000, tennis center membership and day use fees increased \$170,000 and field and room rentals were up \$71,000. These increases were offset with small declines in other operating areas. Cell tower rental revenue was down \$52,000 and improvement plan check fees were down \$98,000. Intergovernmental revenue was up \$0.4 million. The City received a distribution of redevelopment dissolution pass through revenue for the first time of \$0.4 million.

Expenditures were down approximately \$4.8 million overall. Infrastructure Maintenance capital outlay expenditures were down \$10.7 million. In the prior year, the City expended \$11.9 million for the purchase of real property for the development of the Core Area Vision Plan. Public safety expenditures were up \$1.8 million with the primary cause the increase to the Orange County Sheriff's contract by 3.57% over the prior year with \$1.3 million more paid in FY 2022-23. Infrastructure Maintenance operating expenditures were up \$2.4 million. The City expended \$1.0 million to the Santa Margarita Water District as an initial deposit on the Oso Creek Water Reclamation Plan project agreement. Under this agreement, the City is obligated to pay an additional \$3.0 million. City also expended \$1.1 million more on facility repairs and maintenance across all facilities. The more significant one-time repairs included the Aquatics Center dive tower repairs for \$0.3 million and \$0.2 million for new City Hall HVAC equipment. Recreation, Community and Library Services expenditures increased by \$0.7 million. As previously stated, FY 2022-23 is the first full year post pandemic where all facilities, programs and services reached or exceeded pre-pandemic levels. The increase in operating hours and expansion of programs over the previous year, resulted in an increase in costs. The expenses in the current year of \$5.6 million are slightly above the total expenses in FY 2018-19 in the amount of \$5.4 million, the last full fiscal year before the pandemic started. General Government-Legislative function expenses exceeded prior year by \$0.8 million due to additional legal costs associated with ongoing litigation, residential home rehab task force issues and Core Area issues.

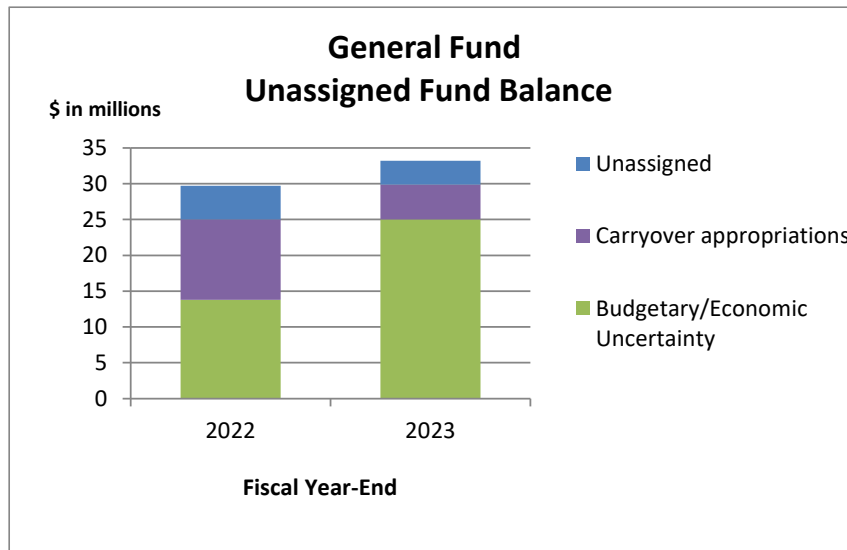
Components of General Fund fund balance are reflected in the following graph.



**CITY OF MISSION VIEJO**  
 Management's Discussion and Analysis  
 Year ended June 30, 2023

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Restricted fund balance of \$7.8 million is primarily comprised of assets held in a Section 115 Trust account for the payment of pension obligations to eligible employees of the City and their eligible dependents and beneficiaries. Restricted fund balance increased \$1.8 million from the prior year and is largely due to an additional contribution to the Section 115 Trust during the year in the amount of \$1.5 million. Assigned fund balance of \$10.0 million is comprised of \$4.4 million for extreme events/natural disasters, \$3.2 million for debt liabilities, \$1.4 million for capital asset replacement and \$1.0 million for capital projects. These amounts were designated by the City Council on May 23, 2023 with Resolution 23-19 as a result of the 2023 General Fund Reserve Risk Analysis. The largest component of fund balance is unassigned fund balance at \$33.2 million. Unassigned fund balance includes \$25.0 million for economic and budgetary uncertainty and \$4.9 million for carry over appropriations, including amounts for encumbrances. The remaining balance in unassigned fund balance of \$3.3 million, is available for any purpose at the Council's discretion. Unassigned fund balance increased \$3.6 million from the prior year.



As a measure of the General Fund's relative fiscal strength, it is useful to calculate the General Fund reserve balance as a percentage of total General Fund revenues. The City Council has defined reserves under their discretion for purposes of this calculation as the total balance of assigned reserves in the amount of \$10.0 million, the economic and budgetary uncertainty reserve in the amount of \$25.0 million, unassigned reserve of \$3.3 million, to comprise the balance of the City Council's discretionary reserve balance of \$38.3 million at June 30, 2023. This amount represents 51.0% of FY 2022-23 ongoing General Fund revenue of \$75.1 million. The revenue used for this calculation excludes one-time and non-operating revenue (e.g. rolling reserve, CIP reimbursements, etc.)

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

**Developer Fees Fund.** The Developer Fees Fund ended the year with a negative fund balance of \$1.4 million, a decrease of \$0.6 million from the prior year ending fund balance of negative \$0.8 million.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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The decrease in fund balance is due to the expenditure of \$1.0 million in capital improvement project costs for the Felipe Road and Oso Parkway intersection improvement project for \$0.1 million, the Oso Parkway and I-5 Freeway on ramp improvement project for \$0.1 million, the Montanoso rehabilitation project for \$0.7 million and the Coronado Park play area rehabilitation project for \$0.1 million. Expenditures in the current year were offset by the receipt of \$0.4 million in Park Development fees. The funding source for the recreation projects are Park Development Fees. The funding source for the street projects are County of Orange South County Roadway Improvement Program (SCRIP) development fees. Park Development fees are collected from developers as part of the City's building permit process. SCRIP fees are collected by the County of Orange. There is an intergovernmental receivable in this fund of \$1.5 million for amounts due the City at June 30, 2023. This receivable increased \$0.3 million over the prior year balance and are amounts due from the County of Orange.

**Grants Fund.** The Grants Fund ended the year with a positive fund balance of \$0.6 million, an increase of \$0.1 million from the prior year. The grants fund includes activity for the Community Development Block Grant (CDBG) grant, Senior Mobility grant funded through the Orange County Transportation Authority (OCTA), funding for a Systemic Safety Analysis Report (SSARP) through the State, a project funded with State of California Mobile Source Air Pollution Grant funds, and a project funded with Bicycle Corridor Improvement Grant funds through OCTA. Grant revenues in the current year were \$0.8 million compared to \$0.6 million in expenditures. CDBG program expenditures were \$0.2 million, while Senior Mobility grant expenditures were \$0.3 million. Capital improvement program expenditures were \$129,000 expended on the Bicycle Corridor Improvement project. There is a CDBG housing rehabilitation loan receivable balance in this fund of \$1.9 million at June 30, 2023. These loans are repaid when a home is either refinanced, sold by the owner, or when the loan recipient no longer occupies the home. The loan receivable balance decreased by \$64,000 from the prior year. There were loan repayments of \$186,000 against new loans issued of \$122,000. Individual loans are capped at \$25,000. There is an intergovernmental receivable in this fund of \$171,000 for amounts due the City at June 30, 2023. This receivable increased \$25,000 over the prior year balance and are amounts due from the Department of Housing and Urban Development (HUD) under the CDBG program, the State of California under the Mobile Source Air Pollution Grant and OCTA under the Bicycle Corridor Improvement Grant. The largest amount due from any one agency is \$90,000 from HUD.

**Capital Projects Fund.** The Capital Projects Fund had a fund balance of \$2.3 million at June 30, 2023, an increase of \$0.2 million from the prior year. This fund includes activity for all Measure M2 resources, both apportionments and funds awarded through competitive grants, restricted for street and road related projects. Revenues in the current year were \$6.1 million, including \$2.1 million from apportionments. Capital projects funded with Measure M2 resources include the La Paz Road and Bridge Widening, I-5 Sound Wall, Jeronimo and Marguerite Intersection Improvement project, Los Alisos & Santa Margarita Intersection Improvement project, catch basin debris screen projects and annual street resurfacing programs. There is an intergovernmental receivable in this fund of \$3.5 million for amounts due the City at June 30, 2023. This receivable increased \$2.6 million over the prior year balance and are amounts due from the Federal Highway Administration under the Highway Bridge Program and OCTA under the Arterial Capacity Enhancements, Environmental Cleanup Allocation and ICE Programs. The largest amount due from any one agency is \$1.7 million from the Federal Highway Administration.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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**Housing Authority Fund.** The Housing Authority Fund had a fund balance of \$6.3 million at June 30, 2023, an increase of \$0.7 million from the prior year. Expenditures during the fiscal year were \$56,000 and were primarily for administrative related expenditures. Revenue consisted of \$11,000 of investment earnings and the repayment of two affordable housing subsidy loans in the amount of \$723,000. There is a housing rehabilitation loan receivable balance in this fund of \$105,000 at June 30, 2023. There were no loan repayments during the year. These loans are repaid when a home is either refinanced, sold by the owner, or when the loan recipient no longer occupies the home. There are no longer new loans made for housing rehabilitation using funds from the Housing Authority. All payoff proceeds are used for other affordable housing purposes. There is an amount due from developers in the amount of \$2.1 million at June 30, 2023. This amount was loaned under affordable housing agreements executed by the former redevelopment agency and the Housing Authority. Additional information on these agreements can be found in note 5 in the Notes to Basic Financial Statements. The fund has a note payable balance due the City in the amount of \$1.573 million against a note agreement dated May 8, 2015 for the purchase of land (Site C) for future affordable housing purposes. Additional information on this note can be found in note 7 in the Notes to Basic Financial Statements.

**American Rescue Plan Act Fund.** The American Rescue Plan Act (ARPA) fund was created in fiscal year 2020-21 to account for resources received from the United States Treasury in response to the COVID-19 pandemic. The ARPA fund had no fund balance at June 30, 2023. The City received an allocation of \$4.9 million in May 2021 and a second \$4.9 million allocation in June 2022. The City expended \$435,000 during fiscal year 2020-21, \$1.7 million during fiscal year 2021-22 and another \$3.5 million during fiscal year 2022-23. The unspent balance of \$4.2 million will be expended in future fiscal years for general government purposes in accordance with ARPA spending requirements. Unspent funds at June 30, 2023 are classified as unearned revenue in accordance with accounting standards.

**Proprietary funds.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements for the City's business-type activities, but in more detail for each fund. Please refer to the business-type activities section starting on page 15 for details on each proprietary fund.

### **General Fund Budgetary Highlights**

**Original budget compared to final budget.** After each fiscal year is closed, outstanding encumbrances at year end and unencumbered appropriations are determined for carryover to the subsequent fiscal year. These amounts for FY 2022-23 were approved by the City Council in October 2022 and increased the original budget accordingly. Total carryover appropriations for FY 2022-23 were \$11.2 million, with \$2.3 million appropriated in the operating budget and \$8.9 million for the capital improvement program (CIP) budget. The most significant operating carryover appropriations were \$0.8 million for various information technology projects, including funding for the land management software implementation and the phone system replacement, \$0.2 million for an audio and visual sound system replacement and the community and senior center and \$0.4 million for the Aquatics Center dive tower repair and other maintenance needs. Significant CIP carryover appropriations were for the

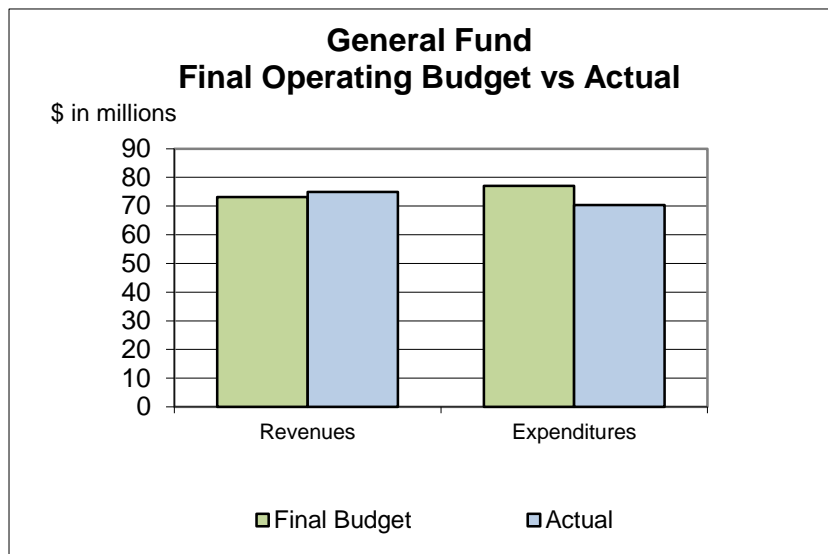
**CITY OF MISSION VIEJO**  
 Management's Discussion and Analysis  
 Year ended June 30, 2023

La Paz Road and Bridge Widening in the amount of \$0.7 million and \$6.7 million for the Core Area Vision Plan project.

During the year, there were a net total of \$8.6 million additional appropriations approved by the City Council. The City Council approved a \$0.2 million appropriation for the La Paz Bridge Rehabilitation and Road Widening project in July 2022, a \$1.3 million additional contribution to the Section 115 pension trust fund in October 2022, a \$4.0 million appropriation to partially fund the City's share of the Corp Yard Administration and Storage Building Facility construction project through the Santa Margarita Water District in March 2023 and \$0.1 million for the development of Objective Design Standards in April 2023. Included in the mid-year appropriations was a net increase in appropriations of \$1.6 million, including \$0.4 million for legal services for special counsel litigation and other legal services, \$0.2 million to supplement the street lighting budget due to rate increases, \$0.9 million to increase the parks, medians, slopes and facilities maintenance budgets, \$0.4 million increase in appropriations in the Recreation Department to supplement program budgets throughout all the recreation facilities, including an increase of \$0.2 million for contract instructors, \$0.3 million to develop a parking feasibility study for a parking structure at the golf course and \$0.1 million to develop a performing arts theatre feasibility study. Mid-year increases were offset with a \$0.3 million reduction in police services, a reduction of \$0.3 million in the Marty Russo Park Lights project budget, and a \$0.1 million reduction in the land management implementation budget.

**Final budget compared to actual results.** Actual revenues for the year were \$1.7 million more than revised budget projections. Actual franchise fees exceeded projections by \$0.6 million. Actual revenues for charges for services exceeded projections by \$0.5 million as a result of recreation memberships, tennis fees and class participation outperforming expectations. Intergovernmental actuals exceeded projections by \$0.4 million as the City received a distribution of redevelopment dissolution pass through revenue that was not projected.

Actual operating expenditures were \$6.6 million less than the final appropriations budget. All seven program areas underspent their budgets. The CIP budget came in \$8.4 million under budget with the largest unspent CIP budget for the Core Area Vision Plan project in the amount of \$6.1 million. Although these appropriations were not spent during FY 2022-23, \$13.3 million has been carried over for continued use in FY 2023-24 for ongoing active projects, including: \$0.3 million for



**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

the parking structure feasibility study, \$0.6 million for various IT projects, \$0.3 million for various facility maintenance projects, \$3.0 million for the Oso Creek Water Reclamation Plan project agreement, \$0.1 million for the performing arts theatre feasibility study, \$0.9 million for the La Paz Bridge Rehabilitation and Road Widening project, \$1.3 million for the Madrid Fore play area rehabilitation project and \$6.1 million for the Core Area Vision Plan project.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$679.7 million, net of accumulated depreciation. Beginning capital assets at July 1, 2022 was restated by \$0.5 million to implement GASB 96. This investment in assets includes land, buildings, machinery, equipment, vehicles, library materials, subscription arrangements and infrastructure. The total increase in capital assets for the current fiscal year was \$0.4 million, or 0.1%.

**Capital Assets, Net of Depreciation (in millions)**

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2023	2022	2023	2022	2023	2022	Change
							2022-2023
Land	\$ 57.3	\$ 57.3	\$ 11.1	\$ 11.1	\$ 68.4	\$ 68.4	0.0%
Rights of way	243.9	243.9	-	-	243.9	243.9	0.0%
Buildings and Improvements	56.8	59.4	2.1	2.0	58.9	61.4	-4.1%
Park improvements	6.8	4.7	0.5	0.4	7.3	5.1	43.1%
Machinery, equipment and furniture	1.1	1.3	0.2	0.1	1.3	1.4	-7.1%
Vehicles	0.2	0.1	-	-	0.2	0.1	100.0%
Lease equipment, furniture and vehicles	0.2	0.1	0.3	0.4	0.5	0.5	0.0%
Library materials	0.2	-	-	-	0.2	-	100.0%
Subscription arrangements	0.3	0.5	-	-	0.3	0.5	-40.0%
Infrastructure	290.1	291.9	-	-	290.1	291.9	-0.6%
Water rights	0.7	0.7	-	-	0.7	0.7	0.0%
Construction in progress	7.9	5.4	-	-	7.9	5.4	46.3%
<b>Total</b>	<b>\$ 665.5</b>	<b>\$ 665.3</b>	<b>\$ 14.2</b>	<b>\$ 14.0</b>	<b>\$ 679.7</b>	<b>\$ 679.3</b>	<b>0.1%</b>

**Governmental activities.** Total capital asset additions are \$7.8 million. Buildings and improvements increased \$1.5 million and included \$0.3 million for the Aquatic Center retail building addition and \$1.2 million for the Montanoso pool area rehabilitation. Park improvements increased \$2.6 million with the largest increase of \$1.3 million for the Marty Russo light installation. Another \$1.0 million was added for the Coronado Park play area rehabilitation. Equipment, computers and furniture increased by \$0.3 million with \$0.2 added for the City Hall HVAC system and \$0.1 million added for phone replacements.



**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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Four new trucks, one new pool vehicle and two motorcycles were added for \$0.3 million. Library collection materials were added for \$0.2 million and total infrastructure of \$0.4 million for the installation of catch basin debris screens. Construction in progress increased \$2.6 million. Projects started but not completed during FY 2022-23 included the Bicycle Corridor Improvement project and the Madrid Fore play area rehabilitation project. These projects are expected to be completed during FY 2023-24. Projects continuing from the prior year and are on-going include the La Paz Bridge and Road Widening, Felipe Road and Oso Parkway intersection improvement project, the Oso Parkway and I-5 freeway on ramp improvement project, I-5 Sound Wall project and the Core Area Vision Plan project. Projects completed during FY 2022-23 include the Montanoso pool rehabilitation project, Coronado Park play area rehabilitation project, Marty Russo Youth Athletic Park field light project and the Aquatics Center sales building installation project. Generally, as the notice of completion (NOC) is filed on each project, the costs associated with each project will be deleted from the construction in progress capital asset category and added to the appropriate capital asset category in the year the NOC is filed. Total asset additions were offset by current year depreciation of \$7.6 million, resulting in a net increase in governmental activities capital assets of \$0.2 million.

The City funded a grant in the amount of \$1.0 million to Santa Margarita Water District to provide financial assistance for the construction of the Lake Mission Viejo Advanced Purified Water Treatment Facility. As part of that agreement, the City has the right to reduced water rates from the water district over a twenty-year period. This asset will be amortized at \$50,000 per year over twenty years. FY 2022-23 is the seventh year of amortization.

**Business-type activities.** Overall, capital assets increased \$0.2 million. Total additions of \$508,000 included \$288,000 under buildings and improvements and included \$132,000 for golf clubhouse kitchen renovations and \$156,000 for a golf course restroom. A park improvement addition for \$68,000 was for the construction of the Garden Grille eatery at the golf course. Two new utility vehicles for \$29,000 were added to the golf course operation. Equipment additions of \$122,000 included surveillance cameras at the golf course and kennel heaters and the animal shelter. Capital asset additions were offset by current year depreciation of \$346,000.

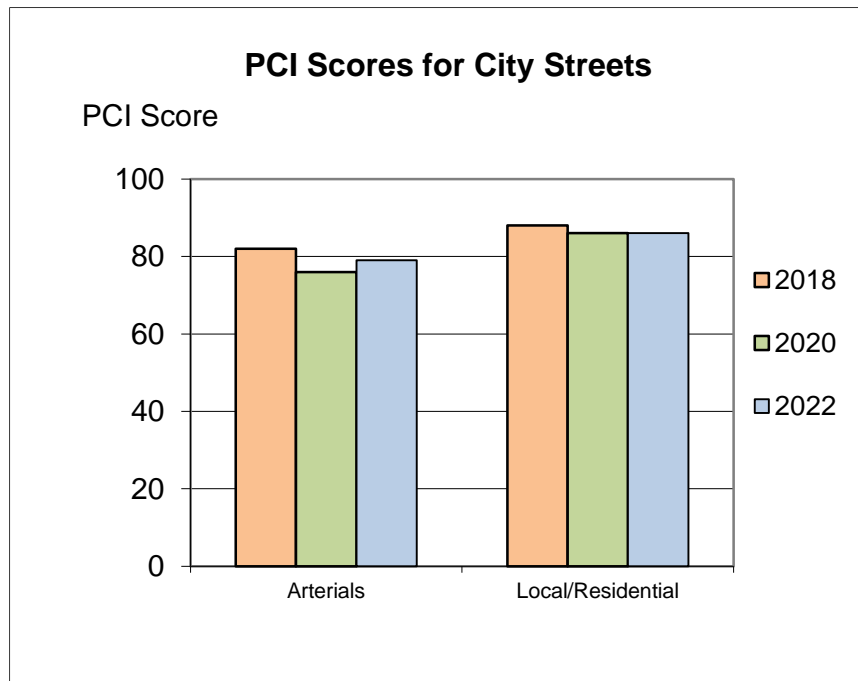
As allowed by GASB Statement No. 34, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the "modified approach," the City expenses certain maintenance and preservation costs and does not report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

## CITY OF MISSION VIEJO

Management's Discussion and Analysis

Year ended June 30, 2023

The City has continued to maintain the condition of its roads at a high level. The City Council's established minimum condition level is for categories of roads to have a Pavement Condition Index (PCI) rating of 75 or above, using the PCI methodology. There are five PCI categories ranging from "Very Good" to "Very Poor". Street categories are classified as Arterials or Local/Residential streets. The most recent



condition assessment, completed for fiscal year 2021-22, indicated that arterial roadways were in "good" condition with a PCI score of 79 and local/residential streets were in "very good" condition with a PCI score of 86. The current citywide weighted average Pavement Condition Index is 84, which is a slight increase of one PCI point since the 2020 assessment. The City has 3.0% of its streets reported in the "Poor" category and 0.0% of its streets reported in the "Very Poor" category.

For the last five fiscal years, total actual maintenance fell below total projected preservation needs by only \$3.9 million. For FY 2022-23, actual expenditures fell below projected needs by \$2.1 million. At June 30, 2023 the City had \$1.6 million of unspent appropriations for arterial highway and residential street resurfacing projects that were carried over to FY 2023-24. The estimate assumes the streets in the worst condition will be repaired first. However, for street maintenance purposes the City is divided into seven geographic areas. By grouping the streets into these seven areas the City can maintain and preserve its streets in a more economical and productive manner. Once every seven years all streets in each area receive the maintenance and preservation work required to maintain the streets at or above the condition level adopted by City Council.

Additional information about the City's capital assets is presented in Note 6 of the Notes to Basic Financial Statements on pages 69-72 of this report and Note 2 of the Notes to Required Supplementary Information on pages 117-119.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

**Long-Term Debt.** At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$70.7 million, increasing \$12.0 million over the prior year balance of \$58.7 million. Beginning long-term liabilities at July 1, 2022 was restated by \$0.5 million to implement GASB 96.

**Long-Term Liabilities (in millions)**

	Governmental		Business-Type		Total		Total Percentage Change 2022-2023
	Activities		Activities		Total		
	2023	2022	2023	2022	2023	2022	
Revenue bonds	\$ 40.8	\$ 43.9	\$ -	\$ -	\$ 40.8	\$ 43.9	-7.1%
Bond Premium	1.3	1.3	-	-	1.3	1.3	0.0%
<b>Subtotal-bonds payable</b>	<b>42.1</b>	<b>45.2</b>	<b>-</b>	<b>-</b>	<b>42.1</b>	<b>45.2</b>	<b>-6.9%</b>
Net pension liability	21.7	8.4	3.2	1.3	24.9	9.7	156.7%
Net OPEB liability	0.4	-	-	-	0.4	-	100.0%
Leases	0.2	0.2	0.4	0.4	0.6	0.6	0.0%
Subscription arrangement	0.3	0.5	-	-	0.3	0.5	-40.0%
Compensated absences	2.2	2.5	0.2	0.2	2.4	2.7	-11.1%
<b>Total</b>	<b>\$ 66.9</b>	<b>\$ 56.8</b>	<b>\$ 3.8</b>	<b>\$ 1.9</b>	<b>\$ 70.7</b>	<b>\$ 58.7</b>	<b>20.4%</b>

Total principal on all bond debt issued decreased by \$3.1 million as a result of principal payments made during the fiscal year. The net pension liability increased \$15.2 million from the prior year as a result of a negative 6.1% net investment return on pension plan assets during fiscal year 2021-22. Due to an investment loss on the retiree healthcare plan during fiscal year 2021-22, a liability has been recorded of \$0.4 million for the OPEB plan. This is the first year the City's OPEB plan has reflected an unfunded liability since implementing GASB 75 in fiscal year 2017-18. The City has nine leases at June 30, 2023. Three vehicles leases are for 2021 Ford Explorers used for public safety operations, three vehicle leases are for 2023 Chevrolet Silverado trucks used for Public Services Department operations and one lease is for a City pool car. Principal payments in the amount of \$138,000 were made during the year, resulting in a year-end balance of \$203,000 on vehicle leases. The City has a lease for golf course maintenance equipment with an end of year balance of \$65,000 and a lease for golf carts with an end of year balance of \$286,000.

The California State Constitution limits the amount of general obligation bond debt a city may incur to 3.75% of its total assessed valuation, which for the City of Mission Viejo was \$766.9 million at June 30, 2023. The City has no general obligation bond debt outstanding.

Additional information on the City's long-term liabilities can be found in Note 8 of the Notes to Basic Financial Statements on pages 73-80 of this report. Additional information on the City's pension liability can be found in Note 18 on pages 88-96 of this report. Additional information on the City's OPEB liability can be found in Note 20 on pages 96-101 of this report.

**CITY OF MISSION VIEJO**  
Management's Discussion and Analysis  
Year ended June 30, 2023

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**Next Year's Budget, Tax Rates and Fee Levels**

The fiscal year 2023-24 City budget was adopted in June 2023. This budgets was prepared conservatively with property tax and sales tax estimates projected with conservative growth from the previous fiscal year. The total operating and capital improvement program budget were approved for \$87.0 million and \$11.5 million respectively. There were no tax rate or fee increases as part of the preparation and adoption of the 2023-24 budget. The General Fund budget was adopted without the use of reserves. A comprehensive master fee schedule can be located on the finance page of the City website at the following link. <https://cityofmissionviejo.org/departments/finance/master-fee-schedule>.

**Requests for Information**

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



## Basic Financial Statements

# CITY OF MISSION VIEJO

## BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2023

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The following basic financial statements, which consist of Government-wide Financial Statements and Fund Financial Statements, along with the Notes to Basic Financial Statements, present an overview of the City's financial position at June 30, 2023 and the results of its operations and cash flows for the fiscal year.

### Government-wide Financial Statements

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

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

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

### Fund Financial Statements

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

### Governmental Fund Types

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

### Proprietary Fund Type

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

### Fiduciary Fund Types

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

CITY OF MISSION VIEJO

Statement of Net Position

June 30,2023 (with Comparative Totals as of June 30,2022)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2023	2022
<b>ASSETS</b>				
Cash and investments (note 2)	\$ 53,733,052	\$ 7,967,638	\$ 61,700,690	\$ 64,683,933
Accounts receivable	489,142	10,255	499,397	434,016
Taxes receivable	5,693,844	93,642	5,787,486	5,338,544
Loans receivable	2,024,638	-	2,024,638	2,091,536
Interest receivable	346,078	-	346,078	194,561
Prepaid items	29,568	2,995	32,563	12,370
Inventories	-	52,287	52,287	28,186
Deposits	430	-	430	430
Intergovernmental receivable	7,775,566	61,037	7,836,603	4,415,150
Notes receivable (note 4)	2,097,003	-	2,097,003	2,265,104
Interfund balances (note 3)	39,861	(39,861)	-	-
Interfund note balances (note 7)	879,599	(879,599)	-	-
Due from developers (note 5)	2,110,738	-	2,110,738	2,484,433
Land held for resale	6,900,000	-	6,900,000	6,900,000
Restricted cash and investments for pensions (note 2)	3,825,236	-	3,825,236	1,983,280
Restricted cash and investments with fiscal agent (note 2)	8,638,151	-	8,638,151	7,983,073
OPEB asset (note 20)	-	-	-	2,136,541
Lease receivable (note 9)	-	367,596	367,596	376,417
Capital assets not being depreciated (note 6)	510,997,143	11,083,377	522,080,520	519,524,459
Capital assets, net of depreciation (note 6)	154,485,339	3,112,218	157,597,557	159,752,675
<b>Total assets</b>	<b>760,065,388</b>	<b>21,831,585</b>	<b>781,896,973</b>	<b>780,604,708</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related (note 18)	\$ 8,782,371	\$ 1,313,469	\$ 10,095,840	\$ 3,190,207
OPEB related (note 20)	1,133,177	51,813	1,183,990	366,306
Deferred refunding charge	522,414	-	522,414	587,716
<b>Total deferred outflows of resources</b>	<b>10,436,962</b>	<b>1,365,282</b>	<b>11,802,244</b>	<b>4,144,229</b>
<b>Total assets and deferred outflows of resources</b>	<b>770,502,350</b>	<b>23,196,867</b>	<b>793,699,217</b>	<b>784,748,937</b>
<b>LIABILITIES</b>				
Accounts payable	5,008,943	483,284	5,492,227	5,657,895
Accrued payroll	521,811	72,146	593,957	1,125,383
Accrued interest payable	654,036	14,037	668,073	483,118
Unearned revenues	4,499,712	4,638	4,504,350	7,936,318
Deposits payable	1,162,757	10,143	1,172,900	1,011,179
Intergovernmental payable	165,746	125,512	291,258	329,043
Other liabilities	12,894	-	12,894	13,670
Retainage payable	345,182	-	345,182	142,469
Noncurrent liabilities:				
Due within one year (note 8)	4,753,802	248,033	5,001,835	4,887,829
Due in more than one year (note 8)	40,065,319	323,201	40,388,520	44,195,802
Net pension liability (note 18)	21,696,989	3,244,946	24,941,935	9,641,920
Net OPEB liability (note 20)	355,516	16,271	371,787	-
<b>Total liabilities</b>	<b>79,242,707</b>	<b>4,542,211</b>	<b>83,784,918</b>	<b>75,424,626</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease related (note 9)	-	367,596	367,596	376,417
Pension related (note 18)	541,229	80,945	622,174	9,008,529
OPEB related (note 20)	97,035	4,429	101,464	1,522,563
<b>Total deferred inflows of resources</b>	<b>638,264</b>	<b>452,970</b>	<b>1,091,234</b>	<b>10,907,509</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>79,880,971</b>	<b>4,995,181</b>	<b>84,876,152</b>	<b>86,332,134</b>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 636,071,623	\$ 13,476,549	\$ 649,548,172	\$ 646,238,521
Restricted for:				
Community development	11,210,316	-	11,210,316	10,368,922
Engineering and transportation	11,139,696	-	11,139,696	8,473,222
Infrastructure maintenance	509,073	-	509,073	256,363
Library operations	1,697,511	-	1,697,511	1,658,413
Public safety	210,567	-	210,567	169,602
Recreation	629,975	-	629,975	549,538
Debt service	2,247,644	-	2,247,644	2,219,178
Pensions	6,828,533	-	6,828,533	5,197,962
Unrestricted	20,076,441	4,725,137	24,801,578	23,285,081
<b>Total net position</b>	<b>\$ 690,621,379</b>	<b>\$ 18,201,686</b>	<b>\$ 708,823,065</b>	<b>\$ 698,416,802</b>

See accompanying notes to the basic financial statements.

CITY OF MISSION VIEJO

Statement of Activities

For the Year Ended June 30, 2023 (with Comparative Totals for the Year Ended June 30, 2022)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General Government-Legislative	\$ 1,603,125	\$ 5,844	\$ -
General Govt-Mgmt and Support	11,538,198	738,931	408,447
Public Safety	24,006,168	403,030	384,403
Community Development	3,842,016	4,149,554	979,687
Engineering & Transportation	9,267,318	790,902	7,271,853
Infrastructure Maintenance	26,357,338	398,013	3,795,205
Rec/Community/Library Services	10,574,207	3,192,177	658,732
Interest and fiscal charges	1,222,448	-	-
<b>Total governmental activities</b>	<b>88,410,818</b>	<b>9,678,451</b>	<b>13,498,327</b>
<b>Business-type activities:</b>			
Mission Viejo Television Fund	289,474	408,376	-
Golf Operations Fund	4,165,035	4,375,964	-
Animal Services Fund	3,623,597	2,805,353	66,969
<b>Total business-type activities</b>	<b>8,078,106</b>	<b>7,589,693</b>	<b>66,969</b>
<b>Total primary government</b>	<b>\$ 96,488,924</b>	<b>\$ 17,268,144</b>	<b>\$ 13,565,296</b>

**General revenues:**

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

**Transfers**

**Total general revenues, special items, and transfers**

**Change in net position**

**Net position - beginning**

**Net position - ending**

See accompanying notes to the basic financial statements.



Net (Expense) Revenue and Changes in Net Position

Primary Government				
			Totals	
Capital Grants and Contributions	Governmental Activities	Business-type Activities	2023	2022
\$ -	\$ (1,597,281)	\$ -	\$ (1,597,281)	\$ (641,846)
-	(10,390,820)	-	(10,390,820)	(10,265,984)
-	(23,218,735)	-	(23,218,735)	(21,476,505)
-	1,287,225	-	1,287,225	981,023
4,513,916	3,309,353	-	3,309,353	605,521
128,659	(22,035,461)	-	(22,035,461)	(21,029,739)
-	(6,723,298)	-	(6,723,298)	(6,019,849)
-	(1,222,448)	-	(1,222,448)	(1,238,333)
<u>4,642,575</u>	<u>(60,591,465)</u>	<u>-</u>	<u>(60,591,465)</u>	<u>(59,085,712)</u>
-	-	118,902	118,902	221,343
-	-	210,929	210,929	226,098
-	-	(751,275)	(751,275)	(302,544)
-	-	(421,444)	(421,444)	144,897
<u>\$ 4,642,575</u>	<u>(60,591,465)</u>	<u>(421,444)</u>	<u>(61,012,909)</u>	<u>(58,940,815)</u>
	43,709,642	-	43,709,642	40,759,998
	20,680,397	-	20,680,397	20,550,900
	3,718,009	-	3,718,009	3,639,190
	719,381	-	719,381	1,001,546
	1,347,653	-	1,347,653	1,171,247
	96,009	-	96,009	108,731
	789,813	103,327	893,140	(875,345)
	13,418	588	14,006	1,077
	240,935	-	240,935	216,943
	(776,126)	776,126	-	-
	<u>70,539,131</u>	<u>880,041</u>	<u>71,419,172</u>	<u>66,574,287</u>
	9,947,666	458,597	10,406,263	7,633,472
	680,673,713	17,743,089	698,416,802	690,783,330
	<u>\$ 690,621,379</u>	<u>\$ 18,201,686</u>	<u>\$ 708,823,065</u>	<u>\$ 698,416,802</u>

# CITY OF MISSION VIEJO

## BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2023

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### DESCRIPTION OF GOVERNMENTAL FUNDS

#### MAJOR GOVERNMENTAL FUNDS:

##### GENERAL FUND

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

##### SPECIAL REVENUE FUNDS

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

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

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

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

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

##### CAPITAL PROJECTS FUNDS

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

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

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

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

# CITY OF MISSION VIEJO

## BASIC FINANCIAL STATEMENTS - OVERVIEW YEAR ENDED JUNE 30, 2023

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### **NON-MAJOR GOVERNMENTAL FUNDS:**

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

### **DESCRIPTION OF PROPRIETARY FUNDS**

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

### **MAJOR ENTERPRISE FUNDS:**

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

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

### **NON-MAJOR ENTERPRISE FUND:**

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

### **DESCRIPTION OF FIDUCIARY FUNDS**

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

### **PRIVATE-PURPOSE TRUST FUND**

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

CITY OF MISSION VIEJO

Governmental Funds

Balance Sheet

June 30, 2023 (With Comparative Totals as of June 30, 2022)

	General Fund	Developer Fees Fund	Grants Fund	Capital Projects Fund
<b>ASSETS</b>				
Cash and investments	\$ 37,911,391	\$ 27,778	\$ 630,176	\$ 3,217,944
Accounts receivable	489,142	-	-	-
Taxes receivable	5,239,590	-	27,297	343,431
Loans receivable	1,118	-	1,918,537	-
Interest receivable	337,656	-	-	-
Prepaid items	22,123	-	-	-
Deposits	430	-	-	-
Intergovernmental receivable	226,200	1,461,041	170,706	3,509,699
Interfund receivables (note 3)	5,598,104	-	-	-
Notes receivable (note 4)	2,097,003	-	-	-
Interfund note receivable (note 7)	2,452,599	-	-	-
Due from developers (note 5)	-	-	-	-
Land held for resale	-	-	-	-
Restricted Assets:				
Cash and investment for pensions	3,825,236	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total assets</b>	<u>\$ 58,200,592</u>	<u>\$ 1,488,819</u>	<u>\$ 2,746,716</u>	<u>\$ 7,071,074</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,537,558	\$ 21,344	\$ 114,327	\$ 949,458
Accrued payroll	444,098	131	931	1,171
Unearned revenues	267,592	-	-	-
Deposits payable	1,134,677	-	-	-
Intergovernmental payable	192,222	-	-	-
Interfund payable (note 3)	-	1,440,269	80,894	2,481,024
Other liabilities	12,894	-	-	-
Retainage payable	616	-	-	230,773
Interfund note payable (note 7)	-	-	-	-
<b>Total liabilities</b>	<u>5,589,657</u>	<u>1,461,744</u>	<u>196,152</u>	<u>3,662,426</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	1,573,000	1,461,041	1,938,468	1,099,420
<b>Total deferred inflows of resources</b>	<u>1,573,000</u>	<u>1,461,041</u>	<u>1,938,468</u>	<u>1,099,420</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>7,162,657</u>	<u>2,922,785</u>	<u>2,134,620</u>	<u>4,761,846</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	23,671	-	-	-
Restricted				
Community development	-	-	-	-
Core Area Vision Plan capital project	-	-	-	-
Debt service	-	-	-	-
Engineering and transportation	975,298	-	-	2,309,228
Library operations	-	-	-	-
Public safety	-	-	1,854	-
Recreation	-	-	629,975	-
Pensions	6,828,533	-	-	-
Assigned	10,000,000	-	-	-
Unassigned	33,210,433	(1,433,966)	(19,733)	-
<b>Total fund balances (deficits)</b>	<u>51,037,935</u>	<u>(1,433,966)</u>	<u>612,096</u>	<u>2,309,228</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 58,200,592</u>	<u>\$ 1,488,819</u>	<u>\$ 2,746,716</u>	<u>\$ 7,071,074</u>

See accompanying notes to the basic financial statements.

Mission Viejo Housing Authority Fund	ARPA Fund	Total Nonmajor Funds	Totals	
			2023	2022
\$ 876,265	\$ 4,232,117	\$ 6,837,382	\$ 53,733,053	\$ 56,339,239
-	-	-	489,142	386,839
-	-	83,526	5,693,844	5,229,433
104,983	-	-	2,024,638	2,091,536
8,422	-	-	346,078	194,560
-	-	7,445	29,568	9,133
-	-	-	430	430
-	-	2,407,919	7,775,565	4,384,164
-	-	-	5,598,104	3,525,106
-	-	-	2,097,003	2,265,104
-	-	-	2,452,599	2,693,727
2,110,738	-	-	2,110,738	2,484,433
6,900,000	-	-	6,900,000	6,900,000
-	-	-	3,825,236	1,983,281
-	-	8,638,150	8,638,150	7,983,073
<u>\$ 10,000,408</u>	<u>\$ 4,232,117</u>	<u>\$ 17,974,422</u>	<u>\$ 101,714,148</u>	<u>\$ 96,470,058</u>
\$ 5,799	\$ -	\$ 380,459	\$ 5,008,945	\$ 4,670,164
-	-	75,479	521,810	983,130
-	4,232,117	-	4,499,709	7,936,318
-	-	-	1,134,677	1,000,936
-	-	1,604	193,826	168,647
1,483	-	1,554,573	5,558,243	3,520,494
-	-	-	12,894	13,670
-	-	113,794	345,183	142,468
1,573,000	-	-	1,573,000	1,773,000
<u>1,580,282</u>	<u>4,232,117</u>	<u>2,125,909</u>	<u>18,848,287</u>	<u>20,208,827</u>
2,110,738	-	1,613,318	9,795,985	9,741,475
<u>2,110,738</u>	<u>-</u>	<u>1,613,318</u>	<u>9,795,985</u>	<u>9,741,475</u>
3,691,020	4,232,117	3,739,227	28,644,272	29,950,302
-	-	7,445	31,116	13,566
6,309,388	-	1,400	6,310,788	5,632,732
-	-	6,390,506	6,390,506	6,843,700
-	-	2,247,644	2,247,644	2,219,178
-	-	5,295,294	8,579,820	7,140,017
-	-	1,697,511	1,697,511	1,658,413
-	-	208,713	210,567	169,602
-	-	-	629,975	549,538
-	-	-	6,828,533	5,197,962
-	-	-	10,000,000	9,600,000
-	-	(1,613,318)	30,143,416	27,495,048
<u>6,309,388</u>	<u>-</u>	<u>14,235,195</u>	<u>73,069,876</u>	<u>66,519,756</u>
<u>\$ 10,000,408</u>	<u>\$ 4,232,117</u>	<u>\$ 17,974,422</u>	<u>\$ 101,714,148</u>	<u>\$ 96,470,058</u>

## City of Mission Viejo

### Reconciliation of Balance Sheet to the Statement of Net Position June 30, 2023

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Fund balances of governmental funds	\$ 73,069,876
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	665,482,482
Long-term debt, leases, and compensated absences that have not been included in the governmental fund activity:	
Net pension liability	(21,696,989)
OPEB liability	(355,516)
Long-term liabilities	(42,098,157)
Lease liabilities	(203,242)
Subscription liabilities	(324,878)
Deferred refunding charge	522,414
Compensated absences	(2,192,844)
Deferred inflows and outflows of resources related to pensions that have not been included in the governmental fund activity:	
Deferred outflows of resources-pension related	8,782,371
Deferred inflows of resources-pension related	(541,229)
Deferred inflows and outflows of resources related to OPEB that have not been included in the governmental fund activity:	
Deferred outflows of resources-OPEB related	1,132,177
Deferred inflows of resources-OPEB related	(97,035)
Accrued interest payable for the current portion of interest due on bonds that has not been reported in the governmental funds	(654,036)
Receivables that are measurable, but not available, are recorded as a deferred inflow of resources under the modified accrual basis of accounting	<u>9,795,985</u>
Net position of governmental activities	<u>\$ 690,621,379</u>

See accompanying notes to basic financial statements.



MISSION VIEJO

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**CITY OF MISSION VIEJO**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2023 (With Comparative Totals for the Year Ended June 30, 2022)**

	General Fund	Developer Fees Fund	Grants Fund	Capital Projects Fund
<b>REVENUES</b>				
Taxes	\$ 63,400,743	\$ -	\$ -	\$ -
Licenses and permits	2,524,878	-	-	-
Intergovernmental	1,000,792	-	783,389	6,149,592
Charges for services	5,443,102	-	-	-
Investment earnings (loss)	789,811	1,572	11,070	38,424
Fines and forfeitures	628,008	-	-	-
Developer fees	-	388,800	-	-
Other	1,221,935	-	-	-
<b>Total revenues</b>	<u>75,009,269</u>	<u>390,372</u>	<u>794,459</u>	<u>6,188,016</u>
<b>EXPENDITURES</b>				
Current:				
General Government-Legislative	1,593,255	-	-	-
General Govt-Mgmt and Support	9,709,814	-	6,825	-
Public Safety	23,426,824	-	-	-
Community Development	3,566,271	-	222,425	-
Engineering & Transportation	2,260,717	-	-	24,591
Infrastructure Maintenance	22,835,620	24,236	13,629	-
Rec/Community/Library Services	5,610,811	-	274,575	-
Debt service:				
Principal retirement	264,378	-	-	-
Interest	28,200	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay:				
Engineering & Transportation	8,398	272,270	-	5,892,479
Infrastructure Maintenance	2,412,692	761,711	128,659	22,863
Rec/Community/Library Services	-	-	-	-
<b>Total expenditures</b>	<u>71,716,980</u>	<u>1,058,217</u>	<u>646,113</u>	<u>5,939,933</u>
Excess (deficiency) of revenues over expenditures	<u>3,292,289</u>	<u>(667,845)</u>	<u>148,346</u>	<u>248,083</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bond debt	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in (note 12)	5,688,392	-	-	-
Transfers out (note 12)	(3,550,272)	-	(19,189)	-
Issuance of lease debt	165,608	-	-	-
Sales of City property	213,418	-	-	-
<b>Total other financing sources (uses)</b>	<u>2,517,146</u>	<u>-</u>	<u>(19,189)</u>	<u>-</u>
Net change in fund balances	5,809,435	(667,845)	129,157	248,083
Fund balances (deficits) - beginning	45,228,500	(766,121)	482,939	2,061,145
Fund balances (deficits) - ending	<u>\$ 51,037,935</u>	<u>\$ (1,433,966)</u>	<u>\$ 612,096</u>	<u>\$ 2,309,228</u>

See accompanying notes to the basic financial statements.



Mission Viejo Housing Authority Fund	ARPA Fund	Total Nonmajor Funds	Totals	
			2023	2022
\$ -	\$ -	\$ 4,337,129	\$ 67,737,872	\$ 65,095,887
-	-	-	2,524,878	2,790,943
-	3,510,394	7,292,720	18,736,887	12,096,844
-	-	209,782	5,652,884	4,865,817
10,847	-	354,078	1,205,802	(876,316)
-	-	10,482	638,490	552,520
-	-	-	388,800	-
723,086	-	36,047	1,981,068	1,506,500
<u>733,933</u>	<u>3,510,394</u>	<u>12,240,238</u>	<u>98,866,681</u>	<u>86,032,195</u>
-	-	-	1,593,255	755,253
-	-	179,173	9,895,812	9,553,900
-	-	645,277	24,072,101	22,231,612
43,048	-	22,214	3,853,958	4,246,811
-	-	1,060,228	3,345,536	3,247,922
-	-	539,909	23,413,394	20,896,644
-	-	3,112,133	8,997,519	7,912,491
-	-	3,056,378	3,320,756	2,671,932
-	-	1,080,226	1,108,426	847,155
-	-	-	-	313,851
12,702	-	2,791,858	8,977,707	6,429,621
-	-	-	3,325,925	13,774,806
-	-	15,072	15,072	-
<u>55,750</u>	<u>-</u>	<u>12,502,468</u>	<u>91,919,461</u>	<u>92,881,998</u>
<u>678,183</u>	<u>3,510,394</u>	<u>(262,230)</u>	<u>6,947,220</u>	<u>(6,849,803)</u>
-	-	-	-	18,595,000
-	-	-	-	733,333
-	-	3,640,269	9,328,661	18,150,654
-	(3,510,394)	(3,024,932)	(10,104,787)	(18,731,069)
-	-	-	165,608	-
-	-	-	213,418	153,077
<u>-</u>	<u>(3,510,394)</u>	<u>615,337</u>	<u>(397,100)</u>	<u>18,900,995</u>
678,183	-	353,107	6,550,120	12,051,192
5,631,205	-	13,882,088	66,519,756	54,468,564
<u>\$ 6,309,388</u>	<u>\$ -</u>	<u>\$ 14,235,195</u>	<u>\$ 73,069,876</u>	<u>\$ 66,519,756</u>

## City of Mission Viejo

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2023

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Net change in fund balances - total governmental funds	\$ 6,550,120	
Amounts reported for governmental activities in the statement of activities are different different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity		
Capital asset expenditures	7,839,866	
Disposition of capital assets	(16,303)	
Depreciation expense	(7,570,126)	
Long-term debt and leases that have not been included in governmental fund activity		
Issuance of new debt	(165,608)	
Principal payments	3,338,033	
Premium and deferred refunding charge amortization	45,219	
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds		
Current year interest expense	(185,612)	
Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		321,698
Pension and OPEB expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, these expenses include the change in the net pension and OPEB liability, and related change in pension and OPEB amounts for deferred outflows of resources and deferred inflows and resources		
Pension related net adjustments	(6,368)	
OPEB related net adjustments	(257,763)	
Certain revenues in the governmental funds that are measurable but not available are recorded as a deferred inflows of resources under the modified accrual basis of accounting. These revenues are included on the accrual basis of accounting used in the Government-wide statements. Amount represents the change during the year.		54,510
Change in net position of governmental activities	<u>\$ 9,947,666</u>	

See accompanying notes to basic financial statements.

# CITY OF MISSION VIEJO

## Proprietary Funds

### Statement of Net Position

June 30, 2023 (With Comparative Totals as of June 30, 2022)

	Business-type Activities			Totals	
	Golf Operations Fund	Animal Services Fund	Nonmajor Mission Viejo Television Fund	2023	2022
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$ 894,802	\$ 4,908,341	\$ 2,164,495	\$ 7,967,638	\$ 8,344,692
Accounts receivable	10,255	-	-	10,255	47,177
Taxes receivable	-	-	93,642	93,642	109,111
Prepaid items	-	2,995	-	2,995	3,237
Intergovernmental receivable	-	61,037	-	61,037	30,986
Interfund receivables (note 3)	-	-	-	-	650
Inventories	52,287	-	-	52,287	28,186
Total current assets	957,344	4,972,373	2,258,137	8,187,854	8,564,039
<b>Noncurrent assets:</b>					
Lease receivable (note 9)	-	367,596	-	367,596	376,417
Capital assets, not depreciated (note 6)	10,522,000	561,377	-	11,083,377	11,097,273
Capital assets, depreciated, net (note 6)	1,609,878	1,463,844	38,496	3,112,218	2,950,817
Net OPEB Asset (note 20)	-	-	-	-	93,488
Total noncurrent assets	12,131,878	2,392,817	38,496	14,563,191	14,517,995
<b>Total assets</b>	<b>13,089,222</b>	<b>7,365,190</b>	<b>2,296,633</b>	<b>22,751,045</b>	<b>23,082,034</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related (note 18)	-	1,281,162	32,307	1,313,469	414,919
OPEB related (note 20)	-	49,414	2,399	51,813	16,028
Total deferred outflows of resources	-	1,330,576	34,706	1,365,282	430,947
<b>Total assets and deferred outflows of resources</b>	<b>13,089,222</b>	<b>8,695,766</b>	<b>2,331,339</b>	<b>24,116,327</b>	<b>23,512,981</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	427,297	49,098	6,859	483,254	987,731
Accrued payroll	-	70,740	1,436	72,176	142,253
Unearned revenues	2,611	2,027	-	4,638	-
Interest payable	14,037	-	-	14,037	14,694
Deposits payable	-	10,143	-	10,143	10,243
Intergovernmental payable	13,904	111,608	-	125,512	160,396
Interfund payable (note 3)	-	-	39,861	39,861	5,262
Interfund note payable (note 7)	879,599	-	-	879,599	920,727
Compensated absences payable - current (note 8)	-	148,272	8,020	156,292	143,434
Leases payable - current (note 8)	91,741	-	-	91,741	88,833
Total current liabilities	1,429,189	391,888	56,176	1,877,253	2,473,573
<b>Noncurrent liabilities:</b>					
Compensated absences payable (note 8)	-	60,464	3,028	63,492	76,149
Leases payable (note 8)	259,709	-	-	259,709	351,450
Net pension liability (note 18)	-	3,165,132	79,814	3,244,946	1,254,030
Net OPEB liability (note 20)	-	15,518	753	16,271	-
Total noncurrent liabilities	259,709	3,241,114	83,595	3,584,418	1,681,629
<b>Total liabilities</b>	<b>1,688,898</b>	<b>3,633,002</b>	<b>139,771</b>	<b>5,461,671</b>	<b>4,155,202</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Lease related (note 9)	-	367,596	-	367,596	376,417
Pension related (note 18)	-	78,954	1,991	80,945	1,171,652
OPEB related (note 20)	-	4,224	205	4,429	66,621
Total deferred inflows of resources	-	450,774	2,196	452,970	1,614,690
<b>Total liabilities and deferred inflows of resources</b>	<b>1,688,898</b>	<b>4,083,776</b>	<b>141,967</b>	<b>5,914,641</b>	<b>5,769,892</b>
<b>NET POSITION</b>					
Net investment in capital assets	11,780,428	1,657,625	38,496	13,476,549	13,231,390
Unrestricted	(380,104)	2,954,365	2,150,876	4,725,137	4,511,699
<b>Total net position</b>	<b>\$ 11,400,324</b>	<b>\$ 4,611,990</b>	<b>\$ 2,189,372</b>	<b>\$ 18,201,686</b>	<b>\$ 17,743,089</b>

See accompanying notes to the basic financial statements.

**CITY OF MISSION VIEJO**

**Proprietary Funds**

**Statement of Revenues, Expenses, and Changes in Net Position**

**For the Year Ended June 30, 2023 (With Comparative Totals for the Year Ended June 30, 2022)**

	Business-type Activities			Totals	
	Golf Operations	Animal Services	Nonmajor	2023	2022
	Fund	Fund	Mission Viejo Television Fund		
<b>OPERATING REVENUES</b>					
Licenses and permits	\$ -	\$ 867,853	\$ -	\$ 867,853	\$ 883,923
Charges for services	4,375,773	1,787,049	9,465	6,172,287	5,314,048
Franchise taxes	-	-	398,911	398,911	438,401
Fines and forfeitures	-	124,726	-	124,726	137,623
Other	191	92,694	-	92,885	165,833
<b>Total operating revenues</b>	<b>4,375,964</b>	<b>2,872,322</b>	<b>408,376</b>	<b>7,656,662</b>	<b>6,939,828</b>
<b>OPERATING EXPENSES</b>					
Personnel services	-	2,676,441	55,058	2,731,499	2,078,724
Supplies	1,047,717	232,555	17,007	1,297,279	1,161,575
Utilities	189,232	80,692	41,441	311,365	310,016
Contractual services	2,636,223	487,584	143,975	3,267,782	2,803,000
Rent	11,646	8,838	-	20,484	8,893
Depreciation (note 6)	199,375	114,902	31,993	346,270	341,918
Other expenses	44,441	22,585	-	67,026	50,580
<b>Total operating expenses</b>	<b>4,128,634</b>	<b>3,623,597</b>	<b>289,474</b>	<b>8,041,705</b>	<b>6,754,706</b>
Operating income (loss)	247,330	(751,275)	118,902	(385,043)	185,122
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings (loss)	-	78,848	24,479	103,327	(94,345)
Interest expense	(36,401)	-	-	(36,401)	(40,225)
Gain on disposal of property	588	-	-	588	-
<b>Total nonoperating revenues (expenses)</b>	<b>(35,813)</b>	<b>78,848</b>	<b>24,479</b>	<b>67,514</b>	<b>(134,570)</b>
Income (loss) before contributions and transfers	211,517	(672,427)	143,381	(317,529)	50,552
Transfers in (note 12)	-	970,611	4,223	974,834	730,023
Transfers out (note 12)	-	(193,767)	(4,941)	(198,708)	(149,608)
Change in net position	211,517	104,417	142,663	458,597	630,967
Total net position - beginning	11,188,807	4,507,573	2,046,709	17,743,089	17,112,122
Total net position - ending	\$ 11,400,324	\$ 4,611,990	\$ 2,189,372	\$ 18,201,686	\$ 17,743,089

See accompanying notes to the basic financial statements.

**CITY OF MISSION VIEJO**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year Ended June 30, 2023 (With Comparative Totals for the Year Ended June 30, 2022)**

	Business-type Activities - Enterprise Funds			Totals	
	Golf Operations	Animal Services	Nonmajor	2023	2022
	Fund	Fund	Mission Viejo Television Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts from customers	\$ 4,415,297	\$ 2,795,710	\$ 423,845	\$ 7,634,852	\$ 6,894,519
Payments to suppliers	(4,426,999)	(840,097)	(176,123)	(5,443,219)	(3,717,929)
Payments to employees	-	(2,731,349)	(56,585)	(2,787,934)	(2,420,297)
Net cash provided (used) by operating activities	(11,702)	(775,736)	191,137	(596,301)	756,293
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash transfers in	-	970,611	4,223	974,834	730,023
Cash transfers out	-	(193,767)	(4,941)	(198,708)	(149,608)
Net cash provided (used) by noncapital financing activities	-	776,844	(718)	776,126	580,415
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(415,268)	(78,507)	-	(493,775)	(106,778)
Principal on debt paid	(129,961)	-	-	(129,961)	(126,155)
Interest on debt paid	(37,058)	-	-	(37,058)	(40,865)
Proceeds from sale of capital assets	588	-	-	588	-
Net cash provided (used) by capital and related financing activities	(581,699)	(78,507)	-	(660,206)	(273,798)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	-	78,848	24,479	103,327	(94,345)
Net cash provided (used) by investing activities	-	78,848	24,479	103,327	(94,345)
Net increase (decrease) in cash and cash equivalents	(593,401)	1,449	214,898	(377,054)	968,565
Balances - beginning of year	1,488,203	4,906,892	1,949,597	8,344,692	7,376,127
Balances - end of the year	\$ 894,802	\$ 4,908,341	\$ 2,164,495	\$ 7,967,638	\$ 8,344,692

(Continued)

See accompanying notes to the basic financial statements.

**CITY OF MISSION VIEJO**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year Ended June 30, 2023 (With Comparative Totals for the Year Ended June 30, 2022)**

	Business-type Activities - Enterprise Funds			Totals	
	Golf Operations	Animal Services	Nonmajor	2023	2022
	Fund	Fund	Mission Viejo Television Fund		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 247,330	\$ (751,275)	\$ 118,902	\$ (385,043)	\$ 185,122
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>					
Depreciation	199,375	114,902	31,993	346,270	341,918
<b>Changes in assets and liabilities:</b>					
Deferred outflows-pension related	-	(876,460)	(22,090)	(898,550)	75,563
Deferred outflows-OPEB related	-	(34,128)	(1,657)	(35,785)	(1,219)
Deferred inflows-pension related	-	(1,063,847)	(26,860)	(1,090,707)	1,057,103
Deferred inflows-OPEB related	-	(59,313)	(2,879)	(62,192)	63,399
Deferred inflows-lease related	-	(8,821)	-	(8,821)	(8,533)
Net pension liability	-	1,941,981	48,935	1,990,916	(1,482,999)
Net OPEB liability (asset)	-	104,676	5,083	109,759	(67,949)
Accounts receivable	36,722	200	-	36,922	(13,158)
Taxes Receivable	-	-	15,469	15,469	5,761
Prepaid	-	242	-	242	2,333
Inventories	(24,101)	-	-	(24,101)	(5,884)
Lease receivable	-	8,821	-	8,821	8,533
Intergovernmental receivable	-	(30,051)	-	(30,051)	(6,519)
Interfund receivable	650	-	-	650	14,270
Accounts payable	(488,193)	(7,985)	(8,299)	(504,477)	608,803
Accrued payroll	-	(68,707)	(1,370)	(70,077)	13,764
Deposits payable	-	(100)	-	(100)	5,810
Intergovernmental payable	13,904	(48,788)	-	(34,884)	(1,092)
Interfund payable	-	-	34,599	34,599	5,262
Retainage payable	-	-	-	-	(2,415)
Unearned revenues	2,611	2,027	-	4,638	(30,302)
Accrued compensated absences	-	890	(689)	201	(11,278)
Net cash provided (used) by operating activities	\$ (11,702)	\$ (775,736)	\$ 191,137	\$ (596,301)	\$ 756,293

There are no significant noncash investing, capital or financing activities for the years June 30, 2022 and 2023.

See accompanying notes to the basic financial statements.

**CITY OF MISSION VIEJO**

**Fiduciary Funds**

**Statement of Fiduciary Net Position**

**June 30, 2023 (With Comparative Totals as of June 30, 2022)**

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private-purpose Trust Fund	
	2023	2022
<b>ASSETS</b>		
Cash and investments (note 2)	\$ 1,211,447	\$ 1,054,816
Prepaid items	15,190	15,190
<b>Total assets</b>	<b>1,226,637</b>	<b>1,070,006</b>
<b>LIABILITIES</b>		
Accounts payable	828	1,544
Intergovernmental payable-City	172,011	-
<b>Total liabilities</b>	<b>172,839</b>	<b>1,544</b>
<b>NET POSITION</b>		
Held in trust for former redevelopment obligations	1,053,798	1,068,462
<b>Total net position</b>	<b>\$ 1,053,798</b>	<b>\$ 1,068,462</b>

See accompanying notes to the basic financial statements.

**CITY OF MISSION VIEJO**

**Fiduciary Funds**

**Statement of Changes in Fiduciary Net Position**

**For the Year Ended June 30, 2023 (With Comparative Totals for the Year Ended June 30, 2022)**

	Successor Agency to the Community Development Agency of the City of Mission Viejo Private-purpose Trust Fund	
	2023	2022
<b>ADDITIONS</b>		
<b>Revenues</b>		
Taxes	\$ 1,964,392	\$ 1,776,665
<b>Total additions</b>	<u>1,964,392</u>	<u>1,776,665</u>
<b>DEDUCTIONS</b>		
Administrative expenses	234,084	175,935
Contribution to other governments	1,721,976	1,722,651
Other expenses	22,996	29,093
<b>Total deductions</b>	<u>1,979,056</u>	<u>1,927,679</u>
Change in net position	(14,664)	(151,014)
Net Position -- beginning of the year	1,068,462	1,219,476
Net Position -- end of the year	<u>\$ 1,053,798</u>	<u>\$ 1,068,462</u>

See accompanying notes to the basic financial statements.



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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### (1) Summary of Significant Accounting Policies

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

#### (a) Reporting Entity

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

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

#### Blended Component Units

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

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

(a) Reporting Entity, (continued)

Blended Component Units, (continued)

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

(b) Basis of Accounting and Measurement Focus

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

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

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

Government-wide Financial Statements

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

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

### Government-wide Financial Statements, (continued)

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

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

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

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

### Fund Financial Statements

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

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

### Governmental Funds

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

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

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

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

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

### Governmental Funds, (continued)

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

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

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

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

### Proprietary Funds

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

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

### Proprietary Funds, (continued)

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

### Fiduciary Funds

The City maintains one fiduciary fund type for the year ended June 30, 2023. The fund is a private-purpose trust fund which uses the economic resources measurement focus and the accrual basis of accounting. Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

(c) Fund Classifications

The City reports the following major governmental funds:

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

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

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

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

(c) Fund Classifications, (continued)

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

(c) Fund Classifications, (continued)

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

(d) Cash and Investments

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

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

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

(e) Deferred Outflows/Inflows of Resources

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

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



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

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

unavailable revenue related to items received outside the City's availability period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, deferred inflows – pension related, is associated with the recording of the pension liability. The third item, deferred inflows – OPEB related, is associated with the recording of the OPEB liability. The fourth item, lease related, is associated with the lease receivable from a ground lease agreement reported in the Animal Services Fund.

(f) Interfund Receivables

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

(g) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Donated or annexed capital assets are recorded at acquisition value at the date of donation or annexation. Capital asset purchases are capitalized if they have an expected useful life of 2 years or more and based on the following thresholds:

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

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

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

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method to depreciate all assets except land, rights of way, street infrastructure network and certain library materials. Land, rights of way and certain library materials are not depreciated. For the street infrastructure network, the City has elected to use the modified approach for recording capital assets. Under the modified approach, infrastructure assets that are part of a network or subsystem of a network are not required

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

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

(g) Capital Assets, (continued)

to be depreciated as long as two requirements are met. First, the government manages the eligible infrastructure assets using an asset management system that has the following characteristics:

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

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

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

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

(h) Compensated Absences

The City provides to its employees a comprehensive annual leave program. Leave pay is payable at the time it is taken or upon termination. There is also an optional, voluntary buyback program, subject to certain limitations. An employee cannot accrue more than three times his/her annual entitlement. The City accounts for compensated absences in accordance with GASB Codification Section C60. Expenditures related to compensated absence liabilities are only recognized in the fund financial statements when they become due and payable.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

(i) Property Taxes

Property tax revenue is recognized in accordance with GASB Codification Section P70; that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 a.m. on the first day of January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year, and are delinquent, if unpaid, on August 31.

(j) Prepaid Items and Inventory

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

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

(k) Use of Estimates

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

(l) Pension Plan

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

(l) Pension Plan, (continued)

GASB 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 (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

(m) Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

(n) Fair Value Measurements

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

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

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

(n) Fair Value Measurements, (continued)

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

(o) Prior Year Data

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

(p) Implementation of New Pronouncements

GASB has issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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### (2) Cash and Investments

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 61,700,690
Restricted assets:	
Cash and cash investments for pensions	3,825,236
Cash and cash investments with fiscal agent	8,638,151
Fiduciary Fund Statement of Fiduciary Net Position:	
Cash and investments	1,211,447
Total cash and investments	<u>\$ 75,375,524</u>

Cash and investments at June 30, 2023, consisted of the following:

Cash on hand	\$ 6,305
Deposits with financial institutions	1,955,471
Investments	73,413,748
Total cash and investments	<u>\$ 75,375,524</u>

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

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

The following table identifies the investment types that are authorized for the City by the California Government Code (or the City of Mission Viejo's policies where more restrictive) at June 30, 2023. The table also identifies certain provisions of the investment policies that address interest rate risk, credit risk and concentration of credit risk. The investment authorized by the Housing Authority is limited to the Local Agency Investment Fund. This table does not address investments of debt proceeds held by bond trustees, which are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policies:

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

(2) Cash and Investments, (continued)

*City of Mission Viejo:*

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

(2) Cash and Investments, (continued)

### Investments Authorized by Debt Agreements

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

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

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

*CDFA 2016 Lease Revenue Refunding Bonds:*

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



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

(2) Cash and Investments, (continued)

### Investments Authorized by Debt Agreements, (continued)

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

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

### Interest Rate Risk

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

The City's investment policy requires that investments only be in fixed-rate, fixed coupon securities and prohibits investments in securities with embedded options and securities that may return all or parts of their principal prior to their stated final maturity date. The investment policies set a Benchmark Index for each portfolio. The Benchmark Index has characteristics similar to those of the portfolio in terms of types of securities and maturities. The City manages its exposure to interest rate risk by keeping the average duration of the portfolio in line with the duration of the Benchmark Index. At June 30, 2023, the average modified duration of the City's portfolio was 1.26 compared to the Benchmark Index of 1.08.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(2) Cash and Investments, (continued)

Interest Rate Risk, (continued)

*City of Mission Viejo:*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
U.S. Treasury Notes/Bills	\$20,494,723	1.79
U.S. Government Sponsored Entities	5,030,207	1.31
Supranational Securities	950,619	0.94
Corporate Notes	9,902,615	2.04
Asset Backed Securities	3,371,601	1.37
Collateralized Mortgage Obligations	1,997,177	3.16
Negotiable CD	873,963	0.43
Commercial Paper	959,373	0.71
Government Money Market Funds	191,771	-
Local Agency Investment Fund	10,232,273	-
California Asset Management Pool	6,205,235	-
	<u>\$60,209,557</u>	1.08

*Section 115 Pension Trust:*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
Municipal Bonds	\$1,822,091	2.09
Certificate of Deposit	1,878,000	0.39
	<u>\$3,700,091</u>	

*Mission Viejo Housing Authority:*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
Local Agency Investment Fund	\$865,949	-
	<u>\$865,949</u>	-

*Mission Viejo Community Development Financing Authority:*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (in years)</u>
Government Money Market Funds	\$8,638,151	-
	<u>\$8,638,151</u>	-

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

(2) Cash and Investments, (continued)

### Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

### Credit Risk

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

Investment Type	Fair Value	Minimum Legal Rating	Aaa/AAA*	Aa1/Aa2/Aa3*	A1/A2/ A3*	A-1/ A-1+*	Not Rated
U.S. Treasury Notes/Bills	\$20,494,723	N/A	\$20,494,723	\$ -	\$ -	\$ -	\$ -
U.S. Government Sponsored Entities	5,030,207	N/A	5,030,207	-	-	-	-
Supranational Securities	950,619	AA	950,619	-	-	-	-
Corporate Notes	9,902,615	A	800,901	1,054,918	7,709,877	-	336,919
Asset Backed Securities	3,371,601	AA	3,371,601	-	-	-	-
Collateralized Mortgage Obligations	1,997,177	AA	1,997,177	-	-	-	-
Negotiable CD	873,963	A	-	-	-	873,963	-
Commercial Paper	959,373	A	-	-	-	959,373	-
Municipal Bonds	1,822,091	A	-	1,822,091	-	-	-
Certificate of Deposit	1,878,000	N/A	-	-	-	-	1,878,000
LAIF pool	11,098,222	N/A	-	-	-	-	11,098,222
CAMP pool	6,205,235	N/A	6,205,235	-	-	-	-
Held by Trustee:							
Government Money Market Funds	8,829,922	AAA	8,829,922	-	-	-	-
<b>Total</b>	<b>\$73,413,748</b>		<b>\$47,680,385</b>	<b>\$2,877,009</b>	<b>\$7,709,877</b>	<b>\$1,833,336</b>	<b>\$13,313,141</b>

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

### Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code (see preceding tables). There were no investments with any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total portfolio investments (excluding investments held by trustee) at June 30, 2023.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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(2) Cash and Investments, (continued)

### Custodial Credit Risk

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

As of June 30, 2023, all of the City's deposits with financial institutions in excess of federal depository insurance limits were collateralized by an interest in an undivided collateral pool as required by State law.

### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The City may invest up to \$65 million in LAIF funds. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office at <http://www.treasurer.ca.gov>.

The City's investment in this pool is reported in the accompanying City's financial statements at fair value at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$2.66 billion, which represent 1.49% of the total LAIF portfolio of \$178.4 billion as of June 30, 2023. LAIF's (and the City's) exposure to risk (credit, market or legal) is not currently available. This fund does not calculate duration for their portfolio. The average days to maturity for this fund is 260 days.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

(2) Cash and Investments, (continued)

### Investment in California Asset Management Program Pool

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Trust's activities are directed by a Board of Trustees, all of whom are employees of the California public agencies which are participants in the Trust. The Pool's investments are limited to investments permitted by subdivision (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. CAMP is not registered with the Securities and Exchange Commission. This fund does not calculate a duration for their portfolio. The average days to maturity was 26 days at June 30, 2023.

### Fair Value Measurement

The City categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2023:

### Fair Value Hierarchy

	Investments not Subject to Fair Value Hierarchy	Level 1	Level 2	Level 3	Total
US Treasury Notes	\$ -	\$ -	\$ 20,494,723	\$ -	\$ 20,494,723
US Government Sponsored Entities	-	-	5,030,207	-	5,030,207
Supranationals	-	-	950,619	-	950,619
Corporate Notes	-	-	9,902,615	-	9,902,615
Asset Backed Securities	-	-	3,371,601	-	3,371,601
Collateralized Mortgage Obligations	-	-	1,997,177	-	1,997,177
Negotiable CD	-	-	873,963	-	873,963
Commercial Paper	-	-	959,373	-	959,373
Municipal Bonds	-	-	1,822,091	-	1,822,091
Certificate of Deposit	-	-	1,878,000	-	1,878,000
Government Money Market Funds	8,829,922	-	-	-	8,829,922
CAMP Pool	6,205,235	-	-	-	6,205,235
LAIF Pool	11,098,222	-	-	-	11,098,222
<b>Total investments</b>	<b>\$26,133,379</b>	<b>\$ -</b>	<b>\$47,280,369</b>	<b>\$ -</b>	<b>\$73,413,748</b>

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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(3) Interfund Balances

Interfund balances at June 30, 2023 consisted of the following:

Payable Fund	General Fund
Developer Fees Fund	\$1,440,269
Grants Fund	80,894
Capital Projects Fund	2,481,024
Housing Authority Fund	1,483
Other Governmental Funds	1,554,573
Nonmajor MV Television Fund	39,861
Total	\$5,598,104

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

(4) Notes Receivable/Payable

On April 22, 2016, the City of Mission Viejo entered into an agreement to loan Santa Margarita Water District (SMWD) \$3,000,000 for the design and construction of an Advanced Purified Water Treatment Facility for the benefit of The Lake Mission Viejo Association, which is comprised solely of residents of the City of Mission Viejo. The loan was made with the assets held in the Section 115 pension trust fund. The loan will be repaid by Santa Margarita Water District to the pension trust fund at an interest rate of 2.5% over a period of 20 years commencing October 1, 2016. The balance of the loan at June 30, 2023 was \$2,097,003. All assets in the pension trust fund are restricted for the benefit of members and beneficiaries of the City's pension plan.

(5) Due from Developers

In March 2010, the former Mission Viejo Community Development Agency entered into an affordable housing agreement with Lennar homes which included the development of 22 affordable units located at The Ridge housing development. Upon the sale of each of the 22 affordable units, each homebuyer was required to enter into an Affordable Homebuyer Loan Agreement with the Housing Authority. These loans are secured by a second deed of trust on each property, and restrict ownership of each property to qualified Very Low or Low Income Households. The affordability period for each home is 45 years starting on the closing escrow date for each housing unit. As of June 30, 2023, 16 of these loans are still outstanding for a total balance of \$2,110,738 which is reported in the Housing Authority, a major special revenue fund.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (6) Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 57,328,277	\$ -	\$ -	\$ 57,328,277
Library Collection				
Local History Collection	-	569	-	569
Rights of way	243,875,306	-	-	243,875,306
Construction in progress	5,374,224	3,866,239	(1,296,851)	7,943,612
Infrastructure - Street network:				
Streets	201,849,379	-	-	201,849,379
Total capital assets, not depreciated	508,427,186	3,866,808	(1,296,851)	510,997,143
Capital assets, being depreciated:				
Buildings and improvements	132,292,631	1,462,382	(18,500)	133,736,513
Park improvements	6,337,006	2,568,880	-	8,905,886
Equipment, Computers, Furniture	11,284,081	282,395	(327,827)	11,238,649
Vehicles	1,048,861	159,749	(96,062)	1,112,548
Lease Equipment, Furniture, Vehicles	138,556	181,852	(29,984)	290,424
Library Collection				
Media	-	36,869	-	36,869
Print	-	177,933	-	177,933
Subscription arrangements (SBITAs)*	469,873	-	-	469,873
Infrastructure - Street network:				
Curbs and gutters	34,198,184	-	-	34,198,184
Sidewalks	31,154,180	-	-	31,154,180
Roadway bridges	6,289,000	-	-	6,289,000
Traffic signals	11,497,859	-	-	11,497,859
Infrastructure - Medians Parkways network:				
Medians, Parkways, Trees	38,535,185	-	-	38,535,185
Infrastructure - Storm Drains network:				
Storm Drains	41,178,054	399,849	-	41,577,903
Water Rights	1,000,000	-	-	1,000,000
Total capital assets, being depreciated	\$ 315,423,470	\$ 5,269,909	\$(472,373)	\$320,221,006

\* Beginning balance was restated to implement GASB 96.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (6) Capital Assets, (continued)

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Governmental activities:				
Less accumulated depreciation for:				
Buildings and improvements	\$ (72,903,187)	\$(4,081,764)	\$ 18,066	\$ (76,966,885)
Park improvements	(1,592,054)	(553,148)	-	(2,145,202)
Equipment, Computers, Furniture	(9,955,182)	(492,407)	327,576	(10,120,013)
Vehicles	(1,016,604)	(23,543)	96,062	(944,085)
Lease Equipment, Furniture, Vehicles	(48,148)	(41,513)	14,367	(75,294)
Library Collection				
Media	-	(614)	-	(614)
Print	-	(1,483)	-	(1,483)
Subscription arrangement (SBITA)	-	(125,304)	-	(125,304)
Infrastructure - Street network:				
Curbs and gutters	(14,415,628)	(456,823)	-	(14,872,451)
Sidewalks	(13,520,981)	(415,863)	-	(13,936,844)
Roadway bridges	(2,836,818)	(83,853)	-	(2,920,671)
Traffic signals	(9,693,343)	(141,828)	-	(9,835,171)
Infrastructure - Medians Parkways network:				
Medians, Parkways, Trees	(14,502,471)	(513,806)	-	(15,016,277)
Infrastructure - Storm Drains network:				
Storm Drains	(17,837,196)	(588,177)	-	(18,425,373)
Water Rights	(300,000)	(50,000)	-	(350,000)
Total accumulated depreciation	<u>(158,621,612)</u>	<u>(7,570,126)</u>	<u>456,071</u>	<u>(165,735,667)</u>
Total capital assets being depreciated, net	<u>156,801,858</u>	<u>(2,300,217)</u>	<u>(16,302)</u>	<u>154,485,339</u>
Governmental activities				
Capital assets, net	<u>\$ 665,229,044</u>	<u>\$1,566,591</u>	<u>\$(1,313,153)</u>	<u>\$665,482,482</u>



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (6) Capital Assets, (continued)

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 11,083,377	\$ -	\$ -	\$ 11,083,377
Construction in Progress	13,896	-	(13,896)	-
Total capital assets, not depreciated	11,097,273	-	(13,896)	11,083,377
Capital assets, being depreciated:				
Buildings	2,929,503	156,033	-	3,085,536
Improvements other than buildings	983,084	132,156	-	1,115,240
Park Improvements	538,338	68,167	-	606,505
Equipment, Computers, Furniture	528,419	122,235	-	650,654
Vehicles	457,034	29,080	-	486,114
Lease Equipment, Furniture and Vehicles	620,157	-	-	620,157
Total capital assets, being depreciated	6,056,535	507,671	-	6,564,206
Less accumulated depreciation for:				
Buildings	(1,525,227)	(94,886)	-	(1,620,113)
Improvements other than buildings	(403,952)	(34,428)	-	(438,380)
Park Improvements	(94,408)	(37,783)	-	(132,191)
Equipment, Computers, Furniture	(406,795)	(52,234)	-	(459,029)
Vehicles	(457,034)	(2,908)	-	(459,942)
Lease Equipment, Furniture and Vehicles	(218,302)	(124,031)	-	(342,333)
Total accumulated depreciation	(3,105,718)	(346,270)	-	(3,451,988)
Total capital assets being depreciated, net	2,950,817	161,401	-	3,112,218
Business-type activities				
Capital assets, net	\$ 14,048,090	\$ 161,401	(13,896)	\$ 14,195,595

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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(6) Capital Assets, (continued)

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

General Government – Management and Support	\$ 1,785,371
Public Safety	65,225
Engineering and Transportation	351,804
Infrastructure Maintenance	3,537,121
Water Rights	50,000
Recreation, Community and Library Services	<u>1,780,605</u>
Total	<u>\$ 7,570,126</u>

Depreciation/amortization expense was charged to the following functions of business-type activities as follows:

Golf Operations	\$ 199,375
Animal Services	114,902
Mission Viejo Television	<u>31,993</u>
Total	<u>\$ 346,270</u>

(7) Interfund Note Payable and Receivable

On May 18, 2015, the Housing Authority entered into an agreement with the City of Mission Viejo for the purchase of land for future affordable housing under the certified housing element of the City's General Plan. Under the agreement the Housing Authority executed a promissory note payable to the City for \$4,300,000. The Note has a thirty-year term which can be extended up to five additional one-year periods. The Note accrues no interest and is payable July 15 each year until the principal is paid in full. Note principal is paid from unencumbered and available funds in the Housing Authority Fund pursuant to the Housing Authorities law and Redevelopment Dissolution law that are not required for administration or other Housing Authority projects, enforceable obligations, or any other mandated payments due from Housing Authority to a third party. As of June 30, 2023, the loan balance is \$1,573,000.

On November 8, 2019, the City of Mission Viejo entered into an agreement to loan the Golf Course Fund \$1,000,000 for the purchase of the Oso Creek Golf Course (formerly known as Casta del Sol). The loan was made with the assets held in the Section 115 pension trust fund. The loan is secured by a deed of trust executed on October 22, 2019. The deed irrevocably grants, transfers and assigns all rights, title and interest now owned or later acquired in the real property in conjunction with rents, issues and profits. The loan will be repaid by Oso Creek Golf Course resources at an interest rate of 2.5% over a period of 20 years commencing November 8, 2020. The balance of the loan at June 30, 2023 was \$879,599. All assets in the pension trust fund are restricted for the benefit of members and beneficiaries of the City's pension plan.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (8) Long-Term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
<u>Governmental Activities:</u>						
Bonds:						
1999 Series A bonds	\$ 9,985,000	\$ -	\$(1,400,000)	\$8,585,000	\$1,450,000	\$7,135,000
1999 Series B bonds	7,347,326	-	-	7,347,326	-	7,347,326
2016 Refunding bonds	8,255,000	-	(875,000)	7,380,000	905,000	6,475,000
2016 Bond premium	664,686	-	(73,854)	590,832	73,854	516,978
2021 Series A Taxable bonds	13,310,000	-	(780,000)	12,530,000	785,000	11,745,000
2021 Series B Tax-exempt bonds	5,005,000	-	-	5,005,000	-	5,005,000
2021 Bond premium	696,666	-	(36,667)	659,999	36,667	623,332
Total bonds payable	<u>45,263,678</u>	<u>-</u>	<u>(3,165,521)</u>	<u>42,098,157</u>	<u>3,250,521</u>	<u>38,847,636</u>
Other liabilities:						
Net pension liability	8,387,890	13,309,099	-	21,696,989	-	21,696,989
Net OPEB Liability	-	355,516	-	355,516	-	355,516
Leases	175,672	165,608	(138,038)	203,242	51,878	151,364
Subscription arrangement (SBITA)*	469,873	-	(144,995)	324,878	152,621	172,257
Compensated absences	2,514,542	1,143,019	(1,464,717)	2,192,844	1,298,782	894,062
Total other liabilities	<u>11,547,977</u>	<u>14,973,242</u>	<u>(1,747,750)</u>	<u>24,773,469</u>	<u>1,503,281</u>	<u>23,270,188</u>
Governmental activities						
Total Long-term liabilities	<u>\$56,811,655</u>	<u>\$14,973,242</u>	<u>\$(4,913,271)</u>	<u>\$66,871,626</u>	<u>\$4,753,802</u>	<u>\$62,117,824</u>
<u>Business-type Activities:</u>						
Other liabilities:						
Net pension liability	\$1,254,030	\$1,990,916	\$ -	\$3,244,946	\$ -	\$3,244,946
Net OPEB liability	-	16,271	-	16,271	-	16,271
Leases	440,283	-	(88,832)	351,451	91,741	259,710
Compensated absences	219,583	202,096	(201,896)	219,783	156,292	63,491
Business-type Activities						
Total Long-term liabilities	<u>\$1,913,896</u>	<u>\$2,209,283</u>	<u>\$(290,728)</u>	<u>\$3,832,451</u>	<u>\$248,033</u>	<u>\$3,584,418</u>

\* Beginning balance was restated to implement GASB 96.

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (8) Long-Term Liabilities, (continued)

#### Bonds

#### 1999 Series A Revenue Bonds

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

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

The Financing Authority exercised the option of converting the 1999 Series A bonds from a variable rate to a fixed rate debt on July 31, 2018 through private placement with Opus Bank, subsequently purchased by Pacific Premier Bank. The conversion fixes the rate of the debt at 3.34% for the remaining life of the bonds. As part of the fixed rate conversion, the bond reserve was used to pay down the principal balance of the bonds from \$17.2 million to \$15.24 million. There is no bond reserve requirement on the fixed rate bonds. Payment of debt service under the Bond Purchase Agreement with Pacific Premier Bank is payable solely from certain property tax revenues and lease payments paid by the City from a portion of the sales tax generated by the mall as described in the paragraph above. There is no prepayment allowed under the Bond Purchase Agreement in the first seven years or until July 31, 2025. In the event of default, the interest rate will be 6.34% until the event of default is remedied. Principal amounts will continue to mature every September 1 and March 1 through September 1, 2028 in amounts ranging from \$715,000 to \$840,000. The amount of principal outstanding at June 30, 2023 is \$8,585,000.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 1,450,000	\$ 274,798	\$ 1,724,798
2025	1,495,000	226,035	1,721,035
2026	1,550,000	175,684	1,725,684
2027	1,595,000	123,497	1,718,497
2028	1,655,000	69,722	1,724,722
2029	<u>840,000</u>	<u>14,028</u>	<u>854,028</u>
	<u>\$ 8,585,000</u>	<u>\$ 883,764</u>	<u>\$ 9,468,764</u>

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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### (8) Long-Term Liabilities, (continued)

#### Bonds, (continued)

##### 1999 Series B Subordinate Lien Taxable Revenue Bonds

On May 19, 1999, the Financing Authority authorized \$10,000,000 of 1999 Series B Subordinate Lien Taxable Revenue Bonds to finance a portion of the costs of the acquisition, construction, installation and equipping of various public capital improvements to the Mission Viejo Mall. The amount of principal outstanding at June 30, 2023 is \$7,347,326. The balance authorized that has not yet been issued is \$2,652,674.

Through July 31, 2018, the interest rate on the bonds was equal to the six-month London Interbank Offered Rate plus 1.5%, not to exceed 8% per annum. If the 1999 Series A Bonds are converted to a fixed interest rate bond, interest on the 1999 Series B Bonds will be equal to the fixed interest rate plus 1%. The 1999 Series A Bonds were converted to a non-rated fixed interest rate bond on July 31, 2018. Interest from July 31, 2018 is calculated at the 3.34% Series A fixed rate plus 1.0% per the Series B Indenture. Interest is payable annually commencing September 1, 1999, subject to certain preconditions. If, in any year, revenues are insufficient to pay interest due on the Series B Bonds, such interest shall remain due and payable. Principal payments on the bonds will commence at the earlier of the conversion of the 1999 Series A Bonds to an investment grade fixed interest rate security or after two consecutive years of two times debt service coverage for the 1999 Series A Bonds. Annual principal payments will be an amount that is proportional to the principal of the 1999 Series A Bonds. The bonds mature on September 1, 2028, at which time, if any outstanding principal or accrued interest remains, such amounts shall cease to be payable. At June 30, 2023, the outstanding principal is \$7,347,326 and the unpaid interest is \$440,082.

No debt service requirement to maturity schedule has been included since neither of the two conditions for the initiation of principal payments had been met as of June 30, 2023.

##### CDFA 2016 Lease Revenue Refunding Bonds

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

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (8) Long-Term Liabilities, (continued)

#### Bonds, (continued)

#### CDFA 2016 Lease Revenue Refunding Bonds, (continued)

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

Year ending June 30,	Principal	Interest	Totals
2024	\$ 905,000	\$ 239,012	\$ 1,144,012
2025	935,000	202,813	1,137,813
2026	970,000	165,412	1,135,412
2027	1,015,000	126,613	1,141,613
2028	850,000	97,613	947,613
2029 - 2031	<u>2,705,000</u>	<u>147,350</u>	<u>2,852,350</u>
	<u>\$ 7,380,000</u>	<u>\$ 978,813</u>	<u>\$ 8,358,813</u>

#### 2021 Series A Taxable Lease Revenue Bonds

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

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

The amount of principal outstanding at June 30, 2023 is \$12,530,000.

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

Year ending June 30,	Principal	Interest	Totals
2024	\$ 785,000	\$ 318,032	\$ 1,103,032
2025	795,000	308,636	1,103,636
2026	805,000	297,387	1,102,387
2027	565,000	284,386	849,386
2028	575,000	274,227	849,227
2029 - 2033	3,080,000	1,175,457	4,255,457
2034 - 2038	3,530,000	724,571	4,254,571
2039 - 2041	<u>2,395,000</u>	<u>156,639</u>	<u>2,551,639</u>
	<u>\$ 12,530,000</u>	<u>\$ 3,539,335</u>	<u>\$ 16,069,335</u>

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(8) Long-Term Liabilities, (continued)

Bonds, (continued)

2021 Series B Tax-Exempt Lease Revenue Bonds

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

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

The amount of principal outstanding at June 30, 2023 is \$5,005,000.

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

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ -	\$ 176,950	\$ 176,950
2025	-	176,950	176,950
2026	-	176,950	176,950
2027	255,000	176,950	431,950
2028	265,000	166,750	431,750
2029 - 2033	1,480,000	666,750	2,146,750
2034 - 2038	1,790,000	357,050	2,147,050
2039 - 2041	<u>1,215,000</u>	<u>73,500</u>	<u>1,288,500</u>
	<u>\$ 5,005,000</u>	<u>\$ 1,971,850</u>	<u>\$ 6,976,850</u>

Legal Debt Margin

The City is subject to a debt limit that is 15% of adjusted gross assessed valuation on taxable property. Adjusted assessed valuation is equal to 25% of gross assessed valuation. At June 30, 2023 that amount was \$766,959,143. As of June 30, 2023, the total outstanding debt applicable to the limit was \$0.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (8) Long-Term Liabilities, (continued)

#### Leases

#### Governmental Activities

On November 13, 2019, the City entered into a three-year lease agreement for the use of an electrical vehicle. The total lease liability is \$16,185. \$10,000 of South Coast Air Quality Management District grant funds were used towards the lease payments. As of June 30, 2023, the value of the lease liability is \$400 and represents the amount due at termination per the contract. There are no additional monthly principal and interest payments due under this agreement. The value of the right-to-use asset is \$16,585 and had an accumulated amortization of \$16,185 as of June 30, 2023.

On January 29, 2021, the City entered into a four-year lease agreement for four vehicles. The total lease liability for the vehicles is \$118,962. During the year one of the vehicles was damaged and was disposed on April 28, 2023. Balance of liability at time of disposal was \$17,276. As of June 30, 2023, the value of the lease liability is \$43,596. The City is required to make monthly principal and interest payments of \$2,044. The value of the right to-use-assets is \$90,578 and had an accumulated amortization of \$47,176 as of June 30, 2023.

On March 31, 2023, the City entered into a five-year lease agreement for a Chevrolet Silverado Truck. The total lease liability is \$56,227. As of June 30, 2023, the value of the lease liability is \$53,549. The City is required to make monthly principal and interest payments of \$1,115. The value of the right-to-use asset is \$61,809 and had an accumulated amortization of \$4,121 as of June 30, 2023.

On April 12, 2023, the City entered into a five-year lease agreement for a Chevrolet Silverado Truck. The total lease liability is \$54,666. As of June 30, 2023, the value of the lease liability is \$52,825. The City is required to make monthly principal and interest payments of \$1,084. The value of the right-to-use asset is \$59,997 and had an accumulated amortization of \$3,000 as of June 30, 2023.

On April 20, 2023, the City entered into a five-year lease agreement for a Chevrolet Silverado Truck. The total lease liability is \$54,715. As of June 30, 2023, the value of the lease liability is \$52,872. The City is required to make monthly principal and interest payments of \$1,085. The value of the right-to-use asset is \$60,047 and had an accumulated amortization of \$3,002 as of June 30, 2023.

The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 51,878	\$12,441	\$ 64,319
2025	51,718	10,273	61,991
2026	33,216	6,177	39,393
2027	35,723	3,670	39,393
2028	30,707	1,007	31,714
Totals	<u>\$203,242</u>	<u>\$33,568</u>	<u>\$236,810</u>



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (8) Long-Term Liabilities, (continued)

#### Leases, (continued)

#### Business-type Activities

On December July 15, 2020, the City entered into a lease-purchase agreement for financing the acquisition of golf carts for the Oso Creek Golf Course valued at \$447,062 at 3.99% interest. The golf carts have a five-year estimated useful life and is pledged as collateral. The City has the option to purchase the golf carts for 32% of the cost at the expiration of the lease. In the event of default, all rent payments remaining through the end of the then current fiscal year, discounted at the higher of 3% or the lowest rate allowed by law become due and all equipment returned to the lessor. As of June 30, 2023, the value of the lease liability is \$286,176. The City is required to make monthly principal and interest payments of \$6,107. The value of the right to-use-asset is \$447,062 and had an accumulated amortization of \$245,883 as of June 30, 2023.

On November 6, 2020 the City entered into a lease-purchase agreement for financing the acquisition of maintenance equipment for the Oso Creek Golf Course valued at \$142,547 at 1.57% interest. The maintenance equipment has a five-year estimated useful life and is pledged as collateral.

In the event of default, all rental payments and other amounts payable by the lessee become due and shall bear interest at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is less. As of June 30, 2023, the value of the lease liability is \$65,274. The City is required to make quarterly principal and interest payments of \$7,396. The value of the right to-use-asset is \$142,547 and had an accumulated amortization of \$78,397 as of June 30, 2023.

The future minimum payment obligations and the net present value of these minimum payments for business-type activities as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 91,741	\$ 11,131	\$ 102,872
2025	94,755	8,116	102,871
2026	164,955	2,013	166,968
Totals	<u>\$ 351,451</u>	<u>\$ 21,260</u>	<u>\$ 372,711</u>

#### Subscription-Based Information Technology Arrangements (SBITAs)

On April 1, 2021 the City entered into a 5 year non-cancellable subscription arrangement with Microsoft Enterprises for the right to use various Microsoft software applications with a liability value of \$469,873. The subscription term is from April 1, 2021 through March 31, 2026. Payments are to be made April 1<sup>st</sup> of each year. As of June 30, 2023, the subscription liability is \$324,878. The value of the right-to-use the asset is \$469,873 and had an accumulated amortization of \$125,304 as of June 30, 2023.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

(8) Long-Term Liabilities, (continued)

Subscription-Based Information Technology Arrangements (SBITAs), (continued)

The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 152,621	\$ 10,948	\$ 163,569
2025	172,257	5,805	178,062
Totals	<u>\$ 324,878</u>	<u>\$ 16,753</u>	<u>\$ 341,631</u>

(9) Lease Receivable

On April 11, 1994, the City entered into a 55-year ground lease agreement with South Orange County Emergency Veterinary Group, Inc. The lease began in March 1995 and will end in May 2049. On January 31, 2022 South Orange County Emergency Veterinary Group, Inc. assigned this lease to Pathways Vet Alliance LLC. The general terms and conditions will remain the same. The annual base rent is \$12,000 and is adjusted by CPI each year not to exceed 7% of annual rent. A discount rate of 3.36% is used to calculate the net present value of the lease receivable. The City recognized \$8,820 in lease revenue and \$14,865 in interest revenue during FY 2022/23 related to this lease. As of June 30, 2023, the City's receivable for lease payments is \$367,596.

(10) Net Position

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

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

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

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

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

As of June 30, 2023, there was no restricted net position in the proprietary funds. As provided under accounting principles generally accepted in the United States of America, restrictions are only established in proprietary funds for equity legally restricted by parties external to the governmental unit.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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### (11) Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes determined by the highest formal action of the City Council (adoption of ordinance). The City Council has the authority to establish, modify, or rescind a fund balance commitment. The City has no committed fund balance at June 30, 2023.

Assigned fund balance amounts are designated by City Council, in accordance with the City Council Management and Budget policies, for specific purposes and do not meet the criteria to be classified as restricted or committed. The City Council establishes (modifies or rescinds) assigned fund balance with the passage of a resolution. Assigned fund balances at June 30, 2023 were reported solely in the General Fund.

Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications. Unassigned fund balance includes the City Council approved General Fund assignment for Economic/Budgetary Uncertainty in the amount of \$25 million.

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

(11) Fund Balances, (continued)

Fund Balance Classifications:

Fund balances in the governmental funds at June 30, 2023 have been classified as follows:

	General Fund	Developer Fees	Grants Fund	Capital Projects Fund	MV Housing	Nonmajor Funds	Total Governmental Funds
Non Spendable							
Prepaid items	\$ 22,123	\$ -	\$ -	\$ -	\$ -	\$ 7,445	\$ 29,568
Long term receivables	1,118	-	-	-	-	-	1,118
Deposits	430	-	-	-	-	-	430
Subtotal	23,671	-	-	-	-	7,445	31,116
Restricted for:							
Community development	-	-	-	-	6,309,388	1,400	6,310,788
Core Area Vision Plan project	-	-	-	-	-	6,390,506	6,390,506
Debt service	-	-	-	-	-	2,247,644	2,247,644
Library operations	-	-	-	-	-	1,697,511	1,697,511
Public safety	-	-	1,854	-	-	208,713	210,567
Engineering and transportation	975,298	-	-	2,309,228	-	5,295,294	8,579,820
Recreation	-	-	629,975	-	-	-	629,975
Pensions	6,828,533	-	-	-	-	-	6,828,533
Subtotal	7,803,831	-	631,829	2,309,228	6,309,388	15,841,068	32,895,344
Assigned to:							
Debt liabilities	3,200,000	-	-	-	-	-	3,200,000
Extreme events/disasters	4,400,000	-	-	-	-	-	4,400,000
Capital asset replacement	1,400,000	-	-	-	-	-	1,400,000
Capital projects	1,000,000	-	-	-	-	-	1,000,000
Subtotal	10,000,000	-	-	-	-	-	10,000,000
Unassigned	33,210,433	(1,433,966)	(19,733)	-	-	(1,613,318)	30,143,416
Totals	\$51,037,935	\$(1,433,966)	\$612,096	\$2,309,228	\$6,309,388	\$14,235,195	\$73,069,876

In May 2023, the City Council established the General Fund target reserve level at \$35 million for the 2023-25 budget cycle or 49 percent of 2022-23 projected General Fund revenues. The minimum level reserve was set at \$31.5 million and 44 percent. Reserves for the purpose of this calculation include amounts reported under assigned and unassigned fund balance.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(12) Interfund Transfers

Interfund transfers for the year ended June 30, 2023 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$1,960,101
General Fund	Grants Fund	19,189
General Fund	American Rescue Plan Act Fund	3,510,394
General Fund	Animal Services Enterprise Fund	193,767
General Fund	Nonmajor Enterprise Fund	4,941
Other Governmental Funds	General Fund	2,575,438
Other Governmental Funds	Other Governmental Funds	1,064,831
Nonmajor Enterprise Fund	General Fund	4,223
Animal Services Enterprise Fund	General Fund	970,611
		<u><u>\$10,303,495</u></u>

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

Transfers to Major Funds

Of the \$1,960,101 transferred out of Other Governmental Funds to the General Fund, \$1,102,470 was from the Mall Parking Lease Fund and the CDFA 1999 Mall Bonds Debt Service Fund for release of rolling reserves, \$667,365 was from the CDFA 2021 Lease Revenue Bonds Fund to fund Core Area project costs and \$190,266 was transferred from the Library Operations Fund for this funds' share of the Section 115 pension trust fund payment.

Transfers of \$19,189 were made from the Grants Fund to the General Fund to fund grant program expenditures.

Transfers of \$3,510,394 were made from the American Rescue Plan Act (ARPA) Fund to the General Fund to fund approved programs and projects using ARPA resources.

A transfer of \$193,767 was made to the General Fund from the Animal Services Fund and another from the Nonmajor Mission Viejo Television Fund of \$4,941 for those fund's share of the Section 115 pension trust payment.

Transfers of \$804,998 were made from General Fund to the Animal Services Fund representing Mission Viejo's proportionate share of the net costs of the Animal Services operations. Another transfer of \$165,613 was made from the General Fund to the Animal Services to provide funding for a Section 115 pension trust payment.

Transfers to Nonmajor Funds

Of the \$2,575,438 transferred from the General Fund to Other Governmental Funds, \$1,131,397 was transferred to the CDFA 2016 Lease Revenue Refunding Bonds Fund and \$1,281,420 to the CDFA 2021 Core Area Lease Revenue Bonds Fund for payment of debt service and \$162,621 was transferred to the Library Operations Fund to provide funding for a Section 115 pension trust payment.

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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(12) Interfund Transfers, (continued)

Transfers to Nonmajor Funds, (continued)

Of the \$1,064,831 transfer between Other Governmental Funds, a transfer of \$1,054,924 was made from the Mall Parking Lease Fund to the CDFA 1999 Mall Bonds Fund for debt service payments and there was a transfer of \$9,907 between the CDFA 2021 Lease Revenue Bond Funds to move funds between the Series A and B issues.

A transfer of \$4,223 was made from the General Fund to the nonmajor business type fund to provide funding for a Section 115 pension trust payment.

(13) Fund Deficits and Expenditures in Excess of Appropriations

The following funds reported deficits in fund balance as of June 30, 2023:

	<u>Deficit Balances</u>
Major Governmental Fund:	
Capital Projects Fund:	
Developer Fees Fund	<u>\$(1,433,966)</u>
Total	<u>\$(1,433,966)</u>
Non-major Governmental Funds:	
Special Revenue Funds:	
Project V	\$ (274,394)
Building Homes & Jobs Act (SB2)	(866,351)
CARES Act Assistance Fund	<u>(472,573)</u>
Total	<u>\$(1,613,318)</u>

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

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

The City of Mission Viejo is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

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 primary self-insurance programs is based on an actuarial analysis. Costs

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

#### Self-Insurance Programs of the Authority, (continued)

are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

#### Liability Program

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

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

#### Workers' Compensation Program

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

For 2022-23 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

#### Purchased Insurance

#### Pollution Legal Liability Insurance

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

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

### Property Insurance

The City of Mission Viejo participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Mission Viejo property is currently insured according to a schedule of covered property submitted by the City of Mission Viejo to the Authority. City of Mission Viejo property currently has all-risk property insurance protection in the amount of \$134,195,891. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

### Earthquake and Flood Insurance

The City of Mission Viejo purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Mission Viejo property currently has earthquake protection in the amount of \$73,037,066. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

### Crime Insurance

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

### Special Event Tenant User Liability Insurance

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

### Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2022-23.



# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

### (15) Joint Venture - Orange County Fire Authority

In January 1995, the City entered into a joint powers agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, Yorba Linda and the County of Orange to create the Orange County Fire Authority (Authority). Since the creation of the Authority, the Cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita, Santa Ana and Westminster joined the Authority as members eligible for fire protection services and Placentia has withdrawn. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was February 3, 1995. The Authority's governing board consists of one representative from each city and two from the County. The operations of the Authority are funded with fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Seal Beach, Santa Ana and Westminster. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Seal Beach, Santa Ana and Westminster are considered "cash contract cities" and accordingly make cash contributions based on the Authority's annual budget. The City of Mission Viejo does not have an equity interest in the assets of the Orange County Fire Authority. Complete financial statements may be obtained from the Orange County Fire Authority, One Fire Authority Road, Irvine, California 92602 or at [www.ocfa.org](http://www.ocfa.org).

### (16) Construction and Other Significant Commitments

#### Construction and Other Project Commitments

The City has active construction projects as of June 30, 2023. The projects include various road and bridge improvements, improvements to park recreational facilities, water quality related improvements, and a project in coordination with the Santa Margarita Water District. At year end, the City commitments with contractors are as follows:

Projects	Commitment
La Paz Bridge Rehabilitation project	\$13,409,609
Oso Creek Water Reclamation Plan project	3,000,000
Madrid Fore Playground Rehabilitation project	1,277,070
Residential Resurfacing	1,019,862
Lower Curtis Park	901,058
Felipe/Oso Intersection Improvement	487,633

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(16) Construction and Other Significant Commitments, (continued)

Encumbrances

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

General Fund	\$2,934,354
Developer Fees Capital Projects Fund	509,628
Grants Special Revenue Fund	9,280,519
Capital Projects Fund	3,513,741
Mission Viejo Housing Authority Fund	2,831
Nonmajor Governmental Funds	1,955,209
Golf Operations Fund	3,924
Animal Services Fund	101,407
Total	\$18,301,613

(17) Deferred Compensation Plan

The City offers its employees a deferred compensation plan, the Mission Viejo 457 Plan & Trust administered by Nationwide Retirement Services, created in accordance with Internal Revenue Code Section 457. The plan is a voluntary, employee paid, defined contribution pension plan with no vesting requirement. There are no employer contributions to this plan. It is available to all employees, and permits them to defer annually up to the maximum IRS limits, established at \$22,500 for 2023, until future years. Employees over age 50 may elect to defer up to an additional \$7,500 annually. Deferred compensation balances are not available to employees until termination, retirement, death, or unforeseeable emergency.

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

(18) Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Plan is an agent, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(18) Defined Benefit Pension Plan, (continued)

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

Plan Description, (continued)

purposes), and membership information are listed in the Plan’s June 30, 2020 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website and the annual actuarial report can be found on the City’s website.

Benefits Provided

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

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

The Plan’s provisions and benefits in effect at June 30, 2021 (valuation date) are summarized as follows:

Hire Date	Prior to July 8, 2011	Between July 9, 2011 – December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 – 55	50 – 60	52 – 62
Monthly benefits, as % of eligible compensations	2.0% to 2.7%	1.092% to 2.000%	1.0% to 2.0%
Required employee contribution rates	9.5%	8.5%	7.75%

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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### (18) Defined Benefit Pension Plan (continued)

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

##### Employees Covered

At June 30, 2021 (valuation date), the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>
Retired members and beneficiaries	121
Transferred and terminated members	123
Active employees	144
	<u>388</u>

##### Contribution Description

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

#### B. Net Pension Liability

The City of Mission Viejo's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(18) Defined Benefit Pension Plan (continued)

B. Net Pension Liability, (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 2001 to 2019, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

Change of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

(18) Defined Benefit Pension Plan (continued)

B. Net Pension Liability, (continued)

### Change of Assumptions, (continued)

rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

### Discount Rate

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

### Long-term Expected Rate of Return

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

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

The following table reflects long-term expected real rates of return by asset class.

<u>Asset Class</u> <sup>1</sup>	<u>Current Target Allocation</u>	<u>Real Return</u> <sup>1,2</sup>
Global Equity – Cap-weighted	30.0%	4.54%
Global Equity – Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)
Total	<u>100.0%</u>	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2001 Asset Liability Management study.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(18) Defined Benefit Pension Plan, (continued)

B. Net Pension Liability, (continued)

Change in Net Pension Liability

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

Miscellaneous Plan			
	Increase (Decreases)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) – (b)
Balance at: 06/30/2021	\$104,227,708	\$94,585,788	\$9,641,920
Changes Recognized for the Measurement Period:			
• Service Cost	2,362,197	-	2,362,197
• Interest on the Total Pension Liability	7,291,393	-	7,291,393
• Changes of Benefit Terms	-	-	-
• Changes of Assumptions	3,128,909	-	3,128,909
• Differences between Expected and Actual Experience	(662,383)	-	(662,383)
• Net Plan to Plan Resource Movement	-	-	-
• Contributions – Employer	-	2,983,253	(2,983,253)
• Contributions – Employees	-	1,072,896	(1,072,896)
• Net Investment Income	-	(7,177,127)	7,177,127
• Benefit Payments, including Refunds of Employee Contributions	(4,405,980)	(4,405,980)	-
• Administrative Expense	-	(58,921)	58,921
• Other Miscellaneous Income	-	-	-
Net changes during 2021-22	\$7,714,136	(\$7,585,879)	\$15,300,015
Balance at: 06/30/2022	\$111,941,844	\$86,999,909	\$24,941,935

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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(18) Defined Benefit Pension Plan, (continued)

B. Net Pension Liability, (continued)

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

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

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Miscellaneous Plan's Net Pension Liability/(Asset)	\$39,752,952	\$24,941,935	\$12,644,680

### Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

### Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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



**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(18) Defined Benefit Pension Plan, (continued)

B. Net Pension Liability, (continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources, (continued)

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

Net difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining services lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The EARSL for the Plan for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 1,428 (the sum of remaining service lifetimes of the active employees) by 388 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

For fiscal year ended June 30, 2023, the City recognized pension expense of \$3,329,770.

The following table presents the deferred outflows and deferred inflows of resources related to pensions as of June 30, 2023.

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,283,258	\$ -
Difference between expected and actual experience	38,761	(622,174)
Contributions made after the measurement date	3,321,741	-
Net difference between projected and actual earnings on pension plan investments	4,452,080	-
Total	\$10,095,840	(\$622,174)

The City reported \$3,321,741 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

(18) Defined Benefit Pension Plan, (continued)

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

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

Miscellaneous Plan	
Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2023	\$1,280,145
2024	1,331,192
2025	803,810
2026	2,736,778
Thereafter	-

(19) Supplemental Health Account for Retired Employees

The Supplemental Health Account for Retired Employees (SHARE) plan is a defined contribution post-employment benefits plan established by the City Council. This plan is intended to assist employee's first eligible for City health benefits on or after January 1, 2007, in saving for postemployment health insurance costs. Employer and employee contributions to the plan begin one year after the employee's hire date. The City's monthly contribution is \$100 for full-time employees and is prorated based on full-time equivalency. Employees are required to contribute 1.5% of their salary to this plan. The contributions made by employees are not forfeitable. To receive the City's contributions, employees must separate or retire from the City, have 15 years of service, and attain age 55. As of June 30, 2023, 110 active employees were eligible to participate in this plan. Required employer contributions were made during the year in the amount of \$91,344 and required employee contributions totaled \$103,730. At June 30, 2023, there were no retirees eligible to receive the City's contributions under this plan and there are nine active employees enrolled in the plan who have attained 15 years of service.

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

(20) Other Post-Employment Benefits (OPEB)

A. General Information about the OPEB Plan

Plan Description

The City Retiree Insurances Program (RIP) is a sole employer defined benefit post-employment benefits plan that provides eligible retired City employees and their spouses a monthly contribution towards medical, dental and vision insurance premium costs up to a fixed dollar cap that varies based on coverage election and full or part-time employment status. Benefit provisions are established and may be amended by the City Council. The RIP was originally adopted by the City

# CITY OF MISSION VIEJO

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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

#### A. General Information about the OPEB Plan, (continued)

##### Plan Description, (continued)

Council in July 2000. The City of Mission Viejo is participating in the California Employer's Retiree Benefit Trust Program (CERBT) Prefunding Plan for the purposes of holding in trust irrevocable contributions restricted for the provision of these benefits. CERBT is an agent multiple-employer plan administered by the California Public Employees Retirement System (CalPERS). Copies of CalPERS annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

##### Eligibility

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

##### Employees Covered

As of the June 30, 2021 valuation date, the following current and former employees were covered by the benefit terms under the RIP plan:

Inactive employee or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	-
Active plan members	147
	<hr/>
	214
	<hr/>

##### Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. Employees are not required to contribute to the plan. The plan was overfunded through the June 30, 2021 valuation date and therefore, there were no cash contributions to the plan during fiscal years ended June 30, 2022 and 2023. However, the valuation for the measurement date of June 30, 2022 reflects that the plan is underfunded, with assets less than the total OPEB liability by \$371,787. The budget for fiscal year 2023/24 includes an OPEB contribution amount of \$224,000.

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

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

B. Net OPEB Liability

Actuarial Methods and Assumptions Used to Determine Total OPEB Asset

The City’s net OPEB asset was measured as of June 30, 2022 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 75
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	6.75%
Mortality Rate Table	2017 CalPERS Mortality for Miscellaneous and Schools Employees
Healthcare Trend Rate	4%

Actuarial Methods and Assumptions Used to Determine Total OPEB Asset. (continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	STRATEGY 1	
	% of Portfolio	Assumed Gross Return
All Equities	59.0%	7.545%
All Fixed Income	25.0%	4.250%
Real Estate Investment Trusts	8.0%	7.250%
Treasury Inflation Protected Securities	5.0%	3.000%
All Commodities	3.0%	7.545%
Total	<u>100.0%</u>	

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

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

B. Net OPEB Liability, (continued)

Discount Rate

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

Change in the OPEB Asset

The changes in the net OPEB asset are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021 (Valuation Date)	\$10,527,599	\$12,664,140	(\$2,136,541)
Changes recognized for the measurement period:			
Service cost	223,592	-	223,592
Interest on total OPEB liability	697,140	-	697,140
Employer Contributions	-	-	-
Benefit payments	(562,279)	(562,279)	-
Experience gains/losses	(60,505)	-	(60,505)
Investment Gains/(Losses)	-	(\$1,644,924)	\$1,644,924
Administrative expenses	-	(\$3,177)	\$3,177
Net Changes	297,948	(2,210,380)	2,508,328
Balance at June 30, 2022 (Measurement Date)	\$10,825,547	\$10,453,760	\$371,787

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

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

B. Net OPEB Liability, (continued)

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

The following presents the net OPEB asset of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability (Asset)	\$1,422,950	\$371,787	(\$525,233)

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

The following presents the net OPEB asset of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$207,201	\$371,787	\$586,163

OPEB Plan Fiduciary Net Position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

**CITY OF MISSION VIEJO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

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

B. Net OPEB Liability, (continued)

Recognition of Deferred Outflows and Deferred 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 OPEB plan investments	5 years straight-line amortization
Experience gains and losses	Straight-line amortization over expected average service lives (EARSL) of plan participants. Terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$269,545. As of fiscal year ended June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$188,990	(\$101,464)
Change in assumptions	120,080	-
Net difference between projected and actual earnings on OPEB plan investments	874,920	-
Total	<u>\$1,183,990</u>	<u>(\$101,464)</u>

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

OPEB Plan	
Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2023	\$201,780
2024	184,211
2025	113,995
2026	536,533
2027	40,394
Thereafter	5,613



MISSION VIEJO

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## Required Supplementary Information

# CITY OF MISSION VIEJO

## Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Years\*

Measurement Period	2021-22	2020-21
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 2,362,197	\$ 2,143,848
Interest	7,291,393	7,015,775
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(662,383)	87,211
Changes of Assumptions	3,128,909	-
Benefit Payments, Including Refunds of Employee Contributions	(4,405,980)	(3,965,403)
<b>Net Change in Total Pension Liability</b>	<b>7,714,136</b>	<b>5,281,431</b>
<b>Total Pension Liability - Beginning</b>	<b>104,227,708</b>	<b>98,946,277</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 111,941,844</b>	<b>\$ 104,227,708</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - Employer	\$ 2,983,253	\$ 2,925,917
Contributions - Employee Paid Member Contributions	-	-
Contributions - Employee	1,072,896	1,090,808
Net Investment Income	(7,177,127)	17,503,543
Benefit Payments, Including Refunds of Employee Contributions	(4,405,980)	(3,965,403)
Net plan to plan resource movement	-	-
Administrative Expense	(58,921)	(77,026)
Other miscellaneous income/(expense)	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>(7,585,879)</b>	<b>17,477,839</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>94,585,788</b>	<b>77,107,949</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 86,999,909</b>	<b>\$ 94,585,788</b>
<b>Plan Net Position Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 24,941,935</b>	<b>\$ 9,641,920</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>77.72%</b>	<b>90.75%</b>
<b>Covered Payroll</b>	<b>11,507,609</b>	<b>11,671,149</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>216.74%</b>	<b>82.61%</b>

### Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefits changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before June 30, 2022. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2021 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

\* Fiscal year 2014-15 was the 1st year of implementation, therefore, only nine years are shown.

2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
\$ 2,131,318	\$ 2,097,550	\$ 2,057,205	\$ 2,034,934	\$ 1,906,461	\$ 1,891,776	\$ 2,063,288
6,651,250	6,341,861	5,944,295	5,695,055	5,419,496	5,062,617	4,692,063
-	-	-	-	-	-	-
(733,731)	599,798	(732,035)	(914,327)	(96,499)	97,537	-
-	-	(782,124)	4,804,274	-	(1,279,571)	-
(3,590,210)	(3,200,691)	(2,921,541)	(2,560,608)	(2,383,616)	(2,016,686)	(1,724,113)
<b>4,458,627</b>	<b>5,838,518</b>	<b>3,565,800</b>	<b>9,059,328</b>	<b>4,845,842</b>	<b>3,755,673</b>	<b>5,031,238</b>
<b>94,487,650</b>	<b>88,649,132</b>	<b>85,083,332</b>	<b>76,024,004</b>	<b>71,178,162</b>	<b>67,422,489</b>	<b>62,391,251</b>
<b>\$ 98,946,277</b>	<b>\$ 94,487,650</b>	<b>\$ 88,649,132</b>	<b>\$ 85,083,332</b>	<b>\$ 76,024,004</b>	<b>\$ 71,178,162</b>	<b>\$ 67,422,489</b>
\$ 2,701,238	\$ 2,399,958	\$ 2,237,131	\$ 2,241,112	\$ 1,903,477	\$ 3,419,577	\$ 1,817,494
-	-	-	-	-	-	231,856
1,075,002	1,041,607	926,703	875,578	849,550	844,477	603,514
3,673,367	4,510,644	5,343,289	6,319,062	321,400	1,182,775	7,701,208
(3,590,210)	(3,200,691)	(2,921,541)	(2,560,608)	(2,383,616)	(2,016,686)	(1,724,113)
-	-	(159)	-	-	-	-
(103,408)	(48,990)	(98,717)	(83,505)	(34,069)	(62,955)	-
-	159	(187,465)	-	-	-	-
<b>3,755,989</b>	<b>4,702,687</b>	<b>5,299,241</b>	<b>6,791,639</b>	<b>656,742</b>	<b>3,367,188</b>	<b>8,629,959</b>
<b>73,351,960</b>	<b>68,649,273</b>	<b>63,350,032</b>	<b>56,558,393</b>	<b>55,901,651</b>	<b>52,534,463</b>	<b>43,904,504</b>
<b>\$ 77,107,949</b>	<b>\$ 73,351,960</b>	<b>\$ 68,649,273</b>	<b>\$ 63,350,032</b>	<b>\$ 56,558,393</b>	<b>\$ 55,901,651</b>	<b>\$ 52,534,463</b>
<b>\$ 21,838,328</b>	<b>\$ 21,135,690</b>	<b>\$ 19,999,859</b>	<b>\$ 21,733,300</b>	<b>\$ 19,465,611</b>	<b>\$ 15,276,511</b>	<b>\$ 14,888,026</b>
<b>77.93%</b>	<b>77.63%</b>	<b>77.44%</b>	<b>74.46%</b>	<b>74.40%</b>	<b>78.54%</b>	<b>77.92%</b>
<b>11,849,760</b>	<b>11,453,278</b>	<b>10,903,806</b>	<b>10,655,987</b>	<b>10,308,528</b>	<b>10,342,493</b>	<b>\$ 10,114,661</b>
<b>184.29%</b>	<b>184.54%</b>	<b>183.42%</b>	<b>203.95%</b>	<b>188.83%</b>	<b>147.71%</b>	<b>147.19%</b>

**CITY OF MISSION VIEJO**

**Required Supplementary Information  
Schedule of Pension Plan Contributions  
Last 10 Years\***

	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2021-22</b>
Actuarially Determined Contribution	\$ 3,321,741	\$ 2,988,806
Contributions in Relation to the Actuarially Determined Contribution	(3,321,741)	(2,988,806)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 12,786,439	\$ 11,507,609
Contributions as a Percentage of Covered Payroll	25.98%	25.97%

**Notes to Schedule of Plan Contributions:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were from the June 30, 2020 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2020 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2020 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by category, entry age and duration of service. See June 30, 2020 Funding Valuation Report for details.
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.
Mortality	

Other Information:

\* Fiscal year 2014-15 was the first year of implementation, therefore, only nine years are shown.

<b>Fiscal Year 2020-21</b>	<b>Fiscal Year 2019-20</b>	<b>Fiscal Year 2018-19</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2015-16</b>	<b>Fiscal Year 2014-15</b>
\$ 2,928,168	\$ 2,704,061	\$ 2,401,838	\$ 2,237,110	\$ 2,154,078	\$ 1,909,220	\$ 1,917,929
(2,928,168)	(2,704,061)	(2,401,838)	(2,237,110)	(2,154,078)	(1,909,220)	(3,417,929)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,500,000)
\$ 11,671,149	\$ 11,849,760	\$ 11,453,278	\$ 10,903,806	\$ 10,655,987	\$ 10,308,528	\$ 10,342,493
25.09%	22.82%	20.97%	20.52%	20.21%	18.52%	33.05%

**CITY OF MISSION VIEJO**

**Required Supplementary Information  
Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios  
Last 10 Years\***

Measurement Period	2021-22	2020-21
<b>TOTAL OPEB LIABILITY/(ASSET)</b>		
Service Cost	\$ 223,592	\$ 133,207
Interest	697,140	674,158
Experience Gain/Losses	(60,505)	249,995
Benefit Payments	(562,279)	(508,938)
Changes in Assumptions	-	164,556
Difference between actual and expected benefit payments	-	(8,142)
Net Change in Total OPEB Liability/(Asset)	297,948	704,836
Total OPEB Liability/(Asset) - Beginning	10,527,599	9,822,763
Total OPEB Liability/(Asset) - Ending (a)	<u>\$ 10,825,547</u>	<u>\$ 10,527,599</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - Employer	\$ -	\$ -
Net Investment Income	(2,480,669)	2,112,695
Expected investment income	835,745	707,056
Benefit Payments, Including Refunds of Employee Contributions	(562,279)	(508,938)
Actual minus expected benefit payments	-	-
Administrative Expense	(3,177)	(3,872)
Net Change in Fiduciary Net Position	(2,210,380)	2,306,941
Plan Fiduciary Net Position - Beginning	12,664,140	10,357,199
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,453,760</u>	<u>\$ 12,664,140</u>
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 371,787</u>	<u>\$ (2,136,541)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	96.57%	120.29%
Covered Employee Payroll	\$ 11,507,609	\$ 11,671,149
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	3.23%	-18.31%

Notes to Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios:

None

\* Fiscal year 2017-18 was the 1st year of implementation, therefore, only six years are shown.

	2019-20	2018-19	2017-18	2016-17
\$	129,642	\$ 139,782	\$ 136,041	\$ 132,400
	653,351	636,264	614,138	594,854
	-	(68,925)	-	-
	(466,507)	(440,130)	(427,689)	(496,836)
	-	-	-	-
	8,506	(17,769)	13,681	-
	324,992	249,222	336,171	230,418
	9,497,771	9,248,549	8,912,378	8,681,960
\$	9,822,763	\$ 9,497,771	\$ 9,248,549	\$ 8,912,378
\$	-	\$ -	\$ 170,250	\$ 347,000
	(351,092)	(87,835)	102,004	946,200
	715,967	704,767	675,022	-
	(466,507)	(440,130)	(427,689)	(496,836)
	-	-	13,681	-
	(5,051)	(2,178)	(18,135)	(4,804)
	(106,683)	174,624	515,133	791,560
	10,463,882	10,289,258	9,774,125	8,982,565
\$	10,357,199	\$ 10,463,882	\$ 10,289,258	\$ 9,774,125
\$	(534,436)	\$ (966,111)	\$ (1,040,709)	\$ (861,747)
	105.44%	110.17%	111.25%	109.67%
\$	11,849,760	\$ 11,453,278	\$ 10,903,806	\$ 10,655,987
	-4.51%	-8.44%	-9.54%	-8.09%

**CITY OF MISSION VIEJO**

**Required Supplementary Information  
Schedule of OPEB Contributions  
Last 10 Years\***

	Fiscal Year 2022-23	Fiscal Year 2021-22
Actuarially Determined Contribution	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	-	-
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 12,786,439	\$ 11,507,609
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%

**Notes to Schedule:**

The actuarial methods and assumptions used to set contributions for Fiscal Year 2022-23 were from the June 30, 2021 actuarial valuation.

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.75%
Payroll Growth	2.75% per annum, in aggregate
Investment Rate of Return	7.00%
Healthcare cost-trend rates	4.00%
Retirement Age	Tier 1 employees - 2.7%@55; Tier 2 employees - 2.0%@60. The probabilities of retirement are based on the 2009 CalPERS Experience Study that are appropriate for each pool.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2017-18 was the 1st year of implementation, therefore, only six years are shown.



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Fiscal Year 2020-21	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18
\$ -	\$ -	\$ -	\$ 227,000
-	-	-	(170,250)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,750</u>
 \$ 11,671,149	 \$ 11,849,760	 \$ 11,453,278	 \$ 11,453,278
0.00%	0.00%	0.00%	1.49%

**CITY OF MISSION VIEJO**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 60,507,630	\$ 62,715,394	\$ 63,400,743	\$ 685,349
Licenses and permits	2,288,380	2,470,326	2,524,878	54,552
Intergovernmental	411,696	545,480	1,000,792	455,312
Charges for services	3,445,680	4,940,999	5,443,102	502,103
Investment earnings	200,000	400,000	680,025	280,025
Fines and forfeitures	372,000	372,000	628,008	256,008
Other	786,493	1,738,174	1,221,935	(516,239)
<b>Total revenues</b>	<b>68,011,879</b>	<b>73,182,373</b>	<b>74,899,483</b>	<b>1,717,110</b>
<b>EXPENDITURES</b>				
Current:				
General Government-Legislative	761,744	1,656,343	1,635,318	21,025
General Govt-Mgmt and Support	10,610,291	11,812,550	10,138,350	1,674,200
Public Safety	23,860,627	23,871,449	23,444,315	427,134
Community Development	3,042,861	3,896,239	3,676,368	219,871
Engineering & Transportation	2,381,069	2,638,369	2,395,277	243,092
Infrastructure Maintenance	20,440,302	26,483,865	23,024,600	3,459,265
Rec/Community/Library Services	5,397,555	6,342,411	5,820,895	521,516
<b>Total current</b>	<b>66,494,449</b>	<b>76,701,226</b>	<b>70,135,123</b>	<b>6,566,103</b>
Debt service:				
Principal retirement	84,000	264,378	264,378	-
Interest	1,411	28,200	28,200	-
<b>Total debt service</b>	<b>85,411</b>	<b>292,578</b>	<b>292,578</b>	<b>-</b>
Capital outlay:				
Engineering & Transportation				
01756 La Paz RR Bridge Widening	-	923,700	-	923,700
20245 Lower Curtis Park	-	10,831	8,398	2,433
21248 Site 3 Grading	-	941	-	941
22252 Via Escolar Pavement Rehab	-	4,463	-	4,463
Infrastructure Maintenance				
20314 Montanoso Rehabilitation	-	92,670	88,235	4,435
21327 Bicycle Corridor Improvement Progm	-	27,392	23,541	3,851
21328 Coronado Park Play Area Rehabilitation	-	199,592	199,592	-
22331 Marty Russo Youth Athletic Lights	-	1,245,488	1,245,488	-
22332 Aquatics Center Sales Building	-	171,459	170,305	1,154
22336 Core Area Vision Reinvestment PH-1	-	6,735,352	612,557	6,122,795
23334 Madrid Fore Playground Rehab	1,400,000	1,400,000	72,974	1,327,026
<b>Total capital outlay</b>	<b>1,400,000</b>	<b>10,811,888</b>	<b>2,421,090</b>	<b>8,390,798</b>
<b>Total expenditures</b>	<b>67,979,860</b>	<b>87,805,692</b>	<b>72,848,791</b>	<b>14,956,901</b>
Excess (deficiency) of revenues over expenditures	32,019	(14,623,319)	2,050,692	16,674,011
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,760,586	7,345,517	5,299,418	(2,046,099)
Transfers out	(3,217,960)	(3,550,417)	(3,550,272)	145
Issuance of lease debt	-	-	165,608	165,608
Sales of City property	-	7,314	213,418	206,104
<b>Total other financing sources (uses)</b>	<b>1,542,626</b>	<b>3,802,414</b>	<b>2,128,172</b>	<b>(1,674,242)</b>
Net change in fund balances	1,574,645	(10,820,905)	4,178,864	14,999,769
Fund balances - beginning	40,030,538	40,030,538	40,030,538	-
Fund balances - ending	<b>\$ 41,605,183</b>	<b>\$ 29,209,633</b>	<b>\$ 44,209,402</b>	<b>\$ 14,999,769</b>

See notes to required supplementary information.

**CITY OF MISSION VIEJO**

**Grants Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 903,924	\$ 1,291,908	\$ 783,389	\$ (508,519)
Investment earnings	3,000	6,000	11,070	5,070
<b>Total revenues</b>	<u>906,924</u>	<u>1,297,908</u>	<u>794,459</u>	<u>(503,449)</u>
<b>EXPENDITURES</b>				
Current:				
General Govt-Mgmt and Support	7,515	8,148	6,825	1,323
Community Development	397,359	420,439	222,425	198,014
Infrastructure Maintenance	-	50,000	13,629	36,371
Rec/Community/Library Services	110,458	332,723	274,575	58,148
<b>Total current</b>	<u>515,332</u>	<u>811,310</u>	<u>517,454</u>	<u>293,856</u>
Capital outlay:				
Engineering & Transportation				
22249 Civic Center EV Charging Stations	-	54,042	-	54,042
23255 Audible Ped Push Button System	248,200	248,200	-	248,200
Infrastructure Maintenance				
21327 Bicycle Corridor Improvement Progm	-	196,459	128,659	67,800
<b>Total capital outlay</b>	<u>248,200</u>	<u>498,701</u>	<u>128,659</u>	<u>370,042</u>
<b>Total expenditures</b>	<u>763,532</u>	<u>1,310,011</u>	<u>646,113</u>	<u>663,898</u>
Excess (deficiency) of revenues over expenditures	<u>143,392</u>	<u>(12,103)</u>	<u>148,346</u>	<u>160,449</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(19,189)	(19,189)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(19,189)</u>	<u>(19,189)</u>
Net change in fund balances	143,392	(12,103)	129,157	141,260
Fund balances - beginning	482,939	482,939	482,939	-
Fund balances - ending	<u>\$ 626,331</u>	<u>\$ 470,836</u>	<u>\$ 612,096</u>	<u>\$ 141,260</u>

See notes to required supplementary information.

CITY OF MISSION VIEJO

Mission Viejo Housing Authority Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 300	\$ 300	\$ 10,847	\$ 10,547
Other	-	-	723,086	723,086
<b>Total revenues</b>	<u>300</u>	<u>300</u>	<u>733,933</u>	<u>733,633</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	751,000	751,000	43,048	707,952
Total current	<u>751,000</u>	<u>751,000</u>	<u>43,048</u>	<u>707,952</u>
Capital outlay:				
Engineering & Transportation				
21248 Site 3 Grading	-	20,000	12,702	7,298
Total capital outlay	<u>-</u>	<u>20,000</u>	<u>12,702</u>	<u>7,298</u>
<b>Total expenditures</b>	<u>751,000</u>	<u>771,000</u>	<u>55,750</u>	<u>715,250</u>
Excess (deficiency) of revenues over expenditures	<u>(750,700)</u>	<u>(770,700)</u>	<u>678,183</u>	<u>1,448,883</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	439,000	439,000	-	(439,000)
<b>Total other financing sources (uses)</b>	<u>439,000</u>	<u>439,000</u>	<u>-</u>	<u>(439,000)</u>
Net change in fund balances	(311,700)	(331,700)	678,183	1,009,883
Fund balances - beginning	5,631,205	5,631,205	5,631,205	-
Fund balances - ending	<u>\$ 5,319,505</u>	<u>\$ 5,299,505</u>	<u>\$ 6,309,388</u>	<u>\$ 1,009,883</u>

See notes to required supplementary information.

CITY OF MISSION VIEJO

American Rescue Plan Act Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,932,376	\$ 6,243,047	\$ 3,510,394	\$ (2,732,653)
<b>Total revenues</b>	<u>3,932,376</u>	<u>6,243,047</u>	<u>3,510,394</u>	<u>(2,732,653)</u>
Excess (deficiency) of revenues over expenditures	<u>3,932,376</u>	<u>6,243,047</u>	<u>3,510,394</u>	<u>(2,732,653)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(3,932,376)</u>	<u>(6,243,047)</u>	<u>(3,510,394)</u>	<u>2,732,653</u>
<b>Total other financing sources (uses)</b>	<u>(3,932,376)</u>	<u>(6,243,047)</u>	<u>(3,510,394)</u>	<u>2,732,653</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

# CITY OF MISSION VIEJO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2023

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### Notes to Required Supplementary Information

(1) Budgetary Policy and Control

General Budget Policies

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

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

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

Continuing Appropriations

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

Budgetary Basis of Accounting

The budget for the General Fund (which includes the Section 115 Pension Trust Fund) is administered on a basis which differs from generally accepted accounting principles (GAAP). Under GAAP, the City is required to report the activity of the Section 115 Pension Trust Fund with the General Fund, however, the City does not adopt a budget for the Section 115 Pension Trust Fund, therefore, the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual presented in this section reflects only the budget and actual information for the General Fund. The City presents combining statements for the General Fund, which includes Section 115 Pension Trust Fund information in the Supplementary Schedules section of this report.

# CITY OF MISSION VIEJO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2023

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### (2) Capital Assets – Modified Approach for Infrastructure

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

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

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

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

#### Streets

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

# CITY OF MISSION VIEJO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2023

### (2) Capital Assets – Modified Approach for Infrastructure, (continued)

#### Streets, (continued)

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

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

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

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

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

Condition Levels:	2018 Study	2020 Study	2022 Study
Arterials (MPAH)	Good	Good	Good
Local/Residential	Very Good	Very Good	Very Good

The June 2022 study indicated that the current citywide weighted average Pavement Condition Index (PCI) is 84, which shows a slight increase of one PCI point since the last update in 2020. Overall, 78.1% (by area) of the City’s road network is in the “Very Good” and “Good” condition categories, approximately 17.8% of the streets are in the “Fair” category and 4.1% are in the “Poor” or “Very Poor” categories.



**CITY OF MISSION VIEJO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

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

Streets, (continued)

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

Comparison of Needed to Actual Maintenance/Preservation

<u>Overall System:</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Needed	\$ 4,700,000	\$3,600,000	\$3,600,000	\$4,280,000	\$6,050,000
Actual	<u>3,896,582</u>	<u>1,437,530</u>	<u>3,620,995</u>	<u>5,334,163</u>	<u>3,982,187</u>
Difference	<u>\$(803,418)</u>	<u>\$(2,162,470)</u>	<u>\$ 20,995</u>	<u>\$1,054,163</u>	<u>\$(2,067,813)</u>



MISSION VIEJO

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## Supplementary Schedules

CITY OF MISSION VIEJO

General Fund  
Combining Balance Sheet  
June 30, 2023

	General Fund	115 Pension Trust Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 37,911,391	\$ -	\$ 37,911,391
Accounts receivable	489,142	-	489,142
Taxes receivable	5,239,590	-	5,239,590
Loans receivable	1,118	-	1,118
Interest receivable	310,961	26,695	337,656
Prepaid items	22,123	-	22,123
Deposits	430	-	430
Intergovernmental receivable	226,200	-	226,200
Interfund receivables	5,598,104	-	5,598,104
Notes receivable	-	2,097,003	2,097,003
Interfund note receivable	1,573,000	879,599	2,452,599
Restricted Assets:			
Cash and investment for pensions	-	3,825,236	3,825,236
<b>Total assets</b>	<u>\$ 51,372,059</u>	<u>\$ 6,828,533</u>	<u>\$ 58,200,592</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,537,558	\$ -	\$ 3,537,558
Accrued payroll	444,098	-	444,098
Unearned revenues	267,592	-	267,592
Deposits payable	1,134,677	-	1,134,677
Intergovernmental payable	192,222	-	192,222
Other liabilities	12,894	-	12,894
Retainage payable	616	-	616
<b>Total liabilities</b>	<u>5,589,657</u>	<u>-</u>	<u>5,589,657</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	1,573,000	-	1,573,000
<b>Total deferred inflows of resources</b>	<u>1,573,000</u>	<u>-</u>	<u>1,573,000</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>7,162,657</u>	<u>-</u>	<u>7,162,657</u>
<b>FUND BALANCES</b>			
Nonspendable	23,671	-	23,671
Restricted:			
Engineering and transportation	975,298	-	975,298
Pensions	-	6,828,533	6,828,533
Assigned	10,000,000	-	10,000,000
Unassigned	33,210,433	-	33,210,433
<b>Total fund balances</b>	<u>44,209,402</u>	<u>6,828,533</u>	<u>51,037,935</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 51,372,059</u>	<u>\$ 6,828,533</u>	<u>\$ 58,200,592</u>

## CITY OF MISSION VIEJO

### General Fund

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2023

	General Fund	115 Pension Trust Fund	Elimination Column	Total
<b>REVENUES</b>				
Taxes	\$ 63,400,743	\$ -	\$ -	\$ 63,400,743
Licenses and permits	2,524,878	-	-	2,524,878
Intergovernmental	1,000,792	-	-	1,000,792
Charges for services	5,443,102	-	-	5,443,102
Investment earnings	680,025	109,786	-	789,811
Fines and forfeitures	628,008	-	-	628,008
Other	1,221,935	1,521,000	(1,521,000)	1,221,935
<b>Total revenues</b>	<u>74,899,483</u>	<u>1,630,786</u>	<u>(1,521,000)</u>	<u>75,009,269</u>
<b>EXPENDITURES</b>				
Current:				
General Government-Legislative	1,635,318	-	(42,063)	1,593,255
General Govt-Mgmt and Support	10,138,350	215	(428,751)	9,709,814
Public Safety	23,444,315	-	(17,491)	23,426,824
Community Development	3,676,368	-	(110,097)	3,566,271
Engineering & Transportation	2,395,277	-	(134,560)	2,260,717
Infrastructure Maintenance	23,024,600	-	(188,980)	22,835,620
Rec/Community/Library Services	5,820,895	-	(210,084)	5,610,811
Debt service:				
Principal retirement	264,378	-	-	264,378
Interest	28,200	-	-	28,200
Capital outlay:				
Engineering & Transportation	8,398	-	-	8,398
Infrastructure Maintenance	2,412,692	-	-	2,412,692
<b>Total expenditures</b>	<u>72,848,791</u>	<u>215</u>	<u>(1,132,026)</u>	<u>71,716,980</u>
Excess (deficiency) of revenues over expenditures	<u>2,050,692</u>	<u>1,630,571</u>	<u>(388,974)</u>	<u>3,292,289</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,299,418	-	388,974	5,688,392
Transfers out	(3,550,272)	-	-	(3,550,272)
Issuance of lease debt	165,608	-	-	165,608
Sales of City property	213,418	-	-	213,418
<b>Total other financing sources (uses)</b>	<u>2,128,172</u>	<u>-</u>	<u>388,974</u>	<u>2,517,146</u>
Net change in fund balances	4,178,864	1,630,571	-	5,809,435
Fund balances - beginning	40,030,538	5,197,962	-	45,228,500
Fund balances - ending	<u>\$ 44,209,402</u>	<u>\$ 6,828,533</u>	<u>\$ -</u>	<u>\$ 51,037,935</u>

**CITY OF MISSION VIEJO**

**Nonmajor Governmental Funds  
Combining Governmental Balance Sheet  
June 30, 2023**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 6,837,382	\$ -	\$ 6,837,382
Taxes receivable	83,526	-	83,526
Prepaid items	7,445	-	7,445
Intergovernmental receivable	2,407,919	-	2,407,919
Restricted Assets:			
Cash and investments with fiscal agents	-	8,638,150	8,638,150
<b>Total assets</b>	<u>\$ 9,336,272</u>	<u>\$ 8,638,150</u>	<u>\$ 17,974,422</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 380,459	\$ -	\$ 380,459
Accrued payroll	75,479	-	75,479
Intergovernmental payable	1,604	-	1,604
Interfund payable	1,554,573	-	1,554,573
Retainage payable	113,794	-	113,794
<b>Total liabilities</b>	<u>2,125,909</u>	<u>-</u>	<u>2,125,909</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	1,613,318	-	1,613,318
<b>Total deferred inflows of resources</b>	<u>1,613,318</u>	<u>-</u>	<u>1,613,318</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>3,739,227</u>	<u>-</u>	<u>3,739,227</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	7,445	-	7,445
Restricted for:			
Community development	1,400	-	1,400
Core Area Vision Plan capital project	-	6,390,506	6,390,506
Debt service	-	2,247,644	2,247,644
Engineering and transportation	5,295,294	-	5,295,294
Library operations	1,697,511	-	1,697,511
Public safety	208,713	-	208,713
Unassigned	(1,613,318)	-	(1,613,318)
<b>Total fund balances</b>	<u>5,597,045</u>	<u>8,638,150</u>	<u>14,235,195</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 9,336,272</u>	<u>\$ 8,638,150</u>	<u>\$ 17,974,422</u>

**CITY OF MISSION VIEJO**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2023**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 3,282,205	\$ 1,054,924	\$ 4,337,129
Intergovernmental	5,570,744	1,721,976	7,292,720
Charges for services	209,782	-	209,782
Investment earnings	63,750	290,328	354,078
Fines and forfeitures	10,482	-	10,482
Other	36,047	-	36,047
<b>Total revenues</b>	<u>9,173,010</u>	<u>3,067,228</u>	<u>12,240,238</u>
<b>EXPENDITURES</b>			
Current:			
General Govt-Mgmt and Support	179,173	-	179,173
Public Safety	645,277	-	645,277
Community Development	22,214	-	22,214
Engineering & Transportation	1,060,228	-	1,060,228
Infrastructure Maintenance	539,909	-	539,909
Rec/Community/Library Services	3,112,133	-	3,112,133
Debt service:			
Principal retirement	1,378	3,055,000	3,056,378
Interest	288	1,079,938	1,080,226
Capital outlay:			
Engineering & Transportation	2,791,858	-	2,791,858
Rec/Community/Library Services	15,072	-	15,072
<b>Total expenditures</b>	<u>8,367,530</u>	<u>4,134,938</u>	<u>12,502,468</u>
Excess (deficiency) of revenues over expenditures	<u>805,480</u>	<u>(1,067,710)</u>	<u>(262,230)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	162,621	3,477,648	3,640,269
Transfers out	(190,266)	(2,834,666)	(3,024,932)
<b>Total other financing sources (uses)</b>	<u>(27,645)</u>	<u>642,982</u>	<u>615,337</u>
Net change in fund balances	777,835	(424,728)	353,107
Fund balances - beginning	4,819,210	9,062,878	13,882,088
Fund balances - ending	<u>\$ 5,597,045</u>	<u>\$ 8,638,150</u>	<u>\$ 14,235,195</u>



MISSION VIEJO

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## CITY OF MISSION VIEJO

### NONMAJOR SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2023

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#### Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

**CARES ACT ASSISTANCE** - This fund is used to account for revenue and expenditures necessary to respond to the Covid-19 pandemic. Funding is a combination of State and County allocations received for qualifying expenses under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and federal funding under the Federal Emergency Management Agency (FEMA).

**CITY OF MISSION VIEJO**

**Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2023**

	Gas Tax Fund	Library Operations Fund	Law Enforcement Grants Fund	Air Quality Fund
<b>ASSETS</b>				
Cash and investments	\$ 4,277,239	\$ 1,789,624	\$ 225,838	\$ 541,677
Taxes receivable	-	52,671	-	30,855
Prepaid items	-	7,445	-	-
Intergovernmental receivable	794,601	-	-	-
<b>Total assets</b>	<u>\$ 5,071,840</u>	<u>\$ 1,849,740</u>	<u>\$ 225,838</u>	<u>\$ 572,532</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 234,095	\$ 70,494	\$ 17,125	\$ -
Accrued payroll	1,189	74,290	-	-
Intergovernmental payable	-	-	-	-
Interfund payable	-	-	-	-
Retainage payable	113,794	-	-	-
<b>Total liabilities</b>	<u>349,078</u>	<u>144,784</u>	<u>17,125</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>349,078</u>	<u>144,784</u>	<u>17,125</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	7,445	-	-
Restricted for:				
Community development	-	-	-	-
Engineering and transportation	4,722,762	-	-	572,532
Library operations	-	1,697,511	-	-
Public safety	-	-	208,713	-
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>4,722,762</u>	<u>1,704,956</u>	<u>208,713</u>	<u>572,532</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 5,071,840</u>	<u>\$ 1,849,740</u>	<u>\$ 225,838</u>	<u>\$ 572,532</u>

Project V Fund	Building Homes & Jobs Act (SB2) Fund	Accessibility Compliance CASp Fund	Federal Opioid Settlement Fund	CARES Act Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 3,004	\$ -	\$ -	\$ 6,837,382
-	-	-	-	-	83,526
-	-	-	-	-	7,445
274,394	866,351	-	-	472,573	2,407,919
<u>\$ 274,394</u>	<u>\$ 866,351</u>	<u>\$ 3,004</u>	<u>\$ -</u>	<u>\$ 472,573</u>	<u>\$ 9,336,272</u>
\$ -	\$ 58,745	\$ -	\$ -	\$ -	\$ 380,459
-	-	-	-	-	75,479
-	-	1,604	-	-	1,604
274,394	807,606	-	-	472,573	1,554,573
-	-	-	-	-	113,794
<u>274,394</u>	<u>866,351</u>	<u>1,604</u>	<u>-</u>	<u>472,573</u>	<u>2,125,909</u>
274,394	866,351	-	-	472,573	1,613,318
<u>274,394</u>	<u>866,351</u>	<u>-</u>	<u>-</u>	<u>472,573</u>	<u>1,613,318</u>
548,788	1,732,702	1,604	-	945,146	3,739,227
-	-	-	-	-	7,445
-	-	1,400	-	-	1,400
-	-	-	-	-	5,295,294
-	-	-	-	-	1,697,511
-	-	-	-	-	208,713
(274,394)	(866,351)	-	-	(472,573)	(1,613,318)
<u>(274,394)</u>	<u>(866,351)</u>	<u>1,400</u>	<u>-</u>	<u>(472,573)</u>	<u>5,597,045</u>
<u>\$ 274,394</u>	<u>\$ 866,351</u>	<u>\$ 3,004</u>	<u>\$ -</u>	<u>\$ 472,573</u>	<u>\$ 9,336,272</u>

**CITY OF MISSION VIEJO**

**Nonmajor Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2023**

	Gas Tax Fund	Library Operations Fund	Law Enforcement Grants Fund	Air Quality Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ 3,282,205	\$ -	\$ -
Intergovernmental	4,468,151	314,201	237,000	119,530
Charges for services	-	204,075	-	-
Investment earnings	31,692	19,319	3,933	8,784
Fines and forfeitures	-	10,482	-	-
Other	-	9,318	-	-
<b>Total revenues</b>	<b>4,499,843</b>	<b>3,839,600</b>	<b>240,933</b>	<b>128,314</b>
<b>EXPENDITURES</b>				
Current:				
General Govt-Mgmt and Support	2,925	109,648	-	983
Public Safety	65,000	-	200,000	-
Community Development	-	-	-	-
Engineering & Transportation	779,936	-	-	-
Infrastructure Maintenance	-	528,909	-	11,000
Rec/Community/Library Services	-	3,112,133	-	-
Debt service:				
Principal retirement	-	-	-	1,378
Interest	-	-	-	288
Capital outlay:				
Engineering & Transportation	2,791,858	-	-	-
Rec/Community/Library Services	-	15,072	-	-
<b>Total expenditures</b>	<b>3,639,719</b>	<b>3,765,762</b>	<b>200,000</b>	<b>13,649</b>
Excess (deficiency) of revenues over expenditures	860,124	73,838	40,933	114,665
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	162,621	-	-
Transfers out	-	(190,266)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(27,645)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	860,124	46,193	40,933	114,665
Fund balances (deficits) - beginning	3,862,638	1,658,763	167,780	457,867
Fund balances (deficits) - ending	<b>\$ 4,722,762</b>	<b>\$ 1,704,956</b>	<b>\$ 208,713</b>	<b>\$ 572,532</b>

Project V Fund	Building Homes & Jobs Act (SB2) Fund	Accessibility Compliance CASp Fund	Federal Opioid Settlement Fund	CARES Act Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,282,205
431,862	-	-	-	-	5,570,744
-	-	5,707	-	-	209,782
-	-	-	22	-	63,750
-	-	-	-	-	10,482
-	-	-	26,729	-	36,047
<u>431,862</u>	<u>-</u>	<u>5,707</u>	<u>26,751</u>	<u>-</u>	<u>9,173,010</u>
-	65,617	-	-	-	179,173
-	353,526	-	26,751	-	645,277
-	16,380	5,834	-	-	22,214
280,292	-	-	-	-	1,060,228
-	-	-	-	-	539,909
-	-	-	-	-	3,112,133
-	-	-	-	-	1,378
-	-	-	-	-	288
-	-	-	-	-	2,791,858
-	-	-	-	-	15,072
<u>280,292</u>	<u>435,523</u>	<u>5,834</u>	<u>26,751</u>	<u>-</u>	<u>8,367,530</u>
<u>151,570</u>	<u>(435,523)</u>	<u>(127)</u>	<u>-</u>	<u>-</u>	<u>805,480</u>
-	-	-	-	-	162,621
-	-	-	-	-	(190,266)
-	-	-	-	-	(27,645)
151,570	(435,523)	(127)	-	-	777,835
(425,964)	(430,828)	1,527	-	(472,573)	4,819,210
<u>\$ (274,394)</u>	<u>\$ (866,351)</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ (472,573)</u>	<u>\$ 5,597,045</u>

**CITY OF MISSION VIEJO**

**Gas Tax Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,682,631	\$ 4,438,897	\$ 4,468,151	\$ 29,254
Investment earnings	11,400	23,100	31,692	8,592
<b>Total revenues</b>	<b>4,694,031</b>	<b>4,461,997</b>	<b>4,499,843</b>	<b>37,846</b>
<b>EXPENDITURES</b>				
Current:				
General Govt-Mgmt and Support	2,344	2,925	2,925	-
Public Safety	65,000	65,000	65,000	-
Engineering & Transportation	590,000	796,787	779,936	16,851
<b>Total current</b>	<b>657,344</b>	<b>864,712</b>	<b>847,861</b>	<b>16,851</b>
Capital outlay:				
Engineering & Transportation				
01756 La Paz RR Bridge Widening	-	515,618	10,086	505,532
13214 Oso Corridor Signal Sych	-	1,721	-	1,721
18236 Felipe/Olympiad TSSP	-	18,258	-	18,258
19240 Los Alisos TSSP	-	215,779	192,507	23,272
20241 Catch Basin Debris Screens	-	810	810	-
20242 I-5 Sound Wall Madrid Fore - MVHS	-	1,546,401	18,819	1,527,582
20243 Storm Drain Atlas Update	-	30,000	19,000	11,000
20245 Lower Curtis Park	-	657,470	64,588	592,882
21246 Jeronimo/Marguerite Inters Improvement	-	2,230	-	2,230
22250 Catch Basin Debris Screen North Cen	-	40,000	40,000	-
22251 Via Escolar Pavement Rehab	-	3,875	3,875	-
23836 Sidewalk Repair Program-Ong	10,000	69,315	-	69,315
23253 Catch Basin Northerly Area	40,000	40,000	40,000	-
23837 22/23 Arterial Hwy	1,001,456	1,096,991	64,385	1,032,606
23838 22/23 Residential Resurfacing	2,187,146	2,397,447	2,337,788	59,659
<b>Total capital outlay</b>	<b>3,238,602</b>	<b>6,635,915</b>	<b>2,791,858</b>	<b>3,844,057</b>
<b>Total expenditures</b>	<b>3,895,946</b>	<b>7,500,627</b>	<b>3,639,719</b>	<b>3,860,908</b>
Excess (deficiency) of revenues over expenditures	798,085	(3,038,630)	860,124	3,898,754
<b>Net change in fund balances</b>	<b>798,085</b>	<b>(3,038,630)</b>	<b>860,124</b>	<b>3,898,754</b>
Fund balances - beginning	3,862,638	3,862,638	3,862,638	-
Fund balances - ending	\$ 4,660,723	\$ 824,008	\$ 4,722,762	\$ 3,898,754

CITY OF MISSION VIEJO

Library Operations Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,105,364	\$ 3,244,572	\$ 3,282,205	\$ 37,633
Intergovernmental	227,250	311,883	314,201	2,318
Charges for services	265,000	265,000	204,075	(60,925)
Investment earnings	5,000	10,000	19,319	9,319
Fines and forfeitures	-	5,214	10,482	5,268
Other	9,200	10,700	9,318	(1,382)
<b>Total revenues</b>	<u>3,611,814</u>	<u>3,847,369</u>	<u>3,839,600</u>	<u>(7,769)</u>
<b>EXPENDITURES</b>				
Current:				
General Govt-Mgmt and Support	143,400	143,400	109,648	33,752
Infrastructure Maintenance	418,238	643,909	528,909	115,000
Rec/Community/Library Services	3,358,186	3,556,969	3,112,133	444,836
<b>Total current</b>	<u>3,919,824</u>	<u>4,344,278</u>	<u>3,750,690</u>	<u>593,588</u>
Capital outlay:				
Rec/Community/Library Services				
23335 Library Roof underlay replacement	400,000	226,000	15,072	210,928
<b>Total capital outlay</b>	<u>400,000</u>	<u>226,000</u>	<u>15,072</u>	<u>210,928</u>
<b>Total expenditures</b>	<u>4,319,824</u>	<u>4,570,278</u>	<u>3,765,762</u>	<u>804,516</u>
Excess (deficiency) of revenues over expenditures	<u>(708,010)</u>	<u>(722,909)</u>	<u>73,838</u>	<u>796,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	274,260	162,621	162,621	-
Transfers out	-	-	(190,266)	(190,266)
<b>Total other financing sources (uses)</b>	<u>274,260</u>	<u>162,621</u>	<u>(27,645)</u>	<u>(190,266)</u>
Net change in fund balances	(433,750)	(560,288)	46,193	606,481
Fund balances - beginning	1,658,763	1,658,763	1,658,763	-
Fund balances - ending	<u>\$ 1,225,013</u>	<u>\$ 1,098,475</u>	<u>\$ 1,704,956</u>	<u>\$ 606,481</u>

**CITY OF MISSION VIEJO**

**Law Enforcement Grants Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 237,000	\$ 37,000
Investment earnings	1,000	1,000	3,933	2,933
<b>Total revenues</b>	<u>201,000</u>	<u>201,000</u>	<u>240,933</u>	<u>39,933</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	200,000	200,000	200,000	-
Total current	200,000	200,000	200,000	-
<b>Total expenditures</b>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,000	1,000	40,933	39,933
Net change in fund balances	1,000	1,000	40,933	39,933
Fund balances - beginning	167,780	167,780	167,780	-
Fund balances - ending	<u>\$ 168,780</u>	<u>\$ 168,780</u>	<u>\$ 208,713</u>	<u>\$ 39,933</u>



**CITY OF MISSION VIEJO**

**Air Quality Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 122,300	\$ 132,300	\$ 119,530	\$ (12,770)
Investment earnings	3,000	3,000	8,784	5,784
<b>Total revenues</b>	<b>125,300</b>	<b>135,300</b>	<b>128,314</b>	<b>(6,986)</b>
<b>EXPENDITURES</b>				
Current:				
General Govt-Mgmt and Support	1,650	1,650	983	667
Infrastructure Maintenance	3,263	11,596	11,000	596
<b>Total current</b>	<b>4,913</b>	<b>13,246</b>	<b>11,983</b>	<b>1,263</b>
Debt service:				
Principal retirement	-	1,378	1,378	-
Interest	-	288	288	-
<b>Total debt service</b>	<b>-</b>	<b>1,666</b>	<b>1,666</b>	<b>-</b>
Capital outlay:				
Engineering & Transportation				
16227 Alicia Parkway Traffic Sig Synch	-	1,837	-	1,837
17231 El Toro Corridor TSSP	-	10,290	-	10,290
22249 Civic Center EV Charging Stations	-	63,000	-	63,000
22251 Via Escolar Pavement Rehab	-	94,500	-	94,500
23254 Crown Valley Pkwy TSSP	174,450	174,450	-	174,450
<b>Total capital outlay</b>	<b>174,450</b>	<b>344,077</b>	<b>-</b>	<b>344,077</b>
<b>Total expenditures</b>	<b>179,363</b>	<b>358,989</b>	<b>13,649</b>	<b>345,340</b>
Excess (deficiency) of revenues over expenditures	(54,063)	(223,689)	114,665	338,354
Net change in fund balances	(54,063)	(223,689)	114,665	338,354
Fund balances - beginning	457,867	457,867	457,867	-
Fund balances - ending	\$ 403,804	\$ 234,178	\$ 572,532	\$ 338,354

**CITY OF MISSION VIEJO**

**Project V Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 431,862	\$ 131,862
<b>Total revenues</b>	<u>300,000</u>	<u>300,000</u>	<u>431,862</u>	<u>131,862</u>
<b>EXPENDITURES</b>				
Current:				
Engineering & Transportation	300,000	300,000	280,292	19,708
Total current	300,000	300,000	280,292	19,708
<b>Total expenditures</b>	<u>300,000</u>	<u>300,000</u>	<u>280,292</u>	<u>19,708</u>
Excess (deficiency) of revenues over expenditures	-	-	151,570	151,570
Net change in fund balances	-	-	151,570	151,570
Fund balances (deficits)- beginning	(425,964)	(425,964)	(425,964)	-
Fund balances (deficits) - ending	<u>\$ (425,964)</u>	<u>\$ (425,964)</u>	<u>\$ (274,394)</u>	<u>\$ 151,570</u>

**CITY OF MISSION VIEJO**

**Building Homes & Jobs Act (SB2) Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 206,000	\$ 321,250	\$ -	\$ (321,250)
<b>Total revenues</b>	<u>206,000</u>	<u>321,250</u>	<u>-</u>	<u>(321,250)</u>
<b>EXPENDITURES</b>				
Current:				
General Govt-Mgmt and Support	-	95,000	65,617	29,383
Public Safety	206,000	353,526	353,526	-
Community Development	-	105,415	16,380	89,035
Total current	<u>206,000</u>	<u>553,941</u>	<u>435,523</u>	<u>118,418</u>
<b>Total expenditures</b>	<u>206,000</u>	<u>553,941</u>	<u>435,523</u>	<u>118,418</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(232,691)</u>	<u>(435,523)</u>	<u>(202,832)</u>
Net change in fund balances	-	(232,691)	(435,523)	(202,832)
Fund balances (deficits) - beginning	(430,828)	(430,828)	(430,828)	-
Fund balances (deficits) - ending	<u>\$ (430,828)</u>	<u>\$ (663,519)</u>	<u>\$ (866,351)</u>	<u>\$ (202,832)</u>

CITY OF MISSION VIEJO

Accessibility Compliance CASp Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 6,000	\$ 6,000	\$ 5,707	\$ (293)
<b>Total revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>5,707</u>	<u>(293)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	-	5,834	5,834	-
Total current	-	5,834	5,834	-
<b>Total expenditures</b>	<u>-</u>	<u>5,834</u>	<u>5,834</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>6,000</u>	<u>166</u>	<u>(127)</u>	<u>(293)</u>
Net change in fund balances	6,000	166	(127)	(293)
Fund balances - beginning	1,527	1,527	1,527	-
Fund balances - ending	<u>\$ 7,527</u>	<u>\$ 1,693</u>	<u>\$ 1,400</u>	<u>\$ (293)</u>

**CITY OF MISSION VIEJO**

**Federal Opioid Settlement Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 42	\$ 22	\$ (20)
Other	-	26,729	26,729	-
<b>Total revenues</b>	-	26,771	26,751	(20)
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	26,771	26,751	20
Total current	-	26,771	26,751	20
<b>Total expenditures</b>	-	26,771	26,751	20
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

CITY OF MISSION VIEJO

CARES ACT Assistance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances (deficits) - beginning	\$ (472,573)	\$ (472,573)	\$ (472,573)	\$ -
Fund balances (deficits) - ending	\$ (472,573)	\$ (472,573)	\$ (472,573)	\$ -

# CITY OF MISSION VIEJO

## NONMAJOR DEBT SERVICE FUNDS YEAR ENDED JUNE 30, 2023

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### Nonmajor Debt Service Funds

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

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

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

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

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

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

**CITY OF MISSION VIEJO**

**Nonmajor Debt Service Funds  
Combining Balance Sheet  
June 30, 2023**

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	CDFA 2021 Lease Revenue Bonds Fund	Total Nonmajor Debt Service Funds
<b>ASSETS</b>					
Restricted Assets:					
Cash and investments with fiscal agents	\$ -	\$ 2,246,320	\$ 177	\$ 6,391,653	\$ 8,638,150
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 2,246,320</u>	<u>\$ 177</u>	<u>\$ 6,391,653</u>	<u>\$ 8,638,150</u>
<b>FUND BALANCES</b>					
Restricted					
Core Area Vision Plan capital project	\$ -	\$ -	\$ -	\$ 6,390,506	\$ 6,390,506
Debt service	-	2,246,320	177	1,147	2,247,644
<b>Total fund balances</b>	<u>-</u>	<u>2,246,320</u>	<u>177</u>	<u>6,391,653</u>	<u>8,638,150</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 2,246,320</u>	<u>\$ 177</u>	<u>\$ 6,391,653</u>	<u>\$ 8,638,150</u>



CITY OF MISSION VIEJO

Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2023

	Mall Parking Lease Fund	CDFA 1999 Mall Bonds Fund	CDFA 2016 Lease Revenue Refunding Bonds Fund	CDFA 2021 Lease Revenue Bonds Fund	Total Nonmajor Debt Service Funds
<b>REVENUES</b>					
Taxes	\$ 1,054,924	\$ -	\$ -	\$ -	\$ 1,054,924
Intergovernmental	-	1,721,976	-	-	1,721,976
Investment earnings	22,479	52,232	291	215,326	290,328
<b>Total revenues</b>	<u>1,077,403</u>	<u>1,774,208</u>	<u>291</u>	<u>215,326</u>	<u>3,067,228</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal retirement	-	1,400,000	875,000	780,000	3,055,000
Interest	-	321,976	256,513	501,449	1,079,938
<b>Total expenditures</b>	<u>-</u>	<u>1,721,976</u>	<u>1,131,513</u>	<u>1,281,449</u>	<u>4,134,938</u>
Excess (deficiency) of revenues over expenditures	<u>1,077,403</u>	<u>52,232</u>	<u>(1,131,222)</u>	<u>(1,066,123)</u>	<u>(1,067,710)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,054,924	1,131,397	1,291,327	3,477,648
Transfers out	(2,157,208)	(186)	-	(677,272)	(2,834,666)
<b>Total other financing sources (uses)</b>	<u>(2,157,208)</u>	<u>1,054,738</u>	<u>1,131,397</u>	<u>614,055</u>	<u>642,982</u>
Net change in fund balances	(1,079,805)	1,106,970	175	(452,068)	(424,728)
Fund balances - beginning	1,079,805	1,139,350	2	6,843,721	9,062,878
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,246,320</u>	<u>\$ 177</u>	<u>\$ 6,391,653</u>	<u>\$ 8,638,150</u>

CITY OF MISSION VIEJO

Mall Parking Lease Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 785,032	\$ 1,053,301	\$ 1,054,924	\$ 1,623
Investment earnings	-	-	22,479	22,479
<b>Total revenues</b>	<u>785,032</u>	<u>1,053,301</u>	<u>1,077,403</u>	<u>24,102</u>
Excess (deficiency) of revenues over expenditures	<u>785,032</u>	<u>1,053,301</u>	<u>1,077,403</u>	<u>24,102</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,887,316)</u>	<u>(2,155,585)</u>	<u>(2,157,208)</u>	<u>(1,623)</u>
<b>Total other financing sources (uses)</b>	<u>(1,887,316)</u>	<u>(2,155,585)</u>	<u>(2,157,208)</u>	<u>(1,623)</u>
Net change in fund balances	(1,102,284)	(1,102,284)	(1,079,805)	22,479
Fund balances - beginning	1,079,805	1,079,805	1,079,805	-
Fund balances (deficits) - ending	<u>\$ (22,479)</u>	<u>\$ (22,479)</u>	<u>\$ -</u>	<u>\$ 22,479</u>

CITY OF MISSION VIEJO

CDFA 1999 Mall Bonds Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 1,721,976	\$ 1,721,976	\$ 1,721,976	\$ -
Investment earnings	500	500	52,232	51,732
<b>Total revenues</b>	<u>1,722,476</u>	<u>1,722,476</u>	<u>1,774,208</u>	<u>51,732</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	1,400,000	1,400,000	1,400,000	-
Interest	321,976	321,976	321,976	-
Total debt service	<u>1,721,976</u>	<u>1,721,976</u>	<u>1,721,976</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,721,976</u>	<u>1,721,976</u>	<u>1,721,976</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>500</u>	<u>52,232</u>	<u>51,732</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	785,032	785,032	1,054,924	269,892
Transfers out	(186)	(186)	(186)	-
<b>Total other financing sources (uses)</b>	<u>784,846</u>	<u>784,846</u>	<u>1,054,738</u>	<u>269,892</u>
Net change in fund balances	785,346	785,346	1,106,970	321,624
Fund balances - beginning	1,139,350	1,139,350	1,139,350	-
Fund balances - ending	<u>\$ 1,924,696</u>	<u>\$ 1,924,696</u>	<u>\$ 2,246,320</u>	<u>\$ 321,624</u>

CITY OF MISSION VIEJO

CDFA 2016 Lease Revenue Refunding Bonds Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 20	\$ 20	\$ 291	\$ 271
<b>Total revenues</b>	<u>20</u>	<u>20</u>	<u>291</u>	<u>271</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	875,000	875,000	875,000	-
Interest	<u>256,513</u>	<u>256,513</u>	<u>256,513</u>	<u>-</u>
Total debt service	<u>1,131,513</u>	<u>1,131,513</u>	<u>1,131,513</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,131,513</u>	<u>1,131,513</u>	<u>1,131,513</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,131,493)</u>	<u>(1,131,493)</u>	<u>(1,131,222)</u>	<u>271</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,131,513</u>	<u>1,131,513</u>	<u>1,131,397</u>	<u>(116)</u>
<b>Total other financing sources (uses)</b>	<u>1,131,513</u>	<u>1,131,513</u>	<u>1,131,397</u>	<u>(116)</u>
Net change in fund balances	20	20	175	155
Fund balances - beginning	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund balances - ending	<u>\$ 22</u>	<u>\$ 22</u>	<u>\$ 177</u>	<u>\$ 155</u>

CITY OF MISSION VIEJO

CDFA 2021 Lease Revenue Bonds Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 6,000	\$ 6,000	\$ 215,326	\$ 209,326
<b>Total revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>215,326</u>	<u>209,326</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	780,000	780,000	780,000	-
Interest	501,449	501,449	501,449	-
Total debt service	<u>1,281,449</u>	<u>1,281,449</u>	<u>1,281,449</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,281,449</u>	<u>1,281,449</u>	<u>1,281,449</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,275,449)</u>	<u>(1,275,449)</u>	<u>(1,066,123)</u>	<u>209,326</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,281,449	1,281,449	1,291,327	9,878
Transfers out	-	-	(677,272)	(677,272)
<b>Total other financing sources (uses)</b>	<u>1,281,449</u>	<u>1,281,449</u>	<u>614,055</u>	<u>(667,394)</u>
Net change in fund balances	6,000	6,000	(452,068)	(458,068)
Fund balances - beginning	6,843,721	6,843,721	6,843,721	-
Fund balances - ending	<u>\$ 6,849,721</u>	<u>\$ 6,849,721</u>	<u>\$ 6,391,653</u>	<u>\$ (458,068)</u>

## CITY OF MISSION VIEJO

### CAPITAL PROJECTS FUNDS YEAR ENDED JUNE 30, 2023

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#### Capital Projects Funds

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

The City has the following major capital projects fund:

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

The City has the following non-major capital projects fund:

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

CITY OF MISSION VIEJO

Developer Fees Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 500	\$ 1,572	\$ 1,072
Developer fees	-	6,461,744	388,800	(6,072,944)
<b>Total revenues</b>	<u>-</u>	<u>6,462,244</u>	<u>390,372</u>	<u>(6,071,872)</u>
<b>EXPENDITURES</b>				
Current:				
Infrastructure Maintenance	-	24,236	24,236	-
Total current	<u>-</u>	<u>24,236</u>	<u>24,236</u>	<u>-</u>
Capital outlay:				
Engineering & Transportation				
16224 Felipe/Oso Intersection Improvement	-	2,626,444	130,923	2,495,521
16226 Oso/I-5 On Ramp Improvement	-	2,257,027	141,347	2,115,680
Infrastructure Maintenance				
20314 Montanoso Rehabilitation	-	670,102	670,102	-
21328 Coronado Park Play Area Rehabilitation	-	109,286	91,609	17,677
Total capital outlay	<u>-</u>	<u>5,662,859</u>	<u>1,033,981</u>	<u>4,628,878</u>
<b>Total expenditures</b>	<u>-</u>	<u>5,687,095</u>	<u>1,058,217</u>	<u>4,628,878</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>775,149</u>	<u>(667,845)</u>	<u>(1,442,994)</u>
Net change in fund balances	-	775,149	(667,845)	(1,442,994)
Fund balances (deficits) - beginning	(766,121)	(766,121)	(766,121)	-
Fund balances (deficits) - ending	<u>\$ (766,121)</u>	<u>\$ 9,028</u>	<u>\$ (1,433,966)</u>	<u>\$ (1,442,994)</u>

CITY OF MISSION VIEJO

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,021,792	\$ 20,933,933	\$ 6,149,592	\$ (14,784,341)
Investment earnings	20,000	40,000	38,424	(1,576)
<b>Total revenues</b>	<u>2,041,792</u>	<u>20,973,933</u>	<u>6,188,016</u>	<u>(14,785,917)</u>
<b>EXPENDITURES</b>				
Current:				
Engineering & Transportation	33,000	33,000	24,591	8,409
Total current	<u>33,000</u>	<u>33,000</u>	<u>24,591</u>	<u>8,409</u>
Capital outlay:				
Engineering & Transportation				
01756 La Paz RR Bridge Widening	-	17,017,955	4,287,353	12,730,602
18236 Felipe/Olympiad TSSP	-	68,520	-	68,520
18238 Los Alisos & Santa Margarita Inters	-	3,084	3,084	-
18239 TRAP-South of Crown Valley	-	8,561	8,561	-
19240 Los Alisos TSSP	-	77,901	77,901	-
20242 I-5 Sound Wall Madrid Fore - MVHS	-	2,200,000	-	2,200,000
20245 Lower Curtis Park	-	400,000	-	400,000
21246 Jeronimo/Marguerite Inters Improvement	-	24,879	12,408	12,471
22250 Catch Basin Debris Screen North Cen	-	160,000	160,000	-
22252 Via Escolar Pavement Rehab	-	7,892	-	7,892
23253 Catch Basin Northerly Area	160,000	160,000	159,284	716
23254 Crown Valley Pkwy TSSP	-	334	-	334
23836 Sidewalk Repair Program-Ong	15,000	6,097	-	6,097
23837 22/23 Arterial Hwy	751,064	410,012	725	409,287
23838 22/23 Residential Resurfacing	685,375	1,335,375	1,183,163	152,212
Infrastructure Maintenance				
21327 Bicycle Corridor Improvement Progm	-	42,000	19,719	22,281
22333 North Oso Creek Bike/Ped Open Space	-	67,020	3,144	63,876
Total capital outlay	<u>1,611,439</u>	<u>21,989,630</u>	<u>5,915,342</u>	<u>16,074,288</u>
<b>Total expenditures</b>	<u>1,644,439</u>	<u>22,022,630</u>	<u>5,939,933</u>	<u>16,082,697</u>
Excess (deficiency) of revenues over expenditures	<u>397,353</u>	<u>(1,048,697)</u>	<u>248,083</u>	<u>1,296,780</u>
Net change in fund balances	397,353	(1,048,697)	248,083	1,296,780
Fund balances - beginning	2,061,145	2,061,145	2,061,145	-
Fund balances - ending	<u>\$ 2,458,498</u>	<u>\$ 1,012,448</u>	<u>\$ 2,309,228</u>	<u>\$ 1,296,780</u>



# CITY OF MISSION VIEJO

## STATISTICAL TABLES AND OTHER SCHEDULES YEAR ENDED JUNE 30, 2023

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### STATISTICAL SECTION

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

#### Contents

Financial Trends .....152

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

Revenue Capacity..... 161

These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax revenues.

Debt Capacity ..... 165

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

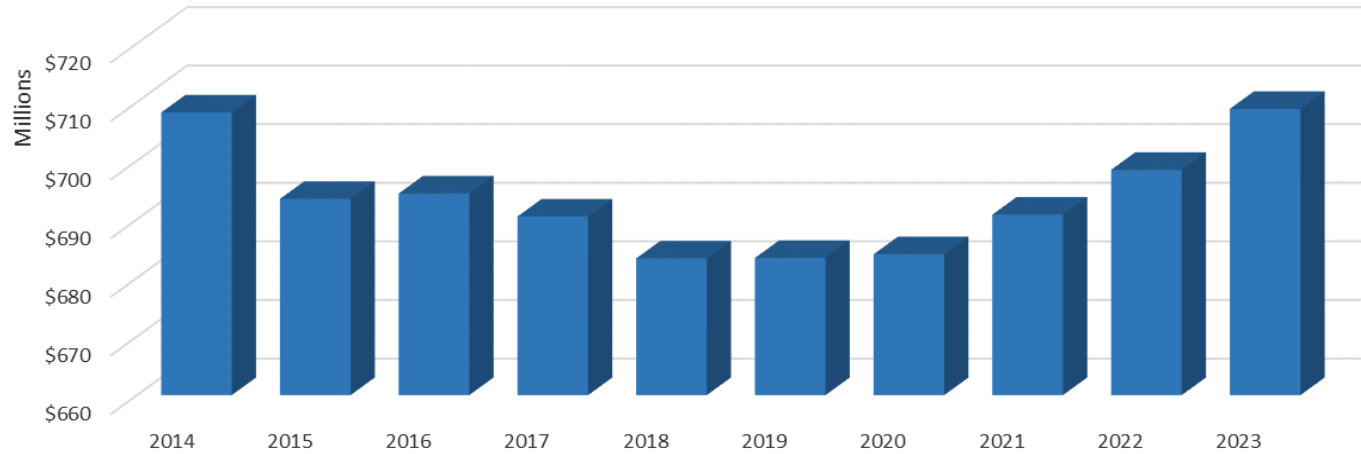
Demographic and Economic Information ..... 169

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

Operating Information ..... 171

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.

**CITY OF MISSION VIEJO**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**



	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$ 643,465,280	\$ 638,065,270	\$ 639,179,582	\$ 639,548,835	\$ 639,309,161	\$ 634,921,382	\$ 633,138,918	\$ 628,884,527	\$ 633,007,131 <sup>4</sup>	\$ 636,071,623
Restricted	25,646,475	31,261,374	26,061,848	25,041,749	20,909,550	21,937,662	21,200,381	28,227,969	28,893,200	34,473,315
Unrestricted	33,909,082	19,843,910	24,062,008	20,367,268	17,421,479	20,610,321	12,914,255	16,558,712	18,773,382	20,076,441
Total governmental net position	<u>703,020,837</u>	<u>689,170,554<sup>1</sup></u>	<u>689,303,438</u>	<u>684,957,852</u>	<u>677,640,190<sup>2</sup></u>	<u>677,469,365</u>	<u>667,253,554<sup>3</sup></u>	<u>673,671,208</u>	<u>680,673,713</u>	<u>690,621,379</u>
<b>Business-type activities</b>										
Net investment in capital assets	1,854,037	1,997,334	1,961,624	2,749,214	2,779,607	2,589,938	12,949,140 <sup>3</sup>	12,796,065	13,231,390	13,476,549
Unrestricted	3,330,497	2,296,870	3,117,861	2,752,807	2,888,252	3,333,070	3,815,125	4,316,057	4,511,699	4,725,137
Total business-type net position	<u>5,184,534</u>	<u>4,294,204</u>	<u>5,079,485</u>	<u>5,502,021</u>	<u>5,667,859</u>	<u>5,923,008</u>	<u>16,764,265<sup>3</sup></u>	<u>17,112,122</u>	<u>17,743,089</u>	<u>18,201,686</u>
<b>Primary governmental</b>										
Net investment in capital assets	645,319,317	640,062,604	641,141,206	642,298,049	642,088,768	637,511,320	646,088,058 <sup>3</sup>	641,680,592	646,238,521	649,548,172
Restricted	25,646,475	31,261,374	26,061,848	25,041,749	20,909,550	21,937,662	21,200,381	28,227,969	28,893,200	34,473,315
Unrestricted	37,239,579	22,140,780	27,179,869	23,120,075	20,309,731	23,943,391	16,729,380	20,874,769	23,285,081	24,801,578
Total primary government net position	<u>708,205,371</u>	<u>693,464,758<sup>1</sup></u>	<u>694,382,923</u>	<u>690,459,873</u>	<u>683,308,049<sup>2</sup></u>	<u>683,392,373</u>	<u>684,017,819</u>	<u>690,783,330</u>	<u>698,416,802</u>	<u>708,823,065</u>

<sup>1</sup> Decrease due to the restatement of net position related to the implementation of GASB 68.

<sup>2</sup> Decrease due to use of accumulated resources in excess of \$5.8 million for the Marguerite Aquatics rehabilitation project.

<sup>3</sup> Change due to purchase of Oso Creek Golf Course (formerly Casta del Sol) resulting in \$10.5 million in Unrestricted net position under Governmental activities shifting to Net investment in capital assets under Business-type activities.

<sup>4</sup> Change due to purchase of real property at the Village Center for the Core Area Vision Plan project.

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

Source: Statement of Net Position

**CITY OF MISSION VIEJO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General Government-Legislative	\$ 1,175,830	\$ 1,391,939	\$ 1,254,587	\$ 1,953,252	\$ 1,891,424	\$ 1,402,416	\$ 683,637	<sup>7</sup> \$ 773,250	\$ 641,846	\$ 1,603,125
General Govt-Mgmt and Support	8,184,578	8,023,803	7,984,424	9,617,474	9,214,038	9,477,436	10,337,098	<sup>7</sup> 10,493,428	11,146,905	11,538,198
Public Safety	16,963,811	18,091,816	18,853,188	20,111,045	20,410,021	21,171,371	21,808,631	21,638,415	22,269,118	24,006,168
Community Development	3,270,422	3,266,884	3,171,164	4,743,210	3,368,119	3,139,741	3,670,408	5,777,919	3,954,292	3,842,016
Engineering & Transportation	2,409,419	2,837,220	5,478,851	6,924,142	8,133,213	8,651,747	5,407,856	7,251,280	8,644,433	9,267,318
Infrastructure Maintenance	21,835,813	32,520,271	<sup>2</sup> 20,725,795	20,358,759	24,466,949	20,952,619	20,802,296	22,416,828	23,627,061	26,357,338
Rec/Community/Library Services	9,788,128	9,495,628	10,352,676	11,137,331	10,240,895	10,481,960	10,155,677	8,776,995	<sup>10</sup> 8,571,082	10,574,207
Interest and fiscal charges	1,139,294	1,171,629	968,120	1,085,677	1,079,976	1,025,169	1,086,716	1,019,131	1,238,333	1,222,448
Total governmental activities expenses	64,767,295	76,799,190	68,788,805	75,930,890	78,804,635	76,302,459	73,952,319	78,147,246	80,093,070	88,410,818
Business-type activities:										
Golf Course	-	-	-	-	-	-	1,202,126	2,963,896	<sup>11</sup> 3,578,214	4,165,035
Animal Services	2,120,143	1,928,620	2,165,119	3,128,506	<sup>3</sup> 2,779,573	3,158,185	3,125,415	3,122,662	2,999,619	3,623,597
Mission Viejo Television	356,374	317,566	298,856	445,614	598,697	328,099	315,679	280,216	217,098	289,474
Total business-type activities expenses	2,476,517	2,246,186	2,463,975	3,574,120	3,378,270	3,486,284	4,643,220	6,366,774	6,794,931	8,078,106
Total primary government expenses	67,243,812	79,045,376	71,252,780	79,505,010	82,182,905	79,788,743	78,595,539	84,514,020	86,888,001	96,488,924
<b>Program revenues</b>										
Governmental activities:										
Charges for services										
General Government-Legislative	-	1,320	1,935	779	4,305	5,538	-	6,234	-	5,844
General Govt-Mgmt and Support	-	88,836	35,946	32,450	136,434	150,718	-	663,347	697,984	738,931
Public Safety	622,490	590,904	558,417	412,881	420,317	423,894	370,809	253,614	341,346	403,030
Community Development	2,157,105	2,501,057	2,529,804	2,942,021	3,131,388	2,564,613	3,301,820	3,809,115	4,330,548	4,149,554
Engineering & Transportation	951,474	526,963	524,837	622,602	679,171	927,931	1,422,160	1,285,698	1,047,078	790,902
Infrastructure Maintenance	15,000	41,992	51,941	51,353	167,412	300,800	302,021	214,058	370,406	398,013
Rec/Community/Library Services	1,878,387	2,242,589	2,255,657	2,212,519	2,108,549	2,219,695	1,720,755	794,082	<sup>10</sup> 2,285,781	3,192,177
Other Activities	203,635	-	-	-	-	-	-	-	-	-
Operating grants and contributions	7,602,759	8,318,977	4,130,294	5,721,395	6,700,659	7,394,760	7,448,987	9,058,711	<sup>12</sup> 10,356,638	13,498,327
Capital grants and contributions	5,549,795	4,277,263	3,227,117	1,838,621	1,188,079	756,472	642,927	5,260,927	<sup>14</sup> 1,577,577	4,642,575
Total governmental activities program revenues	18,980,645	18,589,901	13,315,948	13,834,621	14,536,314	14,744,421	15,209,479	21,345,786	21,007,358	27,819,353
Business-type activities:										
Charges for services										
Golf Course	-	-	-	-	-	-	1,218,186	3,244,872	<sup>11</sup> 3,803,662	4,375,964
Animal Services	1,424,226	1,364,502	1,452,532	2,810,457	<sup>3</sup> 2,275,983	2,328,939	2,352,191	2,320,480	2,599,033	2,805,353
Mission Viejo Television	420	440	500	529,645	<sup>4</sup> 532,816	532,447	499,984	476,051	438,441	408,376
Operating grants and contributions	1,052,005	<sup>1</sup> 686,790	823,279	143,106	<sup>4</sup> 98,892	160,341	65,413	106,177	98,692	66,969
Capital grants and contributions	-	-	9,200	-	-	-	-	-	-	-
Total business-type activities revenues	2,476,651	2,051,732	2,285,511	3,483,208	2,907,691	3,021,727	4,135,774	6,147,580	6,939,828	7,656,662
Total primary government revenues	21,457,296	20,641,633	15,601,459	17,317,829	17,444,005	17,766,148	19,345,253	27,493,366	27,947,186	35,476,015
<b>Net (Expense) Revenue</b>										
Governmental activities	(45,786,650)	(58,209,289)	(55,472,857)	(62,096,269)	(64,268,321)	(61,558,038)	(58,742,840)	(56,801,460)	(59,085,712)	(60,591,465)
Business-type activities	134	(194,454)	(178,464)	(90,912)	(470,579)	(464,557)	(507,446)	(219,194)	144,897	(421,444)
Total primary government net expense	(45,786,516)	(58,403,743)	(55,651,321)	(62,187,181)	(64,738,900)	(62,022,595)	(59,250,286)	(57,020,654)	(58,940,815)	(61,012,909)

Continued

**CITY OF MISSION VIEJO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes	28,497,853	30,436,445	32,317,084	33,102,624	34,828,754	36,537,581	37,609,454	39,548,716	40,759,998	43,709,642
Sales and use taxes	12,574,446	12,721,842	15,218,225	17,186,469	16,732,687	19,735,853	17,004,623	17,905,482	20,680,397	
Franchise fees	-	-	-	-	-	-	-	2,860,600	3,639,190	3,718,009
Property transfer taxes	-	-	-	-	-	-	-	929,992	1,001,546	719,381
Transient occupancy tax	-	-	-	-	-	-	-	635,204	1,171,247	1,347,653
Property taxes in lieu of sales/use taxes	4,316,288	4,211,353	3,324,689	-	-	-	-	-	-	
Other taxes	4,179,837	4,560,678	4,417,528	4,175,375	4,563,624	4,500,794	4,129,818	-	-	-
Unrestricted motor vehicle in lieu fees	42,733	41,278	38,997	43,321	50,911	46,074	76,323	69,142	108,731	96,009
Investment earnings	1,193,913	242,695	390,182	98,250	247,029	1,022,224	780,708	114,416	(781,000)	789,813
Other	1,202,634	1,540,212	521,251	664,063	329,825	127,686	102,179	309,023	216,943	240,935
Gain/(loss) on disposal of capital asset	-	-	271,129	1,021	-	-	-	-	1,077	13,418
Gain on sale of land reclassified for resale	-	6,672,066	-	-	-	-	-	-	-	-
Transfers	(530,389)	(549,409)	(893,344)	(520,440)	(540,447)	(582,999)	(11,176,076)	(549,250)	(580,415)	(776,126)
Total governmental activities	<u>51,477,315</u>	<u>59,877,160</u>	<u>55,605,741</u>	<u>54,750,683</u>	<u>56,212,383</u>	<u>61,387,213</u>	<u>48,527,029</u>	<u>61,823,325</u>	<u>66,088,217</u>	<u>70,539,131</u>
<b>Business-type activities:</b>										
Investment earnings	17,246	17,194	38,129	8,175	34,441	127,677	163,224	16,717	(94,345)	103,327
Other	-	-	-	9,219	9,200	9,030	9,405	1,084	-	-
Transfers	530,389	549,409	893,344	520,440	540,447	582,999	11,176,076	549,250	580,415	776,126
Gain/loss on sale/disposal of cap assets	(211,453)	-	-	(24,386)	-	-	-	-	-	588
Total business-type activities	<u>336,182</u>	<u>566,603</u>	<u>931,473</u>	<u>513,448</u>	<u>584,088</u>	<u>719,706</u>	<u>11,348,705</u>	<u>567,051</u>	<u>486,070</u>	<u>880,041</u>
Total primary government	<u>51,813,497</u>	<u>60,443,763</u>	<u>56,537,214</u>	<u>55,264,131</u>	<u>56,796,471</u>	<u>62,106,919</u>	<u>59,875,734</u>	<u>62,390,376</u>	<u>66,574,287</u>	<u>71,419,172</u>
<b>Change in Net Position</b>										
Government activities	5,690,665	1,667,871	132,884	(7,345,586)	(8,055,938)	(170,825)	(10,215,811)	5,021,865	7,002,505	9,947,666
Business-type activities	336,316	372,149	753,009	422,536	113,509	255,149	10,841,259	347,857	630,967	458,597
Total primary government	<u>6,026,981</u>	<u>2,040,020</u>	<u>885,893</u>	<u>(6,923,050)</u>	<u>(7,942,429)</u>	<u>84,324</u>	<u>625,448</u>	<u>5,369,722</u>	<u>7,633,472</u>	<u>10,406,263</u>

Continued

**CITY OF MISSION VIEJO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<sup>1</sup> Large donation received FY 13/14 for the Animal Shelter.

<sup>2</sup> Increase in street infrastructure expenditures which are not capitalized and adjustments to construction in progress resulting in expense recognition.

<sup>3</sup> Operating costs and revenue increased due to providing the Cities of Laguna Hills and Rancho Santa Margarita with animal services beginning January 2017.

<sup>4</sup> MVTV franchise taxes reported as Operating Grants and Contributions in previous years.

<sup>5</sup> Property taxes in lieu of sales and use taxes reverted back to Sales and use taxes due to Proposition 57 "triple-flip" ending.

<sup>6</sup> Approximately \$1.0 million of revenue recognized in 2019 was 2018 revenue not received within 60 day availability period due to CDTFA reporting issues.

<sup>7</sup> Department reorganization of Community Relations/City Clerk department, to move Community Relations to Management and Support while retaining City Clerk under Legislative.

<sup>8</sup> Purchased Oso Creek Golf Course (formerly Casta del Sol) in November of 2019 resulting in \$10.6M transfer from General Fund Reserves to Golf Fund for the purchase.

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

<sup>10</sup> Decline is due to closures of recreation facilities due to the COVID-19 pandemic.

<sup>11</sup> Increase in revenue and expenses due to the reporting of a full year of operation, compared to 7 months in the previous. Additionally, the golf course was closed for approximately 5 week during fiscal year 2019/20.

<sup>12</sup> Amounts include allocations received from CARES ACT and ARPA funds in response to the COVID-19 pandemic.

<sup>13</sup> Began breaking out Other taxes into more specific categories of Franchise fees, Property transfer taxes, and Transient occupancy tax

<sup>14</sup> Received \$4.4 million in developer fees. Developer fees are not received every year.

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

Source: Statement of Activities

Concluded

**CITY OF MISSION VIEJO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Nonspendable	\$ 534,944	\$ 569,023	\$ 597,668	\$ 606,885	\$ 36,014 <sup>1</sup>	\$ 33,361	\$ 15,307	\$ 63,765	\$ 13,216	\$ 23,671
Restricted	242,339	440,319	366,193	3,056,060 <sup>2</sup>	3,249,861	3,568,710	4,075,151	4,519,281	5,956,329	7,803,831
Assigned	17,175,604	16,942,850	18,275,290	4,500,000	4,500,000	6,100,000	6,100,000	9,600,000	9,600,000	10,000,000
Unassigned	13,285,786	15,097,438	13,477,307	26,519,396	24,985,180	28,224,486	21,814,398 <sup>4</sup>	23,834,703	29,658,955	33,210,433
Total general fund	<u>31,238,673</u>	<u>33,049,630</u>	<u>32,716,458</u>	<u>34,682,341</u>	<u>32,771,055</u>	<u>37,926,557</u>	<u>32,004,856 <sup>4</sup></u>	<u>38,017,749</u>	<u>45,228,500</u>	<u>51,037,935</u>
<b>All other governmental funds</b>										
Nonspendable	5,421,335	75	-	-	-	-	-	-	350	7,445
Restricted	17,671,546	16,058,970	16,745,326	18,771,464	13,201,408 <sup>3</sup>	11,325,133	14,410,120	17,417,173	23,454,813 <sup>5</sup>	22,782,285
Unassigned	(2,276,368)	(3,597,725)	(873,939)	(63,579)	(658,376)	(1,056,053)	(3,218,036)	(966,358)	(2,163,907)	(3,067,017)
Total other governmental funds	<u>20,816,513</u>	<u>12,461,320</u>	<u>15,871,387</u>	<u>18,707,885</u>	<u>12,543,032</u>	<u>10,269,080</u>	<u>11,192,084</u>	<u>16,450,815</u>	<u>21,291,256</u>	<u>19,722,713</u>

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

<sup>2</sup> Creation of a Section 115 Trust fund to offset pension costs.

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

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

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

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

Source: Governmental Funds Balance Sheet

**CITY OF MISSION VIEJO**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUES</b>										
Taxes	\$ 48,533,127	\$ 50,440,362	\$ 53,480,709	\$ 53,079,452	\$ 54,637,638	\$ 59,268,076	\$ 57,278,729	\$ 59,851,422	\$ 65,095,887	\$ 67,737,872
Licenses and permits	2,123,226	1,775,273	1,899,432	2,132,053	2,386,051	1,816,832	2,383,271	2,494,557	2,790,943	2,524,878
Intergovernmental	8,471,890	7,824,560	9,703,408	9,950,436	7,337,040	9,159,427	9,530,521	12,205,910 <sup>8</sup>	12,096,844	18,736,887
Charges for services	3,557,646	3,453,513	3,278,467	3,563,912	3,462,740	3,559,567	3,891,698	3,080,859	4,865,817	5,652,884
Investment earnings	358,774	367,070	470,299	161,556	427,381	1,187,184	974,622	142,157	(876,316)	1,205,802
Fines and forfeitures	943,592	1,041,542	813,287	507,538	664,077	586,407	992,564	385,795	552,520	638,490
Developer fees	4,800,000	-	1,000,000	4,069,104	64,958	-	448,975	4,455,000	-	388,800
Other	2,175,981	1,445,204	1,794,735	1,415,390	773,483	1,157,365	1,279,086	1,474,612	1,506,500	1,981,068
<b>Total revenues</b>	<b>70,964,236</b>	<b>66,347,524</b>	<b>72,440,337</b>	<b>74,879,441</b>	<b>69,753,368</b>	<b>76,734,858</b>	<b>76,779,466</b>	<b>84,090,312</b>	<b>86,032,195</b>	<b>98,866,681</b>
<b>EXPENDITURES</b>										
Current:										
General Government-Legislative	1,175,359	1,399,352	1,370,524	1,725,169	1,848,205	1,376,002	645,764 <sup>2</sup>	734,109	755,253	1,593,255
General Govt-Mgmt and Support	6,724,600	10,044,693 <sup>4</sup>	7,819,648	7,672,599	7,446,415	7,840,657	8,651,868 <sup>2</sup>	8,384,797	9,553,900	9,895,812
Public Safety	16,940,727	18,092,654	19,184,846	19,949,598	20,322,682	21,127,439	21,744,459	21,667,545	22,231,612	24,072,101
Community Development	3,270,422	3,280,456	3,409,459	4,348,923	3,280,501	3,088,784	3,543,893	5,668,460 <sup>9</sup>	4,246,811	3,853,958
Engineering & Transportation	2,423,926	2,378,539	2,913,831	2,688,907	2,559,113	2,648,580	3,094,329	2,644,632	3,247,922	3,345,536
Infrastructure Maintenance	14,570,652	14,823,913	16,110,507	16,463,740	17,685,584	17,658,855	18,664,252	18,978,723	20,896,644	23,413,394
Rec/Community/Library Services	8,002,589	7,875,459	8,811,348	7,671,084	8,046,601	8,478,370	7,870,394	6,474,648	7,912,491	8,997,519
Capital Outlay	5,460,896	14,426,925 <sup>5</sup>	6,427,322	7,973,171	13,424,143	6,466,992	3,443,179	5,165,679	20,204,427 <sup>10</sup>	12,318,704
Debt service:										
Principal retirement	1,715,000	1,740,000	1,770,000	2,060,000 <sup>6</sup>	1,970,000	4,139,000	2,154,000	2,235,966	2,671,932	3,320,756
Interest	1,056,096	724,173	689,158	378,893 <sup>6</sup>	533,671	743,019	795,599	727,340	847,155	1,108,426
Bond issuance costs	-	-	-	-	-	-	-	-	313,851 <sup>3</sup>	-
Administrative charges	-	370,447	141,250	503,316 <sup>6</sup>	179,820	146,336	-	-	-	-
Payment to bond escrow agent	-	-	-	1,363,981 <sup>6</sup>	-	-	-	-	-	-
<b>Total expenditures</b>	<b>61,340,267</b>	<b>75,156,611</b>	<b>68,647,893</b>	<b>72,799,381</b>	<b>77,296,735</b>	<b>73,714,034</b>	<b>70,607,737</b>	<b>72,681,899</b>	<b>92,881,998</b>	<b>91,919,461</b>
Excess (deficiency) of revenues over expenditures	<b>9,623,969</b>	<b>(8,809,087)</b>	<b>3,792,444</b>	<b>2,080,060</b>	<b>(7,543,367)</b>	<b>3,020,824</b>	<b>6,171,729</b>	<b>11,408,413</b>	<b>(6,849,803)</b>	<b>6,947,220</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	4,208,247	4,198,196	5,371,184	5,829,812	4,273,297	3,853,667	4,667,616	4,683,997	18,150,654 <sup>10</sup>	9,328,661
Transfers out	(4,738,636)	(4,747,605)	(6,264,528)	(6,350,253)	(4,813,744)	(4,436,666)	(15,843,692) <sup>7</sup>	(5,233,247)	(18,731,069) <sup>10</sup>	(10,104,787)
Proceeds of bonds	-	-	-	13,150,000 <sup>6</sup>	-	-	-	-	18,595,000 <sup>3</sup>	-
Premium on bonds	-	-	-	1,107,810 <sup>6</sup>	-	-	-	-	733,333 <sup>3</sup>	-
Payment to bond escrow agent	-	-	-	(14,016,069) <sup>6</sup>	-	-	-	-	-	-
Proceeds of lease	-	-	-	-	-	420,000 <sup>1</sup>	-	118,962 <sup>1</sup>	-	165,608 <sup>1</sup>
Sale of City property	8,488	27,782	1,365	1,021	7,675	23,725	5,650	203,798	153,077	213,418
Sale of land	-	2,600,000	-	-	-	-	-	-	-	-
Proceeds from housing loan payoff (uses)	(521,901)	2,264,854	(891,979)	(277,679)	(532,772)	(139,274)	(11,170,426)	(226,490)	18,900,995	(397,100)
<b>Net change in fund balances</b>	<b>9,102,068</b>	<b>(6,544,233)</b>	<b>2,900,465</b>	<b>1,802,381</b>	<b>(8,076,139)</b>	<b>2,881,550</b>	<b>(4,998,697)</b>	<b>11,181,923</b>	<b>12,051,192</b>	<b>6,550,120</b>
Fund balances - beginning	42,953,118	52,055,189	45,687,380	51,587,845	53,390,226	45,314,087	48,195,637	43,286,641	54,468,564	66,519,756
Fund balances - ending	<b>\$ 52,055,186</b>	<b>\$ 45,510,956</b>	<b>\$ 48,587,845</b>	<b>\$ 53,390,226</b>	<b>\$ 45,314,087</b>	<b>\$ 48,195,637</b>	<b>\$ 43,196,940</b>	<b>\$ 54,468,564</b>	<b>\$ 66,519,756</b>	<b>\$ 73,069,876</b>
Debt service as a percentage of noncapital expenditures <sup>11</sup>	4.68%	3.28%	3.74%	3.64%	3.47%	6.74%	4.40%	4.14%	4.52%	5.27%

**CITY OF MISSION VIEJO**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

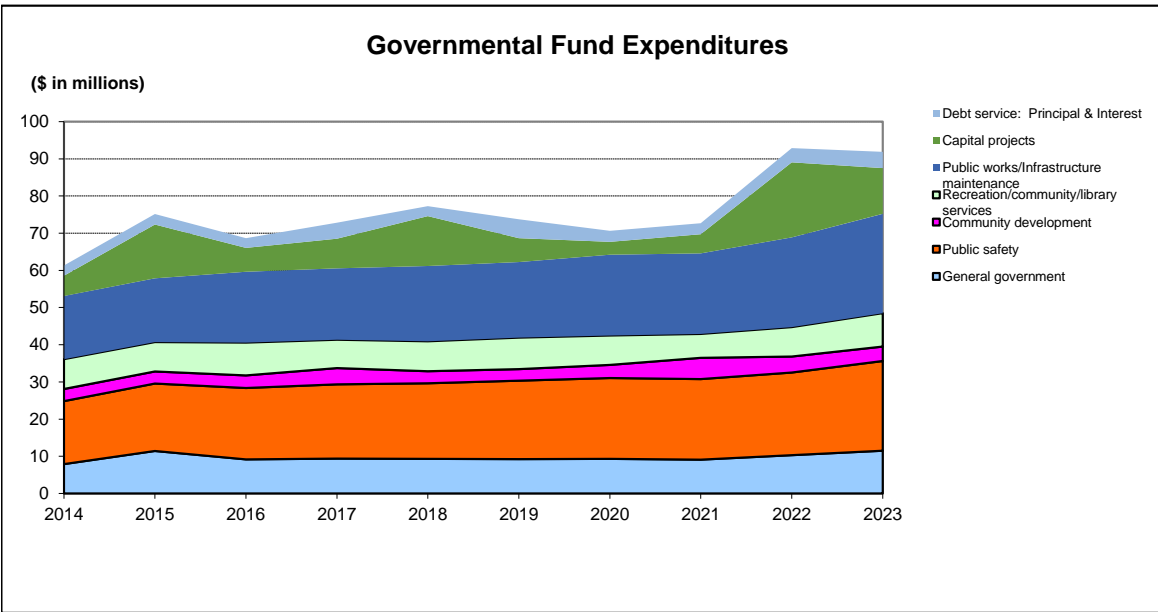
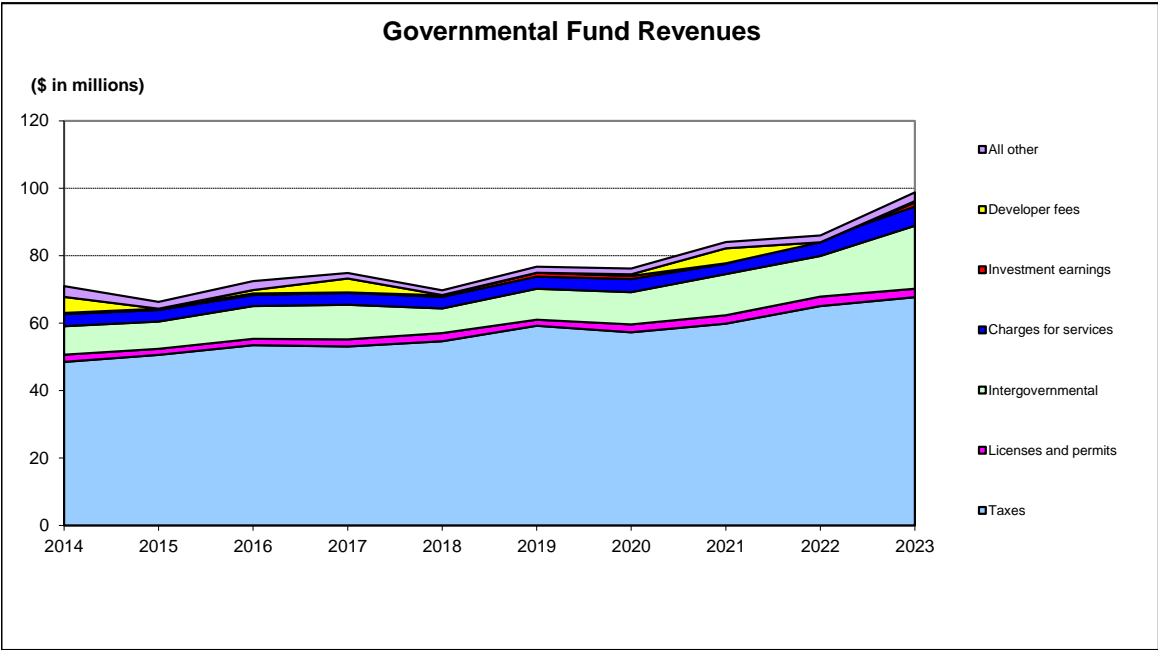
<sup>1</sup> Amount in 2019 is for new five-year computer equipment lease. Amount in 2021 is for 5 vehicle leases. Amount in 2023 is for 3 vehicle leases.  
<sup>2</sup> Department reorganization in 2020 of Community Relations/City Clerk department, to move Community Relations to Management and Support while retaining City Clerk under Legislative.  
<sup>3</sup> Issue 2021A and B Lease Revenue Bonds to fund Phase I of the Core Area Vision Plan project.  
<sup>4</sup> Increase due to additional contributions of \$2.1M for other post employment retirement benefit health costs, and \$1.5M in pension costs.  
<sup>5</sup> Increase due to the commencement of work on Oso Parkway widening, and increased spending on city-wide pavement projects.  
<sup>6</sup> Changes due to Refunding 2016 Lease Revenue Bonds.  
<sup>7</sup> Purchased Oso Creek Golf Course (formerly Casta del Sol) in November of 2019 resulting in \$10.6M transfer from General Fund Reserves to Golf Fund.  
<sup>8</sup> Amount includes allocations received from CARES Act and ARPA funds due to the COVID-19 pandemic.  
<sup>9</sup> Increase due to award of small business grants to businesses affected by the COVID-19 pandemic in the amount of \$842,500. Another \$525,000 was distributed to Families Forward for transitional housing and approximately \$400,000 was expended to develop a vision plan at the golf course location and surrounding area and to further the Core Area Vision Plan.  
<sup>10</sup> Includes \$11.9M for the purchase real property in the Village enter as part of the Core Area Vision Plan project. Transfers in/out include bond proceeds transferred from debt services funds to the General Fund to fund property purchase.

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

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



**CITY OF MISSION VIEJO**  
**GOVERNMENTAL FUND REVENUES AND EXPENDITURES**  
**Last Ten Fiscal Years**



# CITY OF MISSION VIEJO

## Tax Revenues by Source

### Last Ten Fiscal Years

(Modified accrual basis of accounting)

	Property Tax		Sales & Use Tax	Franchise Tax	Real Property Transfer Tax	Transient Occupancy Tax	Total
	City	Successor Agency <sup>1</sup>					
2014	\$ 27,462,558	\$ 1,613,733	\$ 16,890,734	\$ 3,333,588	\$ 522,333	\$ 749,316	\$ 50,572,261
2015	29,019,567	2,251,008	16,933,195	3,514,922	615,641	826,242	53,160,575
2016	30,584,018	2,130,770	18,542,914	3,439,858	593,415	882,409	56,173,384
2017	31,730,836	2,403,051	17,186,469	3,137,554	671,752	882,265	56,011,927
2018	33,402,237	1,788,215	16,732,687	3,236,957	736,109	1,062,423 <sup>2</sup>	56,958,628
2019	35,031,429	1,241,942	19,735,853 <sup>3</sup>	3,241,863	570,352	1,220,925	61,042,364
2020	36,144,288	1,561,846	17,004,623 <sup>4</sup>	3,128,176	602,031	899,256 <sup>4</sup>	59,340,220
2021	37,520,144	1,643,111	17,905,482	3,336,451	929,992	635,204 <sup>4</sup>	61,970,384
2022	38,733,004	1,776,665	20,550,900 <sup>5</sup>	4,077,591 <sup>6</sup>	1,001,546	1,171,247 <sup>5</sup>	67,310,953
2023	41,272,432	1,964,392	20,680,397	4,116,919	719,381	1,347,653	70,101,175

<sup>1</sup> Successor Agency of the Community Development Agency established 2-1-12.

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

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

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

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

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

Sources: General Ledger

**CITY OF MISSION VIEJO**

**Assessed Value and Estimated Actual Value of Taxable Property**

**Last Ten Fiscal Years**

(in thousands of dollars)

Fiscal Year Ended June 30	City				Community Development Agency <sup>2</sup>				Total Direct Tax Rate
	Secured	Public		Taxable Assessed Value <sup>1</sup>	Secured	Public		Incremental Valuation	
		Utility	Unsecured			Utility	Unsecured		
2014	\$ 13,349,374	\$ 2,418	\$ 287,688	\$ 13,639,480	\$ 667,245	\$ 2,418	\$ 83,716	\$ 753,379	0.1647%
2015	14,207,345	2,418	323,782	14,533,545	675,710	2,418	80,299	758,427	0.1647%
2016	14,938,921	2,418	321,095	15,262,434	770,481	2,418	97,124	870,023	0.1647%
2017	15,546,057	2,418	286,902	15,835,377	796,666	2,418	68,717	867,801	0.1647%
2018	16,249,236	2,418	286,941	16,538,595	870,591	2,418	73,308	946,317	0.1647%
2019	17,071,372	2,418	288,829	17,362,619	920,736	2,418	68,724	991,878	0.1647%
2020	17,769,171	2,418	315,916	18,087,505	960,539	2,418	69,763	1,032,720	0.1647%
2021	18,455,208	- <sup>3</sup>	294,071	18,749,279	1,037,534	- <sup>3</sup>	51,728	1,089,262	0.1647%
2022	19,071,125	-	296,655	19,367,780	1,079,120	-	41,606	1,120,726	0.1647%
2023	20,144,619	-	307,625	20,452,244	1,141,898	-	36,944	1,178,842	0.1647%

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 re-assessed 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.

<sup>1</sup> City amounts include Community Development Agency incremental valuation.

<sup>2</sup> The State of California dissolved Redevelopment Agencies effective 1-31-12.

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

Source: Orange County Auditor-Controller

**CITY OF MISSION VIEJO**

**Direct and Overlapping Property Tax Rates <sup>1</sup>  
Last Ten Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Direct Rate:										
Mission Viejo City Reorg #98	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200	0.09200
Mission Viejo City Lighting Fund	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270	0.03270
Mission Viejo General Fund	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290	0.02290
Mission Viejo Library Fund	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711	0.01711
	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>	<u>0.16471</u>
Overlapping Rates:										
Capistrano Unified School District General Fund	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940	0.36940
Educational Revenue Augmentation Fund	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360	0.13360
Orange County Cemetery Fund	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051
Orange County Department of Education	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674	0.01674
Orange County Fire Department	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535	0.11535
Orange County Flood Control District General	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030	0.02030
Orange County General Fund	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303	0.05303
Orange County Harbors Beaches & Parks CSA	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569	0.01569
Orange County Transportation Authority	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288	0.00288
Orange County Vector Control	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115
Santa Margarita Water District	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558	0.01558
Santa Margarita Water Improvement District 1W	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021	0.00021
South Orange County Community College District	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085	0.09085
	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>	<u>0.83529</u>
<b>Total Proposition 13 Direct &amp; Overlapping Tax Rates <sup>2</sup></b>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Metropolitan Water District										
Capistrano Unified School District 1999 Bond 2001 B	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Capistrano Unified School District 1999 EL, 2012 Ref	0.00507	0.00470	0.00445	0.00439	0.00417	0.00409	0.00388	0.00394	0.00378	0.00367
	0.00465	0.00430	0.00400	0.00404	0.00383	0.00377	0.00357	0.00362	0.00349	0.00324
<b>Total School &amp; Water District Overlapping Tax Rates</b>	<u>0.01322</u>	<u>0.01250</u>	<u>0.01195</u>	<u>0.01193</u>	<u>0.01150</u>	<u>0.01136</u>	<u>0.01095</u>	<u>0.01106</u>	<u>0.01077</u>	<u>0.01041</u>
<b>Total Direct and Overlapping Rates</b>	<u>1.01322</u>	<u>1.01250</u>	<u>1.01195</u>	<u>1.01193</u>	<u>1.01150</u>	<u>1.01136</u>	<u>1.01095</u>	<u>1.01106</u>	<u>1.01077</u>	<u>1.01041</u>

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

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

Source: Orange County Auditor-Controller  
HdL Coren & Cone

**CITY OF MISSION VIEJO**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2023			2014		
	Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Shops at Mission Viejo LLC	\$ 257,423,541	1	1.26%	\$ -	-	-
Providence Mission Hospital	211,486,112	2	1.03%	131,173,116	1	0.96%
Idyllwillow LP	128,243,781	3	0.63%	-	-	-
OC Los Alisos 2015 LLC	89,218,554	4	0.44%	-	-	-
Sullivan Mission Medical LLC	73,500,639	5	0.36%	-	-	-
EQR-Del Lago Vistas Inc	72,896,785	6	0.36%	62,694,822	5	0.46%
UDR Pacific Los Alisos LP	65,321,936	7	0.32%	-	-	-
Vista Real Apartments MV LLC	64,834,841	8	0.32%	-	-	-
Trust Mission Ridge LLC	63,244,920	9	0.31%	-	-	-
Oasis-California Inc	61,593,490	10	0.30%	53,047,289	7	0.39%
Mission Viejo Associates	-	-	-	109,909,606	2	0.81%
Mission Viejo Medical LLC	-	-	-	88,839,079	3	0.65%
Essex Madrid LP	-	-	-	64,020,695	4	0.47%
Laguna Cabot Road Business Park LP	-	-	-	60,096,255	6	0.44%
MV Unisys LLC	-	-	-	48,509,840	8	0.36%
Target Corporation	-	-	-	44,991,064	9	0.33%
OC SD Holdings LLC	-	-	-	43,901,187	10	0.32%
	<u>\$ 1,087,764,599</u>		<u>5.32%</u>	<u>\$ 707,182,953</u>		<u>5.19%</u>

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

Source: 2023 - HdL Coren & Cone.  
2014 - FY 13/14 ACFR

**CITY OF MISSION VIEJO**  
**Property Tax Levies & Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30	Tax Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of Levy		Collections for Prior Years <sup>3</sup>	Total Collections to Date	
		Amount <sup>2</sup>	Percent of Levy		Amount	Percent of Levy
2014	\$ 20,015,012	\$ 19,499,656	97.43%	\$ 233,759	\$ 19,733,415	98.59%
2015	21,222,023	20,936,644	98.66%	229,431	21,166,075	99.74%
2016	22,459,253	22,325,258	99.40%	215,807	22,541,065	100.36% <sup>4</sup>
2017	23,328,704	23,172,592	99.33%	196,616	23,369,208	100.17% <sup>4</sup>
2018	24,297,123	24,503,875	100.85%	192,949	24,696,824	101.65% <sup>4</sup>
2019	25,380,703	25,692,684	101.23%	205,789	25,898,473	102.04% <sup>4</sup>
2020	26,139,940	26,413,347	101.05%	289,119	26,702,466	102.15% <sup>4</sup>
2021	27,068,326	27,365,277	101.10%	270,042	27,635,319	102.09% <sup>4</sup>
2022	28,219,815	28,275,845	100.20%	243,211	28,519,056	101.06% <sup>4</sup>
2023	30,320,956	30,670,571	101.15%	-	30,670,571	101.15% <sup>4</sup>

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

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

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

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

Source: Orange County Auditor-Controller

**CITY OF MISSION VIEJO**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt		Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>	Percentage of Actual Value of Taxable Property <sup>3</sup>
	Lease Revenue Bonds	Certificates of Participation			
2014	\$ 15,789,926	\$ -	0.30%	\$ 165.63	0.12%
2015	15,110,224	-	0.27%	156.34	0.10%
2016	14,400,522	-	0.25%	148.92	0.09%
2017	13,323,956	-	0.21%	138.81	0.08%
2018	12,480,102	-	0.19%	130.02	0.08%
2019	11,626,248	-	0.17%	120.56	0.07%
2020	10,747,394	-	0.15%	114.01	0.06%
2021	9,848,540	-	0.13%	104.64	0.05%
2022	27,931,352 <sup>5</sup>	-	0.35%	301.91	0.14%
2023	26,165,831	-	0.32%	284.89	0.13%

Fiscal Year	Other Governmental Activities Debt			Total Primary Government <sup>2</sup>	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	Revenue Bonds	Note Payable	Leases Payable <sup>4</sup>			
2014	\$ 29,147,326	\$ -	\$ -	\$ 44,937,252	0.86%	\$ 471.37
2015	28,047,326	-	-	43,157,550	0.78%	446.53
2016	26,947,326	-	-	41,347,848	0.72%	427.58
2017	25,747,326	-	-	39,071,282	0.63%	407.06
2018	24,547,326	-	-	37,027,428	0.56%	385.75
2019	21,272,326	-	336,000	33,234,574	0.48%	344.64
2020	20,007,326	-	252,000	31,006,720	0.43%	328.92
2021	18,687,326	-	294,817	28,830,683	0.38%	306.32
2022	17,332,326	-	175,672	45,439,350	0.57%	491.16
2023	15,932,326	-	528,120	42,626,277	0.52%	464.11

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

<sup>1</sup> See the Demographic and Economic Statistics schedule for personal income and population information.

<sup>2</sup> Includes general bonded debt and other governmental activities debt.

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

<sup>4</sup> Includes equipment leases and subscription leases.

<sup>5</sup> 2021 Core Area Lease Revenue Bonds issued during FY 2021-22.

**CITY OF MISSION VIEJO**  
**Direct and Overlapping Debt**  
**as of June 30, 2023**

	Debt Outstanding	Estimate Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Overlapping tax and assessment debt:			
Metropolitan Water District	\$ 19,215,000	0.562%	\$ 107,988
Capistrano Unified School District School Facilities Improvement District No. 1	10,033,567	10.567%	1,060,247
Saddleback Valley Unified School District	83,545,000	17.551%	14,662,983
Santa Margarita Water District Improvement District No. 4	18,490,000	0.008%	1,479
Santa Margarita Water District Improvement District No. 4B	6,090,000	0.002%	122
Subtotal overlapping tax and assessment debt	<u>137,373,567</u>		<u>15,832,819</u>
Overlapping general fund obligation debt:			
Orange County General Fund Obligations	\$ 451,165,000	2.822%	\$ 12,731,876
Orange County Board of Education General Fund Obligations	10,860,000	2.822%	306,469
Capistrano Unified School District Certificates of Participation	21,360,000	10.711%	2,287,870
Moulton-Niguel Water District Certificates of Participation	50,905,000	16.327%	8,311,259
Subtotal overlapping general fund obligation debt	<u>534,290,000</u>		<u>23,637,475</u>
Subtotal overlapping debt	<u>\$ 671,663,567</u>		<u>39,470,295</u>
Direct Debt			
City of Mission Viejo Community Development Financing Authority	15,932,326	100.000%	15,932,326 <sup>2</sup>
City of Mission Viejo			<u>26,693,951</u>
			<u>42,626,277</u>
Grand total direct and overlapping debt			<u>\$ 82,096,572</u>

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Overlapping debt excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded lease obligations.

<sup>1</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

<sup>2</sup> 1999 Series A and Subordinate Series B Revenue Bonds are secured by first call on net property tax increments and secondly by sales tax revenues of mall properties.

Source for overlapping debt: California Municipal Statistics, Inc.  
Source for City direct debt: City of Mission Viejo Administrative Services Department



**CITY OF MISSION VIEJO**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed valuation	\$ 13,639,459,848	\$ 14,533,544,020	\$ 15,262,434,352	\$ 15,835,376,499	\$ 16,538,594,766	\$ 17,362,619,028	\$ 18,087,504,763	\$ 18,749,278,901	\$ 19,367,779,917	\$ 20,452,243,818
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,409,864,962	3,633,386,005	3,815,608,588	3,958,844,125	4,134,648,692	4,340,654,757	4,521,876,191	4,687,319,725	4,841,944,979	5,113,060,955
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	511,479,744	545,007,901	572,341,288	593,826,619	620,197,304	651,098,214	678,281,429	703,097,959	726,291,747	766,959,143
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 511,479,744</u>	<u>\$ 545,007,901</u>	<u>\$ 572,341,288</u>	<u>\$ 593,826,619</u>	<u>\$ 620,197,304</u>	<u>\$ 651,098,214</u>	<u>\$ 678,281,429</u>	<u>\$ 703,097,959</u>	<u>\$ 726,291,747</u>	<u>\$ 766,959,143</u>
Total net debt applicable to limit as percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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

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

**CITY OF MISSION VIEJO**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

1999 Series A Revenue Bond						
Fiscal Year	Property Tax	Sales Tax	Total Available	Debt Service		Coverage
	Increment			Revenue	Principal	
2014	\$ 1,035,297	\$ 1,410,755	\$ 2,446,052	\$ 1,100,000	\$ 15,846	2.19
2015	1,273,540	1,397,595	2,671,135	1,100,000	8,061	2.41
2016	1,516,090	1,546,898	3,062,988	1,100,000	5,046	2.77
2017	1,235,364	1,442,102	2,677,466	1,200,000	98,273	2.06
2018	1,295,309	1,255,232	2,550,541	1,200,000	163,808	1.87
2019	1,128,852	1,678,970	2,807,822	3,275,000 <sup>1</sup>	382,873	0.77
2020	1,178,719	2,284,698	3,463,417	1,265,000	454,658	2.01
2021	1,731,989	420,839 <sup>2</sup>	2,152,828	1,320,000	411,989	1.24
2022	1,722,651	698,314 <sup>2</sup>	2,420,965	1,355,000	367,651	1.41
2023	1,721,976	1,054,924	2,776,900	1,400,000	321,976	1.61

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

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

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

**CITY OF MISSION VIEJO**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population <sup>1</sup>	Median Age <sup>2</sup>	Median Housing Value <sup>3</sup>	Personal Income (thousands of dollars) <sup>4</sup>	Per Capita Personal Income <sup>4</sup>	Unemployment Rate <sup>5</sup>
2014	95,334	43.0	\$ 580,050	\$ 173,300,000	\$ 55,096	3.9%
2015	96,652	43.6	595,000	181,300,000	57,133	4.2%
2016	96,701	43.7	625,000	189,800,000	59,303	4.1%
2017	95,985	44.2	665,500	208,700,000	65,011	3.4%
2018	95,987	44.8	699,000	220,700,000	69,268	3.1%
2019	96,434	45.0	700,000	227,700,000	71,711	3.0%
2020	94,267	45.0	728,500	242,300,000	76,434	8.6%
2021	94,119	45.0	837,500	257,100,000	81,189	5.5%
2022	92,515	45.3	1,010,000	271,700,000	85,589	3.0%
2023	91,846	45.7	937,000	284,800,000	89,473	3.8%

Sources: <sup>1</sup> California Department of Finance

<sup>2</sup> HdL Coren & Cone

Information for 2021 is unavailable, used number from prior year.

<sup>3</sup> HdL Coren & Cone

<sup>4</sup> Data shown is for the County of Orange; data for City of Mission Viejo is not available.  
 Cal State Fullerton Economic Forecast.

<sup>5</sup> California Employment Development Department

**CITY OF MISSION VIEJO**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2023			2014		
	Employees	Rank	Percentage <sup>1</sup> of Total City Employment	Employees	Rank	Percentage <sup>2</sup> of Total City Employment
Providence Mission Hospital	2,764	1	5.68%	2,443	1	4.37%
Saddleback College	1,770	2	3.63%	1,975	2	3.53%
Saddleback Valley Unified School District	917	3	1.88%	1,502	3	2.69%
Target Corporation	513	4	1.05%	250	7	0.45%
James Hardie Building Products	436	5	0.90%			
Capistrano Unified School District	432	6	0.89%	441	4	0.79%
Nordstrom Department Store	362	7	0.74%	400	5	0.72%
Amazon Delivery Station	266	8	0.55%			
Macy's Department Store	263	9	0.54%	250	6	0.45%
City of Mission Viejo	250	10	0.51%	248	8	0.44%
Vocational Visions				196	9	0.35%
U.S. Post Office				194	10	0.35%
<b>Total</b>	<u><u>7,973</u></u>		<u><u>16.37%</u></u>	<u><u>7,899</u></u>		<u><u>14.14%</u></u>

<sup>1</sup> Percentage of "Total City Employment" based on total number of City residents employed in August 2023 of 48,700  
<sup>2</sup> Percentage of "Total City Employment" based on total number of City residents employed in June 2014 of 55,900

Source: 2014 ranks- FY 13/14 City of Mission Viejo ACFR  
2023 Employers and ranks- 21/22 ACFR numbers from MuniServices LLC (except 2023 employees for Saddleback College)  
2023 Saddleback College - 2023 Institutional Self-Evaluation Report

**CITY OF MISSION VIEJO**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Function	2014	2015	2016	2017 <sup>1</sup>	2018	2019	2020 <sup>2</sup>	2021	2022	2023
General government - legislative	9.530	9.530	9.530	10.530	10.530	10.530	7.568	7.568	7.690	7.690
General government - management & support	25.600	23.600	23.600	26.600	26.700	26.700	31.170	31.170	32.530	32.530
Community development	8.720	8.720	8.720	8.220	8.220	8.220	8.050	8.050	7.700	7.700
Engineering and transportation	11.175	11.175	11.175	10.800	10.800	10.800	10.350	10.350	10.500	10.500
Infrastructure maintenance	16.650	16.650	16.650	16.250	17.250	17.250	16.850	16.850	16.600	16.600
Public safety	16.450	16.200	16.200	21.950	21.950	21.950	21.613	21.613	23.980	23.980
Recreation/community/library services	51.400	51.400	51.400	47.725	47.725	47.725	47.725	47.725	44.325	44.325
Total	<u>139.525</u>	<u>137.275</u>	<u>137.275</u>	<u>142.075</u>	<u>143.175</u>	<u>143.175</u>	<u>143.326</u>	<u>143.326</u>	<u>143.325</u>	<u>143.325</u>

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

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

Source: City budget document (2013-2014), Budget Summary of Authorized Positions (2015-2023)

**CITY OF MISSION VIEJO**  
**Operating Indicators by Function**  
**Last Ten Years**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government - legislative										
Public Records Act requests	472	552	584	586	695	658	648	742	708	814
General government - management and support										
Service requests/complaint cases	3,840	3,512	3,221	4,142 <sup>5</sup>	3,357	3,937	3,608	3,681	4,245	4,951
Number of computer network nodes supported	1,126	1,119	1,182	1,217	1,240	1,598 <sup>9</sup>	1,910 <sup>12</sup>	2,003	2,023	2,263
Number of vendor checks issued	6,241	6,665	6,582	6,335	6,337	6,150	5,899	4,633	5,083	5,661
Public safety										
Calls for police services	34,917	25,206 <sup>3</sup>	29,714	29,246	32,281	37,698	35,005	31,857	28,694	30,844
Average response time-Priority 1 call in minutes	6:16	6:00	5:47	5:45	4:39	4:49	4:38	4:26	4:33	5:04
Community development										
Building inspections	16,243 <sup>1</sup>	13,476	13,131	13,177	13,706	11,805	11,871	15,724	11,194	12,894
Zoning plan checks	2,471	2,595	1,930	2,545	2,424	1,951	2,283	2,227	2,273	3,805
Public works - engineering and transportation										
Street resurfacing (lane miles)	15.93 <sup>2</sup>	34.73	46.91 <sup>4</sup>	33.24	61.08 <sup>7</sup>	75.70 <sup>10</sup>	50.50	47.80	81.90	53.40
Intersections on the city's interconnect system	112	112	112	113	113	113	113	113	113	113
Daily traffic count- La Paz Rd, Marguerite Pkwy to Spadra	24,100	25,200	26,200	26,200	25,100	25,400	24,100	14,400 <sup>14</sup>	22,100	20,400
Infrastructure maintenance										
Acres of medians and parkways renovated	10	5	3	4	3	6	5	4	5	5
Recreation/community/library services										
Attendance at recreation and tennis centers	271,244	263,994	261,511	270,616	264,611	240,017	202,442 <sup>13</sup>	98,281 <sup>13</sup>	198,665	225,097
Library circulation	887,234	800,236	788,292	1,109,462 <sup>6</sup>	1,211,864 <sup>8</sup>	1,187,609	915,109 <sup>13</sup>	502,580 <sup>13</sup>	838,382	877,483
Youth participating in organized sports on City fields	7,500	7,300	7,900	7,900	8,063	9,090 <sup>11</sup>	10,213	11,584	11,868	13,532

<sup>1</sup> Increase is due to the "Improve Don't Move" program being extended for commercial projects

<sup>2</sup> Decrease is due to an overall reduction in funding of street resurfacing projects

<sup>3</sup> Data conversion switched from a Calendar Year to a Fiscal Year basis, 2015 number represents January through June of that year

<sup>4</sup> Increase due to some residential streets being deferred from FY 14/15 to FY 15/16

<sup>5</sup> Increase due to adding street light calls to count beginning FY 16/17

<sup>6</sup> Increase due to implementation of auto-renewal system where each renewal counts as a circulation in addition to the original checkout, and policy change allowing increased number of renewals

<sup>7</sup> Increase due to additional residential street resurfacing

<sup>8</sup> Increase is due to the expansion of the auto renewal system with up to 10 renewals, the installation of two new self-check kiosks, and the elimination of new DVD fees

<sup>9</sup> Increase due to expansion of mobile devices, addition of Marguerite Aquatics network, and increase in Internet of Things (IoT) devices such as traffic & transportation systems and utility systems

<sup>10</sup> Number calculated by sorting the FY18-19 work in the 2018 PMP and multiplying the total length by 2 to get lane miles

<sup>11</sup> Increase due to additional programming, partnerships with sports organizations, and better attendance tracking with the new field ambassador program

<sup>12</sup> Increase due to continued expansion of City business needs including IT infrastructure, security, and additional equipment for the COVID-19 pandemic

<sup>13</sup> Decreases due to multiple closures of City facilities resulting from the COVID-19 pandemic

<sup>14</sup> Traffic count was taken while COVID-19 stay at home orders were still in effect

Sources: Various city departments

**CITY OF MISSION VIEJO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police (provided by Orange County Sheriffs Department)										
Patrol units	24	24	23	23	22	22	22	22	21	21
Animal shelter buildings:										
Main shelter	1	1	1	1	1	1	1	1	1	1
Cattery	1	1	1	1	1	1	1	1	1	1
Rabbit shelter	1	1	1	1	1	1	1	1	1	1
Cat isolation	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (center miles)	228.2	228.2	228.2	228.2	225.9 <sup>1</sup>	225.9	225.9	225.9	225.9	226.2
Traffic signals	114	114	114	115	115	115	115	115	115	115
Infrastructure maintenance										
Number of park sites	42	42	42	42	42	42	42	42	42	42
Acreage: parks, golf course, open space, medians and slopes	1128	1128	1128	1128	1128	1128	1236 <sup>2</sup>	1236	1236	1236
Recreation/community/library services										
Facilities (buildings)	9	9	9	9	9	9	10 <sup>3</sup>	10	10	10
Athletic fields:										
Baseball/softball diamonds	19	19	19	19	19	19	19	19	31 <sup>4</sup>	31
Soccer/football fields	35	35	35	35	35	35	35	35	28 <sup>5</sup>	30 <sup>6</sup>
Golf course	0	0	0	0	0	0	1 <sup>3</sup>	1	1	1
Note: No capital asset indicators are available for general government or community development functions.										
<sup>1</sup> Change from previous years due to re-measurement of roads to verify lengths, previous years were estimated										
<sup>2</sup> Additional 108 acres purchased in November 2019										
<sup>3</sup> Oso Creek Golf Course and building purchased in November 2019										
<sup>4</sup> Began utilizing all temporary fields and additional parks never used before for programming										
<sup>5</sup> Fewer temporary soccer fields utilized, City refrained from programming in specific neighborhood parks previously used due to resident complaints										
<sup>6</sup> Began utilizing Pincrest and Valyermo for programming										

Source: Various City departments



MISSION VIEJO

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## **Beneath Mission Viejo's Waves**

**About 13 million years ago where the Montanoso Recreation Center pool now exists, there was an ancient sea rich in marine life including large dolphins, which flourished. The fossilized skulls of two different dolphins (bottlenose and river) reconstructed here were found in eastern Mission Viejo in 1991 and 1997. They were preserved along with many other marine organisms in what is called the Topanga Formation. Formed in the early to mid-Miocene Epoch of the earth's development, this deposit extends from the Los Angeles basin into Orange County. The formation contains the sediments from a shallow warm sea that was uplifted by volcanos. This exposed the sea floor and created the hills in Mission Viejo.**

**Named Adaline and Nolan, our dolphins were recreated with digitally reproduced copies of their skulls in place. Many other animals thrived in this warm coastal environment, evident by the large array of fossils collected in the same area. You will see many of these organisms depicted in this mural.**

**This mural was made possible by the vision and generosity of former City of Mission Viejo Community Services Commissioner Grant J. Voss along with the hard work and dedication of Saddleback College Professor Kathryn Stovall Dennis and her students as well as Professor of Biology Tony Huntley, and Chair of Advanced Manufacturing Department Glen Stevenson.**

**The mural was created and installed adjacent to the pool in 2022.**



**City of Mission Viejo**  
200 Civic Center  
Mission Viejo, CA 92691  
[cityofmissionviejo.org](http://cityofmissionviejo.org)

