
CITY OF LAGUNA HILLS
California

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024



City of Laguna Hills, California
Annual Comprehensive Financial Report
Year Ended June 30, 2024

City Manager
Jarad Hildenbrand

Finance Director
Eric Hendrickson

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Introductory Section



December 2, 2024

Honorable Mayor, Council Members, and Residents of the City of Laguna Hills:

The Annual Comprehensive Financial Report (ACFR) of the City of Laguna Hills for the fiscal year ended June 30, 2024, is submitted herewith. This report is published in accordance with local ordinance and State law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Laguna Hills. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. It is management's opinion that the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. 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 misrepresentation. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City, as well as the City as a whole.

The City's financial statements have been audited by Eide Bailly LLP, a public accounting firm fully licensed and qualified to perform audits of local government. The independent auditors concluded that there was a reasonable basis for rendering unmodified opinions on the City's financial statements and that the financial statements present fairly, in all material respects, the financial condition of the City at the end of this fiscal year.

A narrative introduction, overview and analysis of the basic financial statements for the City for the fiscal year ended June 30, 2024, is discussed in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF LAGUNA HILLS

The City of Laguna Hills is located in South Orange County approximately 60 miles south of Los Angeles and 70 miles north of San Diego. Incorporated in 1991 under the laws of the State of California, it enjoys all the rights and privileges pertaining to "General Law" cities. The City is home to approximately 30,315 residents and over 1,400 businesses.

The City operates under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The Mayor is annually selected by the City Council from among its membership, and serves a one-year term. The governing Council is responsible, among other things, for passing the City's ordinances and operating resolutions, adopting the biennial budget, appointing commissions and committees, retaining the City Attorney and hiring the City Manager. The City Manager is the chief executive officer of the City and administers the daily operations and programs of the City through department heads, other staff members and contracted services.

The City contracts for selected municipal services utilizing agreements with other governmental entities, private firms and individuals. Police services are provided by the Orange County Sheriff's Department and fire services are provided through the Orange County Fire Authority, of which the City is a member.

Although the majority of the area in the City has a distinctive residential character, the City has a strong commercial base, specifically in the northern section of the City. This commercial area, or "Urban Village," is anchored by the regional Village at Laguna Hills, the Oakbrook Village Shopping Center, and the Saddleback Memorial Medical Center. In addition, the area north of the Village at Laguna Hills holds a complement of commercial, retail and office mixed-uses.

FACTORS AFFECTING FINANCIAL CONDITION

ECONOMIC CONDITIONS & OUTLOOK

The City has remained resilient and adaptable to the ever-changing situations over the past years.

Orange County saw its unemployment rate rise from 3.2 percent in June 2022 to 3.7 percent in June 2023. It has slightly increased as of June 2024 to 4.0 percent.

Overall, on a national and local scale, inflation and the associated impacts are still hampering the economy. An economic recession is still a possibility, given the challenges with inflationary prices, a tight labor market, declining interest rates, and a stock market at an all-time high point. As a result, the Southern California region's economic situation remains uncertain.

To maintain its strong financial position into the future, the City must continue to promote overall fiscal health and sustainability by adhering to its conservative financial policies, focusing on organizational efficiency and performance, and fiscally prudent decision-making. This financially conservative stance has played a critical role in allowing the City to respond quickly to difficulties that were prevalent in the economy as a result of the coronavirus pandemic that began in 2020, as well as to the previous economic downturn during the years of the Great Recession.

**LONG TERM
FINANCIAL PLANNING**

The City utilizes a customized 8-Year Resource Allocation plan that is specifically designed to project the City's operating and reserve policy ratios over an eight-year forecast horizon. The City's policy is to strive to maintain an operating ratio of 1.1 to 1.0, and an Unassigned General Fund Balance Ratio of 35% as compared to General Fund operating expenditures. Both of these benchmarks were achieved as of June 30, 2024. The operating ratio for FY 2023-24 came in at 1.15 and the Unassigned Fund Balance ratio was 98%.

**ACCOUNTING SYSTEM
AND BUDGETARY
CONTROLS**

In developing the City's accounting system, consideration was given to the adequacy of internal accounting controls, which are designed to provide reasonable, but not absolute, assurance in connection with: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Furthermore, the City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within and between funds as deemed necessary in order to meet the City's needs. Revisions that exceed the appropriated budget must be approved by the City Council.

CASH MANAGEMENT

The City invests its temporary idle cash in investments authorized under the City's prevailing Investment Resolution and Policies, which are reviewed and approved annually. These policies are significantly more restrictive than State law, limiting investments to a maturity of one year or less. The City's investments at the close of the most recent fiscal year ended June 30, 2024, consisted of money market mutual funds, and

investment pools with the State Treasurer’s Local Agency Investment Fund (LAIF) and Investment Trust of California (CALTrust).

CAPITAL ASSETS

Generally, only assets which cost \$20,000 or more and which have a useful life of five years or more are considered capital assets. This designation is extensively discussed in the City’s Internal Control Policies and Procedures for Capital Assets and Minor Equipment, which were developed for the City’s compliance with the requirements with GASB 34.

MAJOR INITIATIVES

The following section provides a sampling of some of the various initiatives and highlights occurring throughout the 2023-2024 fiscal year:

THE VILLAGE AT LAGUNA HILLS (FORMERLY FIVE LAGUNAS)

In March of 2016, the City approved a plan for the renovation of the Laguna Hills Mall which included approximately 860,000 square feet of new and renovated commercial retail space, movie theaters, restaurants, and 988 residential units. The approved plan was known as Five Lagunas. In 2018, the property owner of Five Lagunas, Merlone-Geier Partners (MGP), informed City staff that they could not move forward with the approved 2016 plan. On November 4, 2019, MGP submitted a new application to redevelop the site. The new project, named “The Village at Laguna Hills”, was presented to the City Council by MGP at the November 12, 2019, City Council meeting.

On March 8, 2022, the City Council and Planning Agency approved “The Village at Laguna Hills” project. This project consists of demolition of the remaining mall property and buildings, along with development and construction of new retail buildings, residential buildings, a hotel, parking structures, and other infrastructure. As of June 30, 2024, the majority of the former mall buildings have been demolished. Plans for installing utility functions and infrastructure are the next significant phase. It is estimated to take many years before this major project is complete.

SB 1383 ORGANIC WASTE REDUCTION IMPLEMENTATION WORK EFFORT

The California Department of Resources Recycling and Recovery (“CalRecycle”) finalized regulations for the implementation of Senate Bill (“SB”) 1383 in November 2020. SB 1383 requires local governments to reduce organic waste being sent to landfills. City staff have been consistently working to implement the requirements of SB 1383 and CalRecycle. Some of these efforts include the following.

- The City negotiated a new contract in 2024 with the City’s Franchise Waste Hauler, CR&R.
- The City implemented revised trash and recycling service fees.
- The City established an enforcement ordinance and policies to meet the requirements of SB 1383.
- The City has conducted community outreach and education on the requirements of SB 1383.

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 Laguna Hills for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the thirty second consecutive year the City has received this prestigious award. The certificate is a 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 (ACFR), whose contents conform to program standards, and must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the General Government Department. The contributions are invaluable and clearly reflect the high standards the City has set for itself.

In closing, without the effective leadership, guidance, and support provided by the Mayor and the City Council, preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

Respectfully submitted,



Jarad Hildenbrand
City Manager



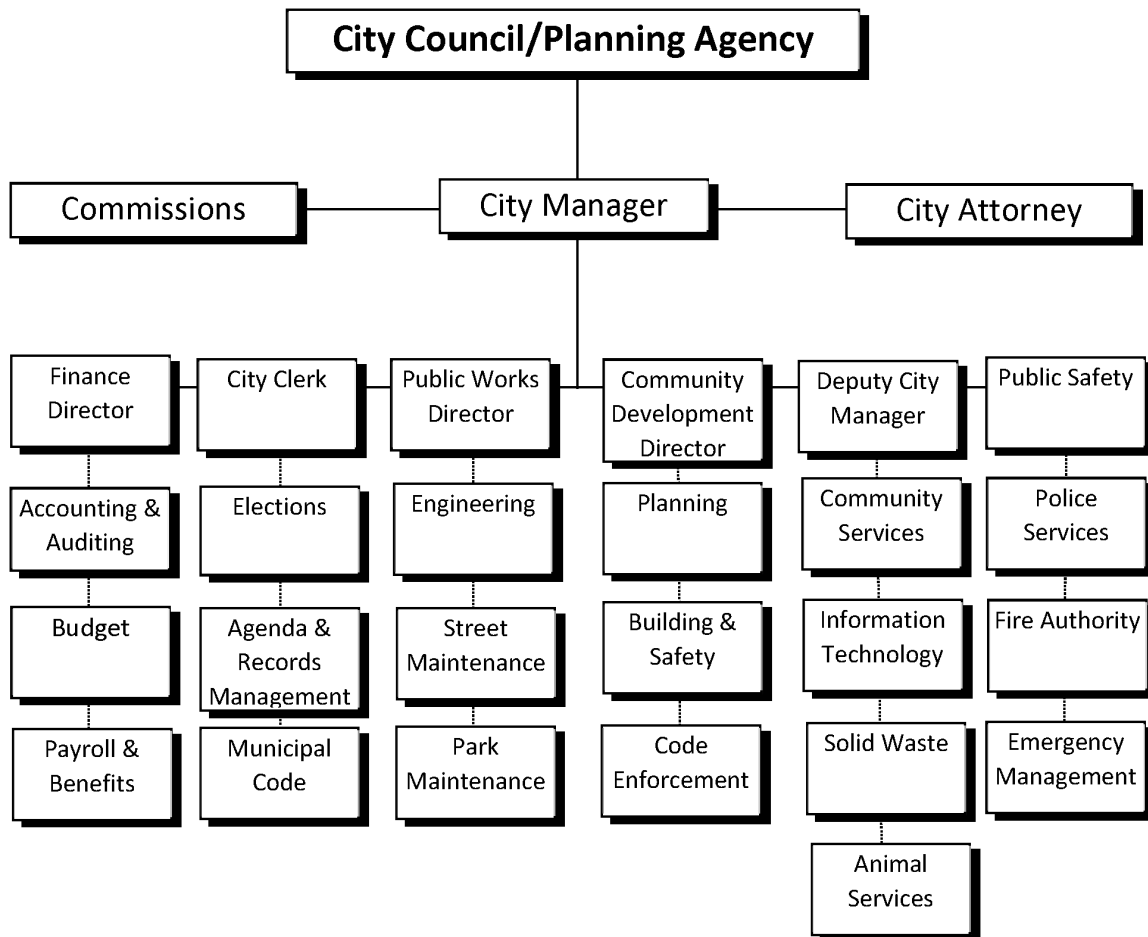
Eric Hendrickson
Finance Director

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City of Laguna Hills

Organizational Chart



City Officials

Mayor and City Council



Dave Wheeler
Mayor



Joshua Sweeney
Mayor Pro Tem



Erica Pezold
Council Member



Don Caskey
Council Member



Janine Heft
Council Member

City Executive Staff

Jarad L. Hildenbrand
City Manager

David Reynolds
Deputy City Manager

Capt. William Burk
Chief of Police Services

Eric Hendrickson
Finance Director

Joseph Ames
Public Works Director

Jennifer Lee
City Clerk

Larry Longenecker
Community Development Director

Gregory E. Simonian
City Attorney



Government Finance Officers Association

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

Presented to

**City of Laguna Hills
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Financial Section

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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Laguna Hills
Laguna Hills, 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 Laguna Hills, California (City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of revenues, expenditures and changes in fund balance - budget and actual - general fund identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

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 funds financial statements, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor funds financial statements and budgetary comparison 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 report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California
December 2, 2024

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Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Laguna Hills offers the 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, 2024**. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter on page i and the basic financial statements in the appropriate section.

Financial Highlights

Government-Wide

- The net position of the City of Laguna Hills at the close of the most recent fiscal year was \$110,537,408. Of this amount, \$20,851,187 is not restricted to a specific use or purpose.
- The net change in the City's net position resulting from the most recent fiscal year's operation was an increase of \$2,428,892, or 2.3%. The net position of governmental activities was \$105,741,315 as of June 30, 2024, for an increase of \$2,838,394, while Business-type activities decreased the City's net position by \$409,502, for a total net position of \$4,796,093.
- Total revenues from all sources were \$33,057,246. Of this amount, \$9,238,030, or 28.0%, was from program revenues and \$23,819,216, or 72.0%, was from general revenues.
- The total cost of all City programs and projects was \$30,628,354. Approximately 35.8%, or \$10,978,289, of this amount is attributable to public safety; 31.1%, or \$9,520,313, is attributable to public works; and, 14.7%, or \$4,507,981, to general government.
- The net pension liability reported as of June 30, 2024, for the City's proportionate share of the net pension liability of all pension plans, was \$6,189,773. Deferred inflows of resources related to pension plans was \$446,750; and deferred outflows of resources related to pension plans was \$2,847,948.

Fund Based

- As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of \$34,590,489.
- Total nonspendable fund balances, amounts that are either not in spendable form or are legally or contractually required to be maintained, were \$300,904.
- Total spendable fund balances were \$34,289,585. Of this amount, approximately 2.0% (\$691,632 in total assigned) is constrained by the City's intent to be used for a specific purpose and 28.6% (\$9,821,061 in total restricted) is constrained in their use by external restrictions, such as by creditors, debt covenants, grantors, contributors, or by laws and regulations. This leaves a residual of \$23,776,892 in unassigned fund balance for the City's General Fund.

- Total governmental fund balances increased by \$4,722,177.
- At the end of the most recent fiscal year, the total fund balance for the General Fund was \$24,768,465, an increase of \$3,102,818 over prior year.
- General Fund reported revenues exceeding expenditures by \$3,757,542 before transfers.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Laguna Hills' basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

(1) **Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the City of Laguna Hills' financial position, in a manner similar to a private-sector business, using the economic resources measurement focus and the full accrual basis of accounting. The following reports comprise the government-wide financial statements:

- a) **Statement of Net Position.** This report presents information on all the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between the assets and deferred outflows, on one hand, and liabilities and deferred inflows of resources, on the other hand, constitutes the *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 weakening, though it is important to consider other non-financial factors in accurately assessing the overall health of the City, such as the property tax base or condition of the roads, etc.
- b) **Statement of Activities.** The information presented in this report shows 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 expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes, program revenues, and intergovernmental revenues (referred to as *governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as *business-type activities*).

The **governmental activities** of the City of Laguna Hills include general government, public works, community development, community services and public safety. Property taxes, sales and use taxes, transient occupancy taxes, and franchise fees finance most of these activities.

The **business-type activity** of the City of Laguna Hills pertains to the leasing of certain areas in the Laguna Hills Civic Center, which also houses City Hall.

The government-wide financial statements can be found on pages 16 to 18 of this report.

- (2) **Fund financial statements.** These statements show how City services were financed in the short term as well as what remains for future spending. These statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds, but not the City as a whole. Funds are required to be established, either by State or Federal laws, in order to meet legal responsibilities associated with the usage of certain taxes, grants, and other money. There are three types of funds, of which, the City has two types:

- a) **Governmental funds.** The City maintains 19 individual governmental funds. 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 and Capital Projects Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of *combining statements* elsewhere in this report.
- b) **Proprietary funds.** When the City charges for the services it provides, other than those services associated with the City's general governmental operations, these services are generally reported in proprietary funds. The proprietary fund is used to report the same function presented as the *business-type activity* in the government-wide financial statements. The City uses the proprietary fund to account for its Civic Center leasing activity.

The fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information provides a short-term view of the City's general government operations and shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between governmental activities and the governmental funds are reported in the reconciliation of government-wide and fund financial statements and in Note 1 in the Notes to the Basic Financial Statements.

The fund financial statements can be found on pages 19 to 25 of this report.

- (3) **Notes to the basic financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26 to 58 of this report.
- (4) **Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including budgetary comparisons for the General Fund, a schedule of proportionate share of the net pension liability, and a schedule of employer plan contributions. Additionally, the combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government –Wide Financial Analysis

The City's combined net position at the close of the most recent fiscal year ended June 30, 2024, was \$110,537,408, as shown on Table 1 below. The City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Table 1
Condensed Statement of Net Position
(in thousands)

Totals	Governmental Activities		Business-Type Activities			
	2023	2024	2023	2024	2023	2024
Current and other assets	\$ 32,821	\$ 37,953	\$ 1,445	\$ 1,677	\$ 34,266	\$ 39,630
Capital assets	77,651	75,668	4,988	4,603	82,639	80,271
Total assets	110,472	113,621	6,433	6,280	116,905	119,901
Total deferred outflows	3,064	2,865	-	-	3,064	2,865
Long-term liabilities	6,395	6,500	-	-	6,395	6,500
Other liabilities	2,967	3,233	76	75	3,043	3,308
Total liabilities	9,362	9,733	76	75	9,438	9,808
Total deferred inflows	1,271	1,012	1,152	1,409	2,423	2,421
Net position:						
Net investment in capital assets	76,839	75,263	4,988	4,603	81,827	79,866
Restricted	8,203	9,821	-	-	8,203	9,821
Unrestricted	17,861	20,657	217	193	18,078	20,850
Total net position	\$ 102,903	\$ 105,741	\$ 5,205	\$ 4,796	\$ 108,108	\$ 110,537

By far the largest portion of the City's net position (\$79,865,160, or 72.2% of total net position) reflects its net investment in capital assets, which is made up of: (1) capital assets (land, building, machinery, and equipment) less accumulated depreciation, any related debt used to acquire those assets that are still outstanding, and the unamortized bond premium, (2) outstanding deferred loss on refunding, and (3) the cash with fiscal agent held in reserve to secure the timely payment of principal and interest on the capital asset related debt. 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 and corresponding items, 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. There is \$421,932 in debt outstanding (including the unamortized debt premium) related to the acquisition and construction of these capital assets.

Another portion of the City's net position, \$9,821,061 (8.9% of the total net position), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position is unrestricted net position of \$20,851,187 (18.9% of the total net position), which may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's combined total assets at the close of the fiscal year was \$119,900,605. Of this amount, \$113,621,144, or 94.8%, represents assets from governmental activities and \$6,279,461, or 5.2%, represents assets from business-type activities. By far the largest component of the City's combined total assets is in the form of capital assets at \$80,270,296, or 66.9%. The remaining \$39,630,309 of combined total assets is largely in the form of cash and investment of \$33,264,111 and restricted cash and investments of \$1,148,722.

At the end of the fiscal year, the City's combined total liabilities was \$9,807,556, which was largely in the form of long-term liabilities of the City's government activities at \$7,033,225, or 71.7%. Long-term liabilities were mainly comprised of the City's net pension liability of \$6,189,773, or 88.0%, and \$421,932, or 6.0%, in debt pertaining to Certificates of Participation for the 2010 Refinancing Project.

Deferred inflows and outflows reported in the Statement of Net Position represent an acquisition (revenue) or consumption (expense) of net assets that applies to a future period and hence will not be recognized as an inflow or outflow of resources until that time. The reported deferred inflows of \$2,420,385 and deferred outflows of \$2,847,948 pertain to the City's pension liability and leases. More information on the City's pension plan can be found in Note 8, beginning on page 47 of this report.

The details of the changes in the City's Net Position are shown in **Table 2** on the following page.

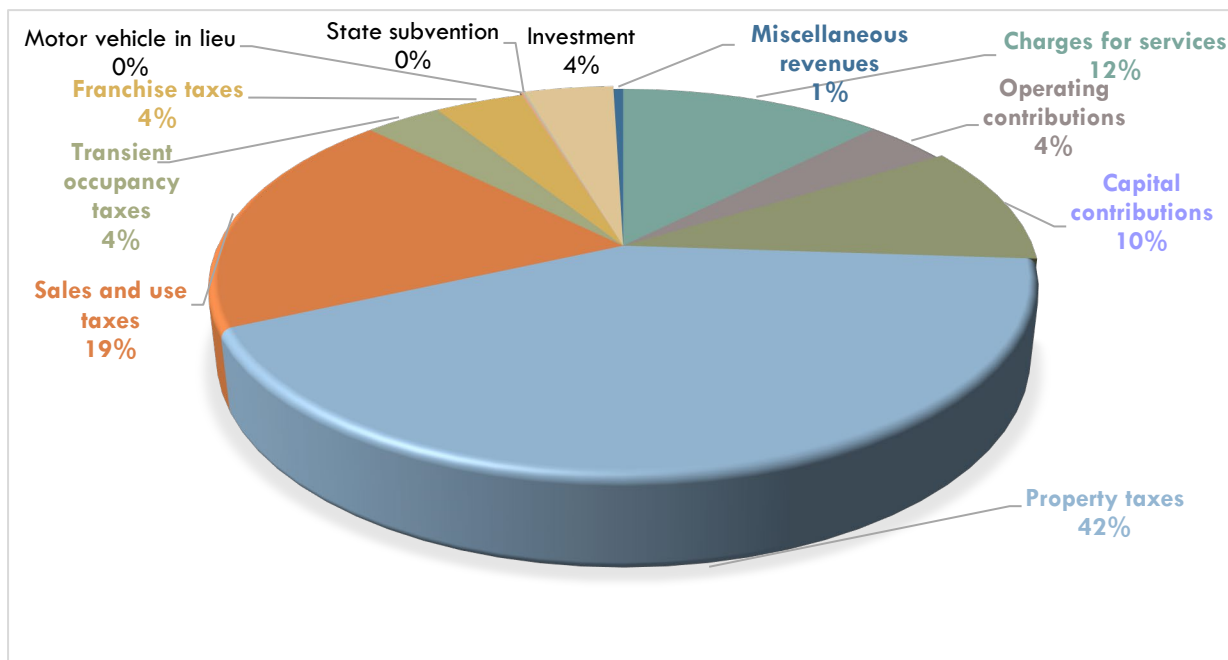
Table 2
Statement of Changes in Net Position
(in thousands)

Totals	Governmental Activities		Business-type Activities			
	2023	2024	2023	2024	2023	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 6,410	\$ 3,990	\$ 755	\$ 834	\$ 7,165	\$ 4,824
Operating contributions	4,602	1,236	-	-	4,602	1,236
Capital contributions	2,507	3,177	-	-	2,507	3,177
General Revenues:						
Property taxes	13,069	13,582	-	-	13,069	13,582
Sales and use taxes	6,930	6,193	-	-	6,930	6,193
Franchise taxes	1,327	1,345	-	-	1,327	1,345
Transient occupancy taxes	1,123	1,161	-	-	1,123	1,161
Motor vehicle in lieu taxes	32	39	-	-	32	39
State subvention	81	29	-	-	81	29
Interest earnings	637	1,324	-	-	637	1,324
Miscellaneous revenues	111	146	-	-	111	146
Total revenues	<u>36,829</u>	<u>32,222</u>	<u>755</u>	<u>834</u>	<u>37,584</u>	<u>33,056</u>
Expenses:						
General government	4,578	4,508	-	-	4,578	4,508
Public works	7,674	9,520	-	-	7,674	9,520
Community development	1,406	1,577	-	-	1,406	1,577
Community services	2,573	2,699	-	-	2,573	2,699
Public safety	10,106	10,978	-	-	10,106	10,978
Property leasing	-	-	1,418	1,372	1,418	1,372
Interest	(13)	(27)	-	-	(13)	(27)
Total expenses	<u>26,324</u>	<u>29,255</u>	<u>1,418</u>	<u>1,372</u>	<u>27,742</u>	<u>30,627</u>
Change in net position before transfers	10,505	2,967	(663)	(538)	9,842	2,429
Transfers	<u>(100)</u>	<u>(129)</u>	<u>100</u>	<u>129</u>	<u>-</u>	<u>-</u>
Change in net position	10,405	2,838	(563)	(409)	9,842	2,429
Net position, beginning	<u>92,498</u>	<u>102,903</u>	<u>5,768</u>	<u>5,205</u>	<u>98,266</u>	<u>108,108</u>
Net position, ending	<u>\$ 102,903</u>	<u>\$ 105,741</u>	<u>\$ 5,205</u>	<u>\$ 4,796</u>	<u>\$ 108,108</u>	<u>\$ 110,537</u>

During the fiscal year, the total revenue from all sources was \$33,057,246 and the cost of all activities was \$30,628,354, resulting in an overall increase in net position of \$2,428,892. The City's governmental activities increased total net position by \$2,838,394 and its business-type activities decreased total net position by \$409,502.

The revenue sources from governmental activities presented in the preceding table are illustrated in a pie chart shown below as **Figure 1**, which illustrates the percentage relationship of these revenues to each other, as well as their impact on the City's total resources.

Figure 1
Revenue by Sources – Governmental Activities
FY 2023-24



As shown in the above pie chart, roughly 69.3%, or \$22,320,268 of the City's total governmental revenues are from taxes, comprised of property, sales and use, motor vehicle in lieu, franchise and transient occupancy taxes. Program revenues totaled \$8,403,945, or 26.1%, of the total revenue resources, which is comprised of charges for services, operating contributions and capital contributions. Program revenues decreased from prior year by 37.8% due primarily to one-time revenues that occurred in the prior year for American Rescue Plan funds (\$3.7 million), Community Benefit fees (\$1.6 million), and developer park in-lieu fees collected (\$2.0 million). However, there was an increase of \$669,391 in Capital Contributions and Grants in the current fiscal year relating to Public Works projects. General revenues increased from the prior year primarily due to increases in property taxes and sales and use tax that were realized in Fiscal Year 2023-24. In addition, investment earnings improved by 107.9% over the prior year – increasing from \$636,875 to \$1,324,276. This increase is mainly due to higher interest rates resulting in higher earnings in the current fiscal year.

The City's expenses in connection with its governmental activities are categorized by function, namely: general government, public services, community development, community services and public safety. The program revenues associated with these governmental activities are classified into three categories, which are charges for services, operating contributions, and capital contributions. The relationship of the City's program revenues to the related governmental functions are illustrated in a graph shown as **Figure 2** below.

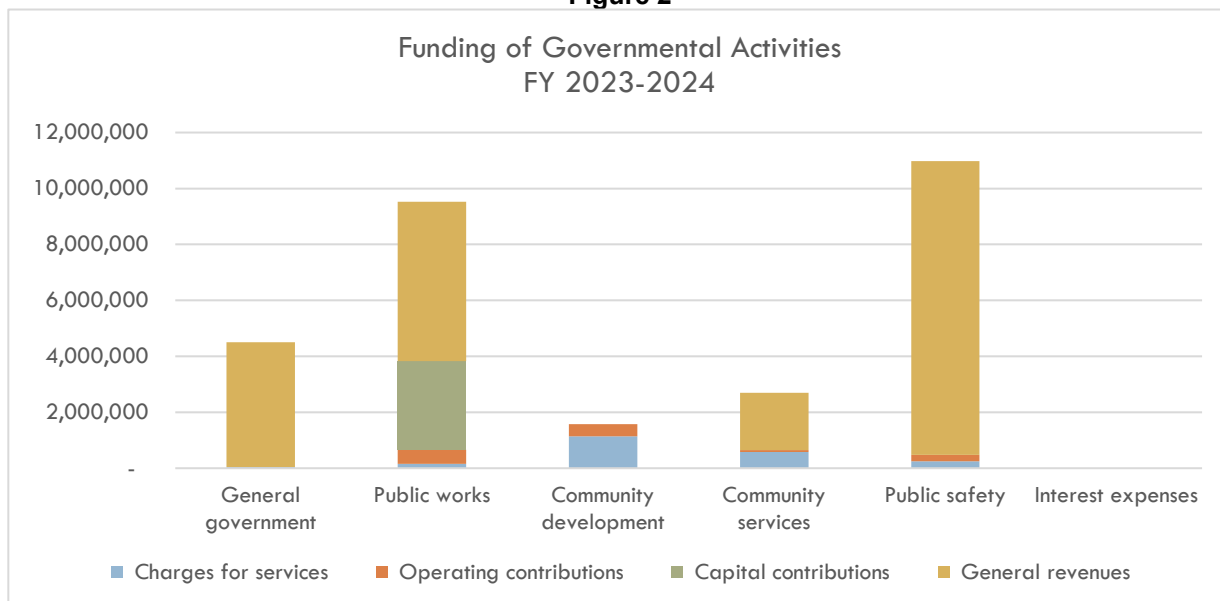
Expenses associated with governmental activities experienced an overall increase of 11.1%, or \$2,931,431 over the prior fiscal year, primarily due to increases in the Orange County Sheriff contract costs and an increased level of work completed by Public Works for capital improvement projects. The overall increase is largely attributable to increases in Public Works activity of \$1,846,105 and Public Safety activity of \$872,234.

The City's business-type activities for the leasing of the Civic Center decreased total net position by \$409,502. The decrease from business-type activities is largely attributable to depreciation. Of the \$1,372,783 of total operating expenses related to property leasing activities, depreciation represents 43.1%, or \$591,796, of that total.

Program Revenues and Expenses:

Program revenues for the most recent fiscal year were \$8,403,945. Expenses related to governmental activities were \$29,255,571. The program revenues are generally not adequate to finance the governmental programs, so it is typical for governmental expenses to be subsidized by general revenues. The City's expenses for public works and public safety are comparatively higher than the other expense categories, as shown in Figure 2 below.

Figure 2



Business-type Activities

The City's business-type activity involves the leasing of rentable areas in the Civic Center building. This 3-story building complex was renovated to accommodate the City offices and to add leasable spaces. Since June 28, 2004, the City government has operated from this facility. Altogether, there are 51,945 square feet of leasable office space in the Civic Center building. The City occupies 21,033 square feet and leases out 30,912 square feet. The occupancy rate was approximately 90% on June 30, 2024.

During the most recent fiscal year, the operating revenues of the Laguna Hills Civic Center were \$834,085 and the operating expenses were \$1,372,783, resulting in a net operating loss of \$538,698, which is largely attributable to depreciation charge of \$591,796. After interest income of \$71 and a transfer in of \$129,125 from the governmental activities, the change in net position at fiscal year-end was \$(409,502). The contra rent revenue associated with the occupied spaces for City Hall was \$549,965 for the current fiscal year.

Analysis of Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. As noted earlier, the City of Laguna Hills uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, the focus of the *governmental funds* is to provide information on near-term inflows and outflows, as well as the balances of spendable resources at the end of the fiscal year. Such information is useful in assessing the City of Laguna Hills' near term financing requirements. In particular, fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$34,590,489, an increase of \$4,722,177 from the prior year's balance. Of the ending fund balance, \$300,904 is nonspendable fund balance, which represents the portion of fund balance that is either not in spendable form or are legally or contractually required to be maintained. Of the remaining \$34,289,585 in spendable fund balance, \$9,821,061 is restricted fund balance, \$691,632 is assigned fund balance and \$23,776,892 is unassigned fund balance. Restricted fund balance includes amounts that have externally imposed restrictions on their usage by creditors, such as debt covenants, grantors, and contributors, or by laws and regulations. Assigned fund balance includes amounts which are constrained by the City's intent to be used for a specific purpose. These

include designations for claims liability and amounts assigned for equipment maintenance of the Civic Center, Community Center, Sports Complex, slopes, storm drains, and parks.

The City identifies “major” governmental funds within the fund financial statements. Funds are reviewed annually to determine if any should be classified as a major fund. Specifically, funds that have 10% or more of total assets, liabilities, or fund balance of total governmental funds. The City may also classify as a major fund any fund or combination of funds that is considered essentially important to users.

The General Fund is the City’s primary operating governmental fund. The fund balance of the City’s general fund increased by \$3,102,818 from the prior fiscal year’s balance. Revenues were fairly consistent from the prior fiscal year, with the exception of an increase in investment income of \$676,918 in the current year.

The City’s Capital Projects Fund accounts for financial resources related to the acquisition and construction of the City’s capital projects. Revenues and transfers in from other funds reflect the financial resources used to fund the capital project expenditures during the current fiscal year; therefore, this fund typically reflects no fund balance at the end of the fiscal year. Total expenditures and transfers in for the current fiscal year were \$1,492,424. Expenditures increased from the prior year by roughly 63.7%, or \$580,672, as some capital projects commenced or existing projects increased the amount of spending in the current fiscal year.

Proprietary fund:

The proprietary fund provides the same type of information found in the government-wide financial statements. The City’s proprietary fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the Civic Center building is 51,945, of which the City is a tenant using approximately 21,033 square feet.

The statement of revenues, expenses, and changes in fund net position reflect a net operating loss of \$538,698, before the interest income of \$71 and transfers in of \$129,125. The net effect is a decrease in the ending net position of \$409,502, which is largely attributable to depreciation. Before accounting for \$591,796 in depreciation expense, the net operating activity would result in a net operating income of \$53,098 from the City’s other leasing related activities. Moreover, the enterprise fund does not charge the City rent and common area maintenance (CAM). The estimated annual rent for the space occupied by City Hall would be approximately \$549,965, not including CAM.

General Fund Budgetary Highlights

At fiscal year-end, total General Fund revenues came in at \$28,047,361, which was roughly 3.9%, or \$1,095,323, above the amended budget for the year. This increase was primarily the result of higher interest rates during the current fiscal year, which significantly increased the City’s earnings on its cash and investments balances more than initially budgeted. Higher than anticipated property taxes, transient occupancy taxes, and franchise fees also materialized.

Revenues from taxes, the City’s largest General Fund revenue source, came in under budget by \$223,912, or 1.0%, primarily due to sales and use tax coming in lower than anticipated. However, property taxes, franchise tax and transient occupancy taxes all came in over budget to substantially offset the effect of the sales tax. The City’s second largest General Fund revenue source were charges for services, which came in slightly higher than budgeted by \$65,476 based

on current year actual activity. Additionally, investment income, the City's third largest General Fund revenue source, came in higher than budgeted by \$782,672, due to increased interest rates during the fiscal year earning higher amounts on the City's cash and investments.

General Fund expenditures totaled \$24,289,819 at fiscal year-end, below budget by \$2,761,361, or 10.2%. The largest budgetary savings by department was from Public Safety, which came under budget by \$1,139,799. This was mainly due to a credit received on the final Sheriff's invoice, in which overtime and vacancy credits are trued up for the fiscal year. General Government had the second largest savings by department of \$811,120 under budget, primarily due to lower actual costs for legal services than budgeted. In addition, there were salary savings from vacant positions at various points in the fiscal year.

The net change in fund balance at fiscal year-end in the General Fund was \$3,102,818, which exceeded budget by \$4,989,257. The main reason for this increase, as noted above, is better than expected results in most taxes revenues and investment income, as well as lower than anticipated expenditures during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$80,270,296, net of accumulated depreciation. This investment includes land, land improvements, easements, right-of-ways, building, building improvements, equipment, machinery, construction in progress, and infrastructure. In accordance with the requirement of GASB 34, the value of the City's infrastructure assets are included in this report, which include streets, sidewalks, curbs, gutters, playground equipment, and similar assets that are considered public property. Equipment and machinery includes vehicles, furniture, computer hardware and software.

A schedule showing the changes in the City's capital assets are shown in **Table 3** below.

Table 3
City of Laguna Hills Capital Assets (Net of accumulated depreciation)
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Land	\$ 17,955	\$ 17,955	\$ 2,855	\$ 2,855	\$ 20,810	\$ 20,810
Land improvements	1,280	1,117	-	-	1,280	1,117
Rights of ways/Easements	2,854	2,854	-	-	2,854	2,854
Building & improvements	1,113	1,043	2,133	1,748	3,246	2,791
Equipment and machinery	395	400	-	-	395	400
Construction in progress	15	15	-	-	15	15
Infrastructure	54,039	52,284	-	-	54,039	52,284
Total capital assets, net of accumulated depreciation	<u>\$ 77,651</u>	<u>\$ 75,668</u>	<u>\$ 4,988</u>	<u>\$ 4,603</u>	<u>\$ 82,639</u>	<u>\$ 80,271</u>

Additional information on the City's capital assets can be found in Note 5 on page 41 of this report.

Long-term Debt

On January 26, 2010, to take advantage of favorable interest rates, the City issued \$17,190,000 of Certificates of Participation (COPs). Proceeds from the sale were placed in an irrevocable trust used to service the future debt requirements of the 2001 and 2003 Certificates of Participation, which were issued to finance a portion of the costs to develop certain property, including the Civic Center Renovation Project and Community Center. As a result, the balance of the 2001 and 2003 COPs are considered to be defeased and the liability for those bonds has been removed. At fiscal year-end June 30, 2024, the remaining principal balance was \$375,000. The 2010 COPs maintain a "AA+" rating from Standard & Poor's. Additional information on the City's long-term debt can be found in Note 6 on pages 42 to 44 of this report.

Budget and Economic Factors

The City's most recent adopted biennial budget for fiscal years 2023/24 - 2024/25 demonstrates the City's intent to effectively manage costs while simultaneously positioning the City for future growth. For Fiscal Year 2024/25, General Fund operating expenditures are projected at \$26,770,055, while General Fund revenues are estimated at \$26,430,528.

The major goals and issues that dominated the budget process for this 2024 – 2025 biennial period are discussed in the transmittal letter, along with measures adopted to address prevailing issues facing the City.

A copy of the 2024-2025 Biennial Budget is available on the City's website: www.ci.laguna-hills.ca.us.

Requests for Information

This financial report is designed to provide a general overview of the City of Laguna Hills' finances to all interested parties. Any questions regarding this report or requests for additional information should be addressed to the City's Finance Department, at 24035 El Toro Road, Laguna Hills, California, 92653.

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Basic Financial Statements

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City of Laguna Hills, California

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 33,124,498	\$ 139,613	\$ 33,264,111
Taxes receivable	1,589,236	-	1,589,236
Accounts receivable	264,849	47,301	312,150
Interest receivable	5,703	-	5,703
Lease receivable	603,680	1,490,016	2,093,696
Prepaid items	300,904	-	300,904
Due from other governments	915,787	-	915,787
Restricted cash and investments	1,148,722	-	1,148,722
Capital assets, not depreciated	20,824,536	2,855,425	23,679,961
Capital assets, net of accumulated depreciation	54,843,229	1,747,106	56,590,335
Total assets	113,621,144	6,279,461	119,900,605
Deferred Outflows of Resources:			
Deferred loss on refunding	16,796	-	16,796
Deferred amounts from pension plans	2,847,948	-	2,847,948
Total deferred outflows of resources	2,864,744	-	2,864,744
Liabilities:			
Accounts payable	1,542,189	-	1,542,189
Accrued liabilities	271,076	12,178	283,254
Interest payable	6,641	-	6,641
Deposits payable	853,306	50,930	904,236
Unearned revenue	26,447	11,564	38,011
Noncurrent Liabilities:			
Due within one year	533,408	-	533,408
Due in more than one year			
Other long-term liabilities	310,044	-	310,044
Net pension liability	6,189,773	-	6,189,773
Total liabilities	9,732,884	74,672	9,807,556
Deferred Inflows of Resources:			
Deferred amounts from pension plans	446,750	-	446,750
Deferred amount from leases	564,939	1,408,696	1,973,635
Total deferred inflows of resources	1,011,689	1,408,696	2,420,385
Net Position:			
Net investment in capital assets	75,262,629	4,602,531	79,865,160
Restricted for:			
Capital projects	2,680,606	-	2,680,606
Public works	5,651,483	-	5,651,483
Community services	261,116	-	261,116
Police services	40,571	-	40,571
Community development	33,915	-	33,915
Debt service	1,153,370	-	1,153,370
Unrestricted	20,657,625	193,562	20,851,187
Total net position	\$ 105,741,315	\$ 4,796,093	\$ 110,537,408

City of Laguna Hills, California

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
General government	\$ 4,507,981	\$ 42,000	\$ -	\$ -	\$ 42,000
Public works	9,520,313	152,814	504,504	3,176,977	3,834,295
Community development	1,576,567	2,969,604	435,548	-	3,405,152
Community services	2,698,973	582,073	62,878	-	644,951
Public safety	10,978,289	244,299	233,248	-	477,547
Interest expenses	(26,552)	-	-	-	-
Total governmental activities	29,255,571	3,990,790	1,236,178	3,176,977	8,403,945
Business-Type Activity:					
Property leasing	1,372,783	834,085	-	-	834,085
Total business-type activities	1,372,783	834,085	-	-	834,085
Total primary government	\$ 30,628,354	\$ 4,824,875	\$ 1,236,178	\$ 3,176,977	\$ 9,238,030
General Revenues:					
Taxes:					
Property taxes					
Franchise tax					
Transient occupancy tax					
Intergovernmental, unrestricted:					
Sales and use tax					
Motor vehicle in lieu					
State subvention					
Investment earnings					
Miscellaneous revenue					
Total general revenues					
Transfers in (out)					
Total general revenues and transfers					
Change in Net Position					
Net Position at Beginning of Year					
Net Position at End of Year					

City of Laguna Hills, California
Statement of Activities
Year Ended June 30, 2024

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (4,465,981)	\$ -	\$ (4,465,981)
(5,686,018)	-	(5,686,018)
1,828,585	-	1,828,585
(2,054,022)	-	(2,054,022)
(10,500,742)	-	(10,500,742)
26,552	-	26,552
<u>(20,851,626)</u>	<u>-</u>	<u>(20,851,626)</u>
<u>-</u>	<u>(538,698)</u>	<u>(538,698)</u>
<u>-</u>	<u>(538,698)</u>	<u>(538,698)</u>
<u>(20,851,626)</u>	<u>(538,698)</u>	<u>(21,390,324)</u>
13,581,709	-	13,581,709
1,344,949	-	1,344,949
1,161,391	-	1,161,391
6,193,444	-	6,193,444
38,775	-	38,775
28,546	-	28,546
1,324,276	71	1,324,347
146,055	-	146,055
<u>23,819,145</u>	<u>71</u>	<u>23,819,216</u>
<u>(129,125)</u>	<u>129,125</u>	<u>-</u>
<u>23,690,020</u>	<u>129,196</u>	<u>23,819,216</u>
2,838,394	(409,502)	2,428,892
<u>102,902,921</u>	<u>5,205,595</u>	<u>108,108,516</u>
<u>\$ 105,741,315</u>	<u>\$ 4,796,093</u>	<u>\$ 110,537,408</u>

City of Laguna Hills, California

Balance Sheet - Governmental Funds

June 30, 2024

	General	Capital Projects	Other Governmental Funds	Totals
Assets:				
Cash and investments	\$ 24,883,065	\$ -	\$ 8,241,433	\$ 33,124,498
Receivables:				
Taxes	1,589,236	-	-	1,589,236
Accounts	23,402	-	241,447	264,849
Interest	1,055	-	4,648	5,703
Leases	603,680	-	-	603,680
Prepaid items	299,941	-	963	300,904
Due from other funds	67,915	-	-	67,915
Due from other governments	261,766	-	654,021	915,787
Restricted Assets:				
Cash and investments	-	-	1,148,722	1,148,722
Total assets	\$ 27,730,060	\$ -	\$ 10,291,234	\$ 38,021,294
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,332,241	\$ -	\$ 209,948	\$ 1,542,189
Accrued liabilities	184,662	-	86,414	271,076
Deposits	853,306	-	-	853,306
Due to other funds	-	-	67,915	67,915
Unearned revenue	26,447	-	-	26,447
Total liabilities	2,396,656	-	364,277	2,760,933
Deferred Inflows of Resources:				
Unavailable revenues	-	-	104,933	104,933
Lease related	564,939	-	-	564,939
Total deferred inflows of resources	564,939	-	104,933	669,872
Fund Balances:				
Nonspendable	299,941	-	963	300,904
Restricted	-	-	9,821,061	9,821,061
Assigned	691,632	-	-	691,632
Unassigned	23,776,892	-	-	23,776,892
Total fund balances	24,768,465	-	9,822,024	34,590,489
Total liabilities, deferred inflows of resources and fund balances	\$ 27,730,060	\$ -	\$ 10,291,234	\$ 38,021,294

City of Laguna Hills, California
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2024

Fund balances of governmental funds \$ 34,590,489

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

Capital assets	166,795,175
Accumulated depreciation	(91,127,410)

Long-term liabilities are not available to pay for current-period
expenditures and, therefore, are not reported in the governmental
funds. Long-term liabilities consist of the following:

Certificates of participation	(375,000)
Bond premium	(46,932)
Direct borrowings	(160,144)
Compensated absences	(261,376)
Claims and judgments payable	-

Deferred outflows of resources (loss on refunding of bonds) that have not been included in the governmental fund activity.	16,796
---	--------

Accrued interest payable for the current portion of interest due on the Certificates of Participation has not been reported in the governmental funds.	(6,641)
--	---------

Pension related liabilities applicable to the City's governmental activities are
not due and payable in the current period and, accordingly, are not
reported as fund liabilities. Deferred outflows of resources and
deferred inflows of resources related to pensions are only reported in
the Statement of Net Position as the changes in these amounts affects
only the government-wide statements for governmental activities:

Deferred outflows of resources	2,847,948
Deferred inflows of resources	(446,750)
Net pension liability	(6,189,773)

Revenues reported as unavailable revenue in the governmental funds do not provide current financial resources but are recognized in the statement of activities.	104,933
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Net Position of Governmental Activities	\$ 105,741,315
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City of Laguna Hills, California
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	General	Capital Projects	Other Governmental Funds	Totals
Revenues:				
Taxes	\$ 22,281,493	\$ -	\$ -	\$ 22,281,493
Licenses and permits	1,057,587	-	303,972	1,361,559
Intergovernmental	603,264	-	2,930,345	3,533,609
Charges for services	2,399,609	-	-	2,399,609
Fines and forfeitures	244,299	-	-	244,299
Investment income	1,192,672	-	445,031	1,637,703
Other revenues	268,437	-	391,448	659,885
Total revenues	28,047,361	-	4,070,796	32,118,157
Expenditures:				
General government	3,973,134	-	-	3,973,134
Public works	4,980,284	-	1,000,099	5,980,383
Community development	1,574,068	-	2,499	1,576,567
Community services	2,447,330	-	20,263	2,467,593
Public safety	10,968,679	-	-	10,968,679
Capital outlay	254,585	1,492,424	74,992	1,822,001
Debt service:				
Interest and fiscal charges	-	-	31,759	31,759
Principal retirement	91,739	-	355,000	446,739
Total expenditures	24,289,819	1,492,424	1,484,612	27,266,855
Excess (Deficiency) of Revenues over (Under) Expenditures	3,757,542	(1,492,424)	2,586,184	4,851,302
Other Financing Sources (Uses):				
Transfers in	151,000	1,492,424	6,193	1,649,617
Transfers out	(805,724)	-	(973,018)	(1,778,742)
Total other financing sources (uses)	(654,724)	1,492,424	(966,825)	(129,125)
Net Changes in Fund Balances	3,102,818	-	1,619,359	4,722,177
Fund Balances, Beginning of Year	21,665,647	-	8,202,665	29,868,312
Fund Balances, End of Year	\$ 24,768,465	\$ -	\$ 9,822,024	\$ 34,590,489

City of Laguna Hills, California
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 4,722,177
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:	
Capital outlay, net of disposals	(6,291)
Depreciation and amortization expense, net of disposal	(1,976,533)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Premiums associated with the issuance of long-term debt are reported as revenues in the governmental funds, but in the Statement of Net Position, the premiums are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Principal payments	355,000
Amortization of bond premium	80,464
Direct borrowing principal payments	92,284
Deferred losses on refunding of long-term debt in the Statement of Net Position are deferred and amortized throughout the period during which the related debt is outstanding.	(28,799)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.	
Change in compensated absences	(9,206)
Change in claims and judgments payable	111,802
Change in accrued interest for Certificates of Participation	6,101
Net difference between pension expense recorded on the government wide statement of activities and contributions paid.	(613,538)
Revenues in the Statement of Activities that do not meet the "availability" criteria for revenue recognition are reported as deferred inflows of resources, unavailable revenues, in the governmental funds. This is the net change in deferred inflows of resources, unavailable revenues, from the prior year.	104,933
Change in net position of governmental activities	<u>\$ 2,838,394</u>

City of Laguna Hills, California
Statement of Net Position – Proprietary Fund
June 30, 2024

	<u>Enterprise - Property Leasing</u>
Assets:	
Current Assets:	
Cash and investments	\$ 139,613
Receivables:	
Accounts	47,301
Leases	<u>297,383</u>
Total current assets	<u>484,297</u>
Noncurrent Assets:	
Receivables:	
Leases	1,192,633
Capital assets not depreciated	2,855,425
Capital assets, net of accumulated depreciation	<u>1,747,106</u>
Total noncurrent assets	<u>5,795,164</u>
Total assets	<u>6,279,461</u>
Liabilities:	
Current Liabilities:	
Accrued liabilities	12,178
Deposits payable	50,930
Unearned revenue	<u>11,564</u>
Total current liabilities	<u>74,672</u>
Deferred Inflows of Resources:	
Leases	<u>1,408,696</u>
Net Position:	
Net investment in capital assets	4,602,531
Unrestricted	<u>193,562</u>
Total net position	<u>\$ 4,796,093</u>

City of Laguna Hills, California
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2024

	Enterprise - Property Leasing
Operating Revenues:	
Rental fees	\$ 767,220
Common area maintenance revenues	66,481
Other current service fees	384
	<hr/>
Total operating revenues	834,085
	<hr/>
Operating Expenses:	
Direct operating expenses	721,696
Administrative and professional fees	59,291
Depreciation expense	591,796
	<hr/>
Total operating expenses	1,372,783
	<hr/>
Operating income (loss)	(538,698)
	<hr/>
Nonoperating Revenues:	
Interest income	71
	<hr/>
Other Financing Sources (Uses):	
Transfers in	129,125
	<hr/>
Change in Net Position	(409,502)
Net Position at Beginning of Year	5,205,595
	<hr/>
Net Position at End of Year	\$ 4,796,093
	<hr/> <hr/>

City of Laguna Hills, California
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024

	Enterprise - <u>Property Leasing</u>
Operating Activities:	
Receipts from tenants	\$ 347,613
Payments to suppliers for goods and services	<u>(787,371)</u>
Net Cash Used for Operating Activities	<u>(439,758)</u>
Capital and Related Financing Activities:	
Acquisition of capital assets	(205,904)
Cash received on lease receivables	528,137
Cash received for interest on lease receivables	<u>51,820</u>
Net Cash Provided by Capital and Related Financing Activities	<u>374,053</u>
Investing Activities:	
Interest Received	<u>71</u>
Net Cash Provided by Investing Activities	<u>71</u>
Net Decrease in Cash and Cash Equivalents	(65,634)
Cash and Cash Equivalents at Beginning of Year	<u>205,247</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 139,613</u></u>
Reconciliation of cash and cash equivalents:	
Operating loss	<u><u>\$ (538,698)</u></u>
Adjustments to reconcile operating loss to net cash Provided by Operating Activities:	
Depreciation expense	\$ 591,796
Recognition of lease income	(471,132)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(20,459)
Increase (decrease) in accrued liabilities	(10,363)
Increase (decrease) in deposits payable	3,979
Increase (decrease) in unearned revenue	<u>5,119</u>
Total adjustments	<u>98,940</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (439,758)</u></u>
Schedule of Non-Cash Investing, Capital and Financing Activities	
Lease receivable and deferred inflows recognized on new lessor lease transaction	\$ 676,292
Lease revenue recognized	\$ (108,825)

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

a) Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in accordance with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Financial Reporting Entity

The City of Laguna Hills (the City) was incorporated on December 20, 1991 under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, parks, solid waste, public improvements, planning and zoning, building and safety, community services, and general administrative services.

This report includes all fund types of the City (the primary government) and the Laguna Hills Public Improvement Corporation (the Corporation). The Corporation meets the definition of a component unit and is presented on a blended basis, as if it is a part of the primary government. Although it is a legally separate entity, the governing board of the Corporation is comprised of the same membership as the City Council. The City may impose its will on the Corporation, including the ability to appoint, hire, reassign, or dismiss management. There is also a financial benefit/burden relationship between the City and the Corporation.

The Corporation was established by the City Council on September 2, 1998. The Board of Directors of the Corporation is composed of the five members in connection with the acquisition, construction and improvement of public capital improvements. The activity of the Corporation is reported in the Debt Service Fund. Separate financial statements are not prepared for this blended component unit.

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 the basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City. Also, interfund services provided and used have not been eliminated.

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. The 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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 nonexchange 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 nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories: charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. 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 expenditures.

Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental and business-type activities. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

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, deferred inflows of resources, 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 and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available*. *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. For this purpose, the City considers its general revenue to be available if they are collected within 60 days of the end of the fiscal year. The City uses a 180-day availability period for special revenue grants.

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.

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

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance 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 fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect fund balance, 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, the City's applies the most restrictive funds first; and then the City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

Proprietary Fund

The City's enterprise fund is a proprietary fund. In the fund financial statements, the proprietary fund is 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, the proprietary fund is presented using the *economic resources measurement focus*. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The City has no internal service funds.

Proprietary fund operating revenues, such as rental fees, result from exchange transactions associated with 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 investment income, results from non-exchange transactions or ancillary activities. Proprietary fund operating expenses result from providing the services in connection with the proprietary fund's principal ongoing operations.

Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other 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 expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

c) Major Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It 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.

Capital Projects Fund

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition and construction of the City's capital projects. The City has designated the Capital Projects Fund as a major fund.

The City reports the following major proprietary fund:

Property Leasing

The Property Leasing Enterprise Fund is used to account for activity pertaining to the leasing of certain areas in the Laguna Hills Civic Center, which has been the City Hall site and seat of government since June 28, 2004.

Additionally, the City reports the following fund types:

Special Revenue Funds

The Special Revenue Funds are used to account for certain revenue sources set aside for specific purposes, to avoid including restricted revenues within the general fund and to provide separate information on the sources and applications of these restricted sources.

Debt Service Fund

The Debt Service Fund is used to pay the City's debt service on its Certificate of Participation (COP) issue.

d) New Government Accounting Standards Board (GASB) Pronouncements

The following accounting pronouncements were effective in fiscal year 2024:

GASB Statement No. 99, *Omnibus 2022* - The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. City has implemented these Statements without material impact to the financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections* - The provisions of this standard define and clarify accounting changes and error corrections and prescribe the presentation and disclosure requirements for each type of accounting change and error correction effective for fiscal years beginning after June 15, 2023. The City has implemented these Statements without material impact to the financial statements.

Effective in Future Fiscal Years:

The GASB has issued the following pronouncements that have effective dates which may impact future financial statement presentation. The City has not determined the effect of the following Statements:

GASB Statement No. 101, *Compensated Absences*

GASB Statement No. 102, *Certain Risk Disclosures*

GASB Statement No. 103, *Financial Reporting Model Improvements*

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

e) Cash and Investments

Investments are reported in the accompanying basic financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value represented by the external pool.

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

The City pools cash and investments of all funds, except for amounts held by fiscal agents. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

f) Statement of Cash Flows

The enterprise proprietary fund participates in the City-wide cash and investments pool, which provides immediate access to invested funds. Accordingly, all cash and investments are considered to be cash and cash equivalents for purposes of the Statement of Cash Flows.

g) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-Wide and Fund Financial Statements utilizing the consumption method.

h) Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available (within 60 days of the fiscal year end). The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 am on the first day of January proceeding the fiscal year for which the taxes are levied. The tax levy covers 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 January 1 each year, and are delinquent, if unpaid, on August 31.

i) **Capital Assets**

Capital assets are capital outlay for assets of a permanent nature, valued at \$20,000 or more and the usage of which is expected to be more than five years. Right to use lease assets in excess of \$20,000 are capitalized. Right to use subscription assets in excess of \$20,000 are capitalized. Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at acquisition value at the date of the contribution. Capital assets include public domain (infrastructure) general assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the enterprise fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statements of net position. The range of lives used for depreciation purposes for each capital asset class, are as follows:

Asset	Years
Building and improvements	20 years
Machinery and equipment	5 - 10 years
Infrastructure	5 - 60 years
Land improvements	20 years

j) **Lease Receivable**

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

k) Deferred Inflows and Outflows of Resources

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

- Deferred loss on refunding 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, which is 15 years.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between expected and actual experiences, changes in assumptions, and changes in proportion and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

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

- Deferred inflows related to pensions for differences between expected and actual experiences and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to leases where the City is the lessor and is reported in the governmental fund balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

l) Compensated Absences

Vacation time is provided to all full-time and extended part-time employees. Upon separation or retirement from City service, all employees shall be compensated at their prevailing pay rate for their accrued vacation. No employee shall be allowed to carry over more than 320 hours of vacation time from one fiscal year to the next. At the start of the fiscal year, if an employee has more than 320 hours accrued, the City will automatically cash out any hours in excess of 320.

The City provides a Retirement Health Savings (RHS) Plan, a defined contribution plan, through MissionSquare Retirement to its full-time employees that have reached ten (10) years of service with the City. This employer-sponsored retiree health benefit allows employees to accumulate assets to pay for medical expenses on a tax-free basis either upon separation of service from the City or age 50 dependent upon when contributions to the plan were made. In compliance with the Patient Protection and Affordable Care Act, contributions to the plan made after December 31, 2013, are available to plan participants for medical expenses only upon separation of employment. In the event of a participant's death, the participant's surviving spouse and/or eligible dependent(s) are immediately eligible to maintain the account and utilize it to fund eligible medical expenses. If a participant's balance is not fully depleted upon the death of the eligible spouse, the account balance may continue to be utilized to pay medical expenses of eligible dependents. An eligible dependent is (a) the participant's lawful spouse, (b) the participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as classified by Internal Revenue Service Notice 2004-79. The assets of the individual plans are not subject to claims of the City's creditors. The start-up contribution for employees will be based on their accumulated sick leave hours in excess of 160 hours at their prevailing pay rate, upon the completion of ten (10) years of service to the City. Thereafter, annual contributions will be made to each employee's account for their unused sick leave hours in excess of 160 hours on June 30th of each fiscal year at the employees' prevailing pay rate. Upon separation from employment, the City will make a final contribution on behalf of the employee equivalent to all the unused sick leave balance of the employee at the employee's prevailing pay rate at the time of separation. The City also contributes \$5,000 on behalf of each participant, upon completion of ten years of service and annually thereafter on the participant's employment anniversary date as long as the individual is an employee with the City. The \$5,000 City contributions cease after termination or retirement of the employee. In the fiscal year ended June 30, 2024, the City contributed \$25,000 to the RHS Plan.

All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

m) Pensions

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

n) Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB, requires management to make assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Cash and investments at June 30, 2024, are reported in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 33,264,111
Restricted cash and investments	<u>1,148,722</u>
Total cash and investments	<u><u>\$ 34,412,833</u></u>

Cash and investments at June 30, 2024, consisted of the following:

Cash on hand		\$ 1,750
Pooled deposits:		
Demand deposits	<u>\$ 12,952,947</u>	
Total pooled deposits		12,952,947
Pooled investments:		
Local Agency Investment Fund	93,190	
CalTRUST Money Market Mutual Fund	<u>20,216,224</u>	
Total pooled investments and deposits		20,309,414
Restricted cash and investments:		
BNY Mellon	<u>1,148,722</u>	
Total restricted cash and investments		<u>1,148,722</u>
Total cash and investments		<u><u>\$ 34,412,833</u></u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures, including investment policy considerations. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on quarterly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Authorized Investments

Under the provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments.

<u>Diversification By Investments</u>	<u>Percent of Portfolio</u>
U.S. Treasury Obligations (bills, notes and bonds)	50%
Certificates of Deposit (CDs) Commercial Banks	50%
Certificates of Deposit (CDs) Savings and Loan	25%
State Treasurer's Local Agency Investment Fund	100%
CalTRUST	100%
Overnight investment accounts managed by City's primary bank	50%
Commercial Paper	10%
Banker's Acceptances	15%
Money Market Mutual Funds	15%
	Maximum
<u>Diversification By Institution/Issuer</u>	<u>Percent of Portfolio</u>
Certificates of Deposit (CDs) Commercial Banks	25%
Certificates of Deposit (CDs) Savings and Loan	\$250,000 maximum

The maximum maturity for all investments listed above is 1 year with the exception of commercial paper and Prime Banker's Acceptances for which the maximum maturity is 180 days and 270 days, respectively.

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code.

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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rates. The City limits the investment maturities for operating funds to be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizable blocks of anticipated revenue. The City has elected the specific identification method to present the investment maturities as follows.

Investment Type	6 Months or less	Fair Value
Local Agency Investment Fund	\$ 93,190	\$ 93,190
CalTRUST Money Market Mutual Fund	20,216,224	20,216,224
Investment with Fiscal Agent: BNY Mellon	1,148,722	1,148,722
Total	<u>\$ 21,458,136</u>	<u>\$ 21,458,136</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's minimum legal rating for Money Market Mutual Funds is AAA. There is no minimum legal rating applicable for investments in the Local Agency Investment Fund and the City has no minimum legal rating for investments in CalTRUST. As of June 30, 2024, the City's investment in the Local Agency Investment Fund has not been rated by a nationally recognized statistical rating organization.

Concentration of Credit Risk

Concentration credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. As of June 30, 2024, other than the State Treasurer's Local Agency Investment Fund and the CalTRUST Money Market Mutual Fund, the City had no investments concentrated in one issuer which exceeded 5% of total investments.

Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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

As of June 30, 2024, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Treasurer's Local Agency Investment Fund

The City is a voluntary participant in the State Treasurer's Local Agency Investment Fund that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by State Treasurer's Local Agency Investment Fund for the entire State Treasurer's Local Agency Investment Fund portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by State Treasurer's Local Agency Investment Fund, which are recorded on an amortized cost basis. The Local Agency Investment Fund is not registered with the Securities Exchange Commission and not rated.

Investment in CalTRUST Investment Pool:

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to voluntarily pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four pooled accounts within the program: Government Fund, Money Market, Short-Term, and Medium-Term. The Government Fund and Money Market accounts permit daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested. The Short-Term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The Medium-Term account permits investments, withdrawals and transfers once per month, with five days advance notice. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a \$250,000 minimum investment; however, there is no maximum limit.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

Fair Value Measurements

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

Amounts invested in the Local Agency Investment Fund and CalTRUST Money Market Mutual Funds are not subject to fair value measurements. Deposits and withdrawals are made on the basis of \$1 and not at fair value.

Note 3 - Due From/To Other Funds

Interfund receivables and payables at June 30, 2024, were as follows.

Funds	Due From Other Funds	Due To Other Funds
Major Governmental:		
General	\$ 67,915	\$ -
Non-major Governmental:		
Measure M2 Special Revenue	-	67,915
	<u> </u>	<u> </u>
Total	<u>\$ 67,915</u>	<u>\$ 67,915</u>

Outstanding balances at the end of the fiscal year between funds are reported as "due to/from other funds". These balances are the result primarily from short-term negative cash balances.

Note 4 - Transfers In and Out

Transfers in and out for the fiscal year ended June 30, 2024, are as follows:

Paying Fund	Transfers Out	Receiving Fund	Transfers In
Major Governmental:		Major Governmental:	
General	\$ 805,724	General	\$ 151,000
		Capital Projects	1,492,424
Total major governmental	<u>805,724</u>	Total major governmental	<u>1,643,424</u>
Non-major Governmental:		Non-major Governmental:	
Gas Tax Special Revenue	486,275	Debt Service	2,141
Measure M2 Special Revenue	200,000	Senior Mobility Program Special Revenue	4,052
SB1 RMRA Special Revenue	85,343		
CARITS Special Revenue Fund	1,456	Total non-major governmental	<u>6,193</u>
Park In-Lieu Special Revenue	48,944		
State COPS / SLESF Special Revenue	<u>151,000</u>		
Total non-major governmental	<u>973,018</u>	Proprietary:	
		Enterprise - Property Leasing	<u>129,125</u>
		Total proprietary	<u>129,125</u>
Total	<u>\$ 1,778,742</u>	Total	<u>\$ 1,778,742</u>

The General Fund transferred \$670,406 to the Capital Projects Fund for the funding of capital improvement project (CIP) expenses. Funding of eligible CIP costs transferred to the Capital Projects Fund also included \$486,275 from the Gas Tax Special Revenue Fund, \$85,343 from the SB1 RMRA Special Revenue Fund, \$200,000 from the Measure M2 Special Revenue Fund, \$1,456 from the CARITS Special Revenue Fund, and \$48,944 from the Park In-Lieu Special Revenue Fund.

Transfers from the State COPS/SLESF Special Revenue Fund in the amount of \$151,000 to the General Fund were to cover partial law enforcement contract costs.

Transfers from the General Fund were to: 1) provide the required 20% match for the Senior Mobility Program primarily funded by OCTA in the amount of \$4,052; 2) provide funding of \$2,141 for bond payment expenses in the Debt Service Fund; and 3) provide funding for the property leasing operations in the Enterprise Fund in the amount of \$129,125.

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance at July 1, 2023	Additions	Deletions	Ending June 30, 2024
Governmental activities:				
Land	\$ 17,955,354	\$ -	\$ -	\$ 17,955,354
Rights of way / easements	2,854,182	-	-	2,854,182
Construction in progress	15,000	-	-	15,000
Total cost of non-depreciable assets	20,824,536	-	-	20,824,536
Buildings and improvements	14,577,368	-	-	14,577,368
Machinery and equipment	2,738,753	79,627	(85,918)	2,732,462
Land improvements	26,347,918	-	-	26,347,918
Infrastructure	102,312,891	-	-	102,312,891
Total cost of depreciable assets	145,976,930	79,627	(85,918)	145,970,639
Less accumulated depreciation for:				
Buildings and improvements	(13,464,858)	(69,950)	-	(13,534,808)
Machinery and equipment	(2,343,686)	(75,135)	85,918	(2,332,903)
Land improvements	(25,067,905)	(162,709)	-	(25,230,614)
Infrastructure	(48,274,428)	(1,754,657)	-	(50,029,085)
Total accumulated depreciation	(89,150,877)	(2,062,451)	85,918	(91,127,410)
Net depreciable assets	56,826,053	(1,982,824)	-	54,843,229
Total capital assets, net	\$ 77,650,589	\$ (1,982,824)	\$ -	\$ 75,667,765
Business-type activity:				
Land	\$ 2,855,425	\$ -	\$ -	\$ 2,855,425
Total cost of non-depreciable assets	2,855,425	-	-	2,855,425
Buildings and improvements	15,252,575	205,904	-	15,458,479
Total cost of depreciable assets	15,252,575	205,904	-	15,458,479
Less accumulated depreciation for:				
Buildings and improvements	(13,119,577)	(591,796)	-	(13,711,373)
Total accumulated depreciation	(13,119,577)	(591,796)	-	(13,711,373)
Net depreciable assets	2,132,998	(385,892)	-	1,747,106
Total capital assets, net	\$ 4,988,423	\$ (385,892)	\$ -	\$ 4,602,531

Depreciation expense was charged in the following functions in the Statement of Activities:

Governmental Activities:	
General government	\$ 23,905
Public works	1,797,556
Community services	231,380
Public safety	9,610
	<u>2,062,451</u>
Business-type Activity:	
Property leasing	591,796
	<u>591,796</u>
Total	<u>\$ 2,654,247</u>

Note 6 - Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

Governmental Activities:

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024	Amounts Due in One Year
Certificates of Participation:					
2010 COP	\$ 730,000	\$ -	\$ (355,000)	\$ 375,000	\$ 375,000
Unamortized premium	127,396	-	(80,464)	46,932	46,932
Total Certificates of Participation	<u>857,396</u>	<u>-</u>	<u>(435,464)</u>	<u>421,932</u>	<u>421,932</u>
Direct Borrowings:					
Edison	182,894	-	(51,370)	131,524	50,342
SDGE	69,534	-	(40,914)	28,620	8,859
Other Liabilities:					
Compensated absences	252,170	459,431	(450,225)	261,376	52,275
Claims and judgments (Note 7)	111,802	-	(111,802)	-	-
Total other liabilities	<u>616,400</u>	<u>459,431</u>	<u>(654,311)</u>	<u>421,520</u>	<u>111,476</u>
Total	<u>\$ 1,473,796</u>	<u>\$ 459,431</u>	<u>\$ (1,089,775)</u>	<u>\$ 843,452</u>	<u>\$ 533,408</u>

Typically, the City liquidates its certificates of participation, direct borrowings, compensated absences, and claims and judgments with General Fund resources.

2010 Certificates of Participation

On January 26, 2010, the City (through the City's blended component unit the Corporation) issued \$17,190,000 of Certificates of Participation (COPs). Proceeds from the sale were placed in an irrevocable trust that was used to service the future debt requirements of the 2001 and 2003 Certificates of Participation. There are no amounts outstanding on the defeased COPs.

The 2010 COPs are direct obligations and pledge the full faith and credit of the City of Laguna Hills. The certificates were executed and delivered under the provisions of the Trust Agreement by and among The Bank of New York Mellon Trust Company, N.A, as trustee. The City is required under the Agreement to make rental payments each 15th day of the month immediately preceding each February 1st and August 1st from any source of available funds in an amount sufficient to pay the annual principal and interest due with respect to the Certificates.

The Serial bonds mature in annual installments ranging from \$345,000 to \$1,670,000, commencing February 1, 2011 and ending February 1, 2025. Interest accrues at rates between 4.00% and 5.00% and is payable semiannually. The annual requirements to amortize the certificates of participation as of June 30, 2024, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 375,000	\$ 15,938	\$ 390,938
Total	<u>\$ 375,000</u>	<u>\$ 15,938</u>	<u>\$ 390,938</u>

The COPs are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due.

The COPs require a reserve in an amount that is the least of (1) 125% of the average annual lease payments, (2) 10% of the original proceeds, or (3) maximum annual lease payments. This reserve is fully funded as of June 30, 2024 with a balance of \$1,148,722.

Direct Borrowings:

Southern California Edison On-Bill Financing Program

In fiscal year 2016-2017, the City approved the installation of energy-efficient LED streets lights in areas of the City. The project was partially funded through Southern California Edison's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for \$471,344. Since each individual item is below the City's capitalization policy, there are no amounts recorded as capital assets for these purchases. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2024 was \$131,524.

The annual debt service requirements are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>
2025	\$ 50,342
2026	49,811
2027	30,404
2028	<u>967</u>
Total	<u>\$ 131,524</u>

San Diego Gas & Electric On-Bill Financing Program

In fiscal year 2017-2018, the City approved the installation of energy-efficient LED streets lights in areas of the City. The project was partially funded through San Diego Gas & Electric's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for \$287. Since each individual item is below the City's capitalization policy, there are no amounts recorded as capital assets for these purchases. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2024 was \$28,620. The annual debt service requirements are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>
2025	\$ 8,859
2026	8,859
2027	7,871
2028	<u>3,031</u>
Total	<u>\$ 28,620</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The long-term portion of this liability, amounting to \$209,101 at June 30, 2024 will be paid from the General Fund.

Note 7 - Liability, Workers' Compensation, and Purchased Insurance

a) Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Authority 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.

b) Primary Self-Insurance Programs of the Authority

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

Primary Liability Program

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

Primary 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 2023-24 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.

c) Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$62,294,301. 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 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 property currently has earthquake protection in the amount of \$62,294,301. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

d) Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2023-24.

The following is a list of the allocation of risk coverage for the City as of June 30, 2024, taking in to account the City's self-insurance portion, if any.

Claims Liability

In the financial statements prepared using the economic resources measurement focus, authoritative standards require that the liability for claims and the corresponding expense should be recognized in the period in which the underlying event occurs. In previous years, the City's liability resulted from outstanding unallocated loss adjustment expenses (ULAE) representing the amount that will be paid out in claims as well as the expenses associated with processing of those claims. The City's third-party administrator provided the data on estimated claim liabilities (paid and reserves). As of July 1, 2023, the City changed its insurance to the Authority noted above, and no longer has a self-insurance portion. The City paid out the remaining claims from the prior year as of June 30, 2024. As of June 30, 2024, the estimated outstanding ULAE was \$0.

The following is a summary of the changes in the claims liability for the last two fiscal years:

Fiscal Year Ending June 30,	FY 2023/24	FY 2022/23
Claims payable, beginning	\$ 111,802	\$ 304,323
Claims and changes in estimate	(63,358)	11,701
Claims payments	(48,444)	(204,222)
Claims payable, ending	<u>\$ -</u>	<u>\$ 111,802</u>

In the current fiscal year, the City paid the remaining claims in the amount of \$48,444.

Note 8 - Pension Plans

a) General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 and 52 with statutorily reduced benefits for Tier I and PEPR, respectively. All members are eligible for non-industrial disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at the measurement period ending June 30, 2023, are summarized as follows:

	Miscellaneous Plan	
	Tier 1 Prior to January 1, 2013	PEPRA On or After January 1, 2013
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% - 2.5%
Required employee contribution rates	7.0%	8.25%
Required employer contribution rates:		
Normal cost rate	11.43%	8.00%
Payments of unfunded liability	\$ 365,511	\$ -

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. For the period ended June 30, 2024, City contributions was \$713,171.

Typically, the City liquidates its net pension liability with General Fund resources.

b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024, the City reported net pension liabilities for its proportionate share of the net pension liability of all Plans as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	<u>\$ 6,189,773</u>

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for all Plans as of the measurement dates ended June 30, 2022 and 2023 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.04848%
Proportion - June 30, 2023	<u>0.04962%</u>
Change - Increase (Decrease)	0.00114%

For the year ended June 30, 2024, the City recognized pension expense of \$1,326,709. At June 30, 2024, (measurement period ending June 30, 2023), the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 713,171	\$ -
Differences between expected and actual experience	316,207	49,051
Change in assumptions	373,704	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	397,699
Change in employer's proportion	442,686	-
Net differences between projected and actual earnings on plan investments	<u>1,002,180</u>	<u>-</u>
Total	<u>\$ 2,847,948</u>	<u>\$ 446,750</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$713,171 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 546,417
2026	367,276
2027	745,577
2028	28,757
	<u>\$ 1,688,027</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

(3) The less of contract COLA or 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.3% thereafter.

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

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (a) (b)
Global Equity - Cap-Weighted	30.00%	4.54%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.0%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

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

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

The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	5.90%
Net Pension Liability	\$ 9,846,694
Current Discount Rate	6.90%
Net Pension Liability	\$ 6,189,773
1% Increase	7.90%
Net Pension Liability	\$ 3,179,814

Pension Plans Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

c) Payable to the Pension Plans

At June 30, 2024, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2024.

Note 9 - Deferred Compensation

The City offers its employees two kinds of defined contribution deferred compensation plans. City contribution rates may change if plan contracts are amended.

One plan is created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer annually up to a maximum of \$22,500 for calendar year 2023 and \$23,000 for calendar year 2024. This maximum deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Amounts accumulated under the plan have been invested in several investment options administered by independent third-party administrators at the direction of the employee. The assets of the plan are held in trust for the exclusive benefit of the plan participants and their beneficiaries, and the assets cannot be diverted to any other purpose. The Trustee’s beneficial ownership of plan assets held in the MissionSquare Retirement is held for the further exclusive benefit of the plan participants and their beneficiaries. The plan permits loans, administered by the City, in accordance with approved loan guidelines. The City contributes 3.75% of the employee’s compensation for part-time seasonal employees. There are no City contributions required for full-time and non-seasonal part-time employees. The City’s total contributions for the fiscal year ended June 30, 2024 was \$3,669.

The other Plan is a defined contribution plan created in accordance with Internal Revenue Code Section 401A. This Plan is available to all management staff regardless of years of service, and non-management employees who have reached a minimum of ten years of service with the City. The City is the sole contributor to this Plan and sets the contribution amount to each class of eligible employees. The contribution limit is in accordance with the prevailing IRS regulation, which is 3% for eligible non-management employees and 6.5% for eligible management employees. The City's total contributions for the fiscal year ended June 30, 2024 was \$91,019. The assets of this Plan, held for the exclusive benefits of the Plan's participants and their beneficiaries, are administered by MissionSquare Retirement. Amounts accumulated under this Plan are self-directed by each participant.

Note 10 - Classification of Net Position and Governmental Fund Balances

Net Position is measured on the full accrual basis of accounting as compared to the concept of Fund Balance, which is measured on the modified accrual basis of accounting.

Net Position Classifications

Net Position is divided into three captions as described below:

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, less outstanding balance of any debt issued to finance these capital assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. Restricted net position is subject to constraints either by (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

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

Net Position Flow Assumption

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

It is the City's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

Governmental Fund Balances Classifications

Fund Balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance.

The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

Committed fund balances are those constrained to specific purposes determined by a formal action (resolution) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. The City does not have any committed fund balances at June 30, 2024.

Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes. The City Manager has the authority to assign the portion of the fund balance in the General Fund that are constrained by the City's intent to be used for reserves as established in the City's Financial Policy No. 105 Section G.

Unassigned fund balances include the residual balance for the City's General Fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When expenditures are incurred, the City's applies the most restrictive funds first; and then the City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

City of Laguna Hills, California

Notes to Basic Financial Statements

June 30, 2024

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2024 is as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid items	\$ 299,941	\$ -	\$ 963	\$ 300,904
Total	299,941	-	963	300,904
Restricted:				
Capital projects	-	-	2,680,606	2,680,606
Public works	-	-	5,651,483	5,651,483
Community services	-	-	261,116	261,116
Police services	-	-	40,571	40,571
Community development	-	-	33,915	33,915
Debt service	-	-	1,153,370	1,153,370
Total	-	-	9,821,061	9,821,061
Assigned:				
Claims liability	161,300	-	-	161,300
Community Center and Sports Complex maintenance	189,349	-	-	189,349
Parks maintenance	309,213	-	-	309,213
Slopes/Storm Drain maintenance	31,770	-	-	31,770
Total	691,632	-	-	691,632
Unassigned	23,776,892	-	-	23,776,892
Total fund balances	\$ 24,768,465	\$ -	\$ 9,822,024	\$ 34,590,489

Note 11 - Joint Venture**Orange County Fire Authority**

In January 1995, the City of Laguna Hills entered into a Joint Powers Agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Garden Grove, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, and Yorba Linda and the County of Orange to create the Orange County Fire Authority (the Authority). Since the creation of the Authority, the Cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita, Santa Ana, and Westminster have joined the Authority as members eligible for protection services. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural 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, Garden Grove, Santa Ana, Seal Beach and Westminster.

The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Garden Grove, Santa Ana, Seal Beach and Westminster are considered "cash contract cities" and accordingly make cash contributions based on the Authority's annual budget. No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2024. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership.

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

Note 12 - Related Party Transactions

The City's enterprise fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the building is 51,945. The City is a tenant using approximately 21,033 square feet of the building. The enterprise fund does not charge the City rent. The estimated annual rent for the space occupied by the City would be approximately \$549,965.

Note 13 - Commitments and Contingencies

The City is occasionally a defendant in lawsuits which have arisen in the normal course of business. Damages are alleged in some of these actions and their outcome cannot be predicted with certainty. However, in the opinion of the City Attorney, the outcome of these actions will not have a material adverse effect on the financial position of the City.

The City participates in several federal and state grant programs. The programs are subject to examination by the granters and the amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Note 14 - Leases

Governmental Activities/General Fund:

The City has accrued a receivable for five land leases. The remaining receivable for these leases was \$603,680 for the year ended June 30, 2024. Deferred inflows related to these leases were \$564,939 as of June 30, 2024. Interest revenue recognized on these leases was \$19,229 for the year ended June 30, 2024. Principal receipts of \$102,824 were recognized during the fiscal year. The interest rate on the leases is between 2.25% and 3.25%. Final receipt is expected in fiscal year 2038.

The future receipts on these leases are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 106,028	\$ 16,775	\$ 122,803
2026	81,923	14,239	96,162
2027	84,728	12,231	96,959
2028	44,319	10,151	54,470
2029	28,711	9,069	37,780
2030 - 2034	124,250	34,402	158,652
2035 - 2038	133,721	11,210	144,931
	<u>\$ 603,680</u>	<u>\$ 108,077</u>	<u>\$ 711,757</u>

Business-Type Activities - Property Leasing:

The City has accrued a receivable for 12 building leases. The remaining receivable for these leases was \$1,490,016 for the year ended June 30, 2024. Deferred inflows related to these leases were \$1,408,696 as of June 30, 2024. Interest revenue recognized on these leases was \$51,820 for the year ended June 30, 2024. Principal receipts of \$399,010 were recognized during the fiscal year. The interest rate on the leases is between 1.25% and 4.71%. Final receipt is expected in fiscal year 2038.

The lease agreement call for payments that are partially variable and therefore were not included in lease receivable or deferred inflow of resources for leases. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from 1.18% through 5.83 percent of lessee's share of operating expense. A total of \$261,453 was recognized as revenue from these variable payments for the year ended June 30, 2024.

The future receipts on these leases are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 297,383	\$ 46,715	\$ 344,098
2026	236,813	38,031	274,844
2027	171,108	30,767	201,875
2028	99,434	25,931	125,365
2029	87,840	22,608	110,448
2030 - 2034	417,289	69,321	486,610
2035 - 2038	180,149	11,141	191,290
	<u>\$ 1,490,016</u>	<u>\$ 244,514</u>	<u>\$ 1,734,530</u>

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Required Supplementary Information

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City of Laguna Hills, California
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years
June 30, 2024

Fiscal year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.04962%	0.04848%	0.03594%	0.04120%	0.03899%	0.03658%	0.03641%	0.03413%	0.02851%	0.03634%
Plan's proportionate share of the net pension liability	\$ 6,189,773	\$ 5,599,726	\$ 1,943,651	\$ 4,483,185	\$ 3,995,763	\$ 3,524,547	\$ 3,610,550	\$ 2,953,536	\$ 1,956,617	\$ 2,261,011
Plan's covered payroll	\$ 3,142,833	\$ 2,820,234	\$ 2,968,115	\$ 3,079,318	\$ 2,978,329	\$ 3,199,277	\$ 3,197,331	\$ 3,076,464	\$ 3,093,576	\$ 2,893,989
Plan's proportionate share of the net pension liability as a percentage of covered payroll	196.95%	198.56%	65.48%	145.59%	134.16%	110.17%	112.92%	96.00%	63.25%	78.13%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	76.21%	88.29%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measure date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%.

City of Laguna Hills, California
Schedule of Contributions
Last Ten Fiscal Years
June 30, 2024

Fiscal year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 713,171	\$ 674,800	\$ 587,229	\$ 546,745	\$ 488,471	\$ 422,127	\$ 378,900	\$ 346,439	\$ 308,768	\$ 278,231
Contributions in relation to the actuarially determined contribution	(713,171)	(674,800)	(587,229)	(546,745)	(488,471)	(422,127)	(378,900)	(346,439)	(308,768)	(278,231)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,539,497	\$ 3,142,833	\$ 2,820,234	\$ 2,968,115	\$ 3,079,318	\$ 2,978,329	\$ 3,199,277	\$ 3,197,331	\$ 3,076,464	\$ 3,093,576
Contribution as a percentage of covered payroll	20.15%	21.47%	20.82%	18.42%	15.86%	14.17%	11.84%	10.84%	10.04%	8.99%

Notes to Schedule:

Valuation Date	6/30/2022	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:										
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Fair Value Method
Inflation	2.30%	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00 (3)	7.00 (3)	7.15 (3)	7.15 (3)	7.25 (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 years (2%@60), 52 years (2%@62)**

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
General Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Taxes	\$ 22,505,405	\$ 22,505,405	\$ 22,281,493	\$ (223,912)
Licenses and permits	1,227,500	1,227,500	1,057,587	(169,913)
Intergovernmental	85,000	85,000	603,264	518,264
Charges for services	2,334,133	2,334,133	2,399,609	65,476
Fines and forfeitures	190,000	190,000	244,299	54,299
Investment income	410,000	410,000	1,192,672	782,672
Other revenues	200,000	200,000	268,437	68,437
Total revenues	26,952,038	26,952,038	28,047,361	1,095,323
Expenditures:				
Current:				
General government	4,656,299	4,784,254	3,973,134	811,120
Public works	5,428,217	5,314,460	4,980,284	334,176
Community development	1,594,330	1,982,206	1,574,068	408,138
Community services	2,349,082	2,349,082	2,447,330	(98,248)
Public safety	12,108,478	12,108,478	10,968,679	1,139,799
Capital outlay	352,700	422,700	254,585	168,115
Debt service:				
Principal retirement	90,000	90,000	91,739	(1,739)
Total expenditures	26,579,106	27,051,180	24,289,819	2,761,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	372,932	(99,142)	3,757,542	3,856,684
Other Financing Sources (Uses):				
Transfers in	4,612,771	151,000	151,000	-
Transfers out	(4,828,542)	(1,938,297)	(805,724)	1,132,573
Total other financing sources (uses)	(215,771)	(1,787,297)	(654,724)	1,132,573
Net Change in Fund Balance	157,161	(1,886,439)	3,102,818	4,989,257
Fund Balance at Beginning of the Year	21,665,647	21,665,647	21,665,647	-
Fund Balance at End of the Year	\$ 21,822,808	\$ 19,779,208	\$ 24,768,465	\$ 4,989,257

Note 1 - Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. The City Council approves the two-year budget submitted by the City Manager prior to the beginning of the new two-year budget cycle. The Council conducts public hearings prior to its adoption. All remaining appropriations in the Operating Budget will be carried over from the first year to the second year of the two-year budget period. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to transfer budgeted amounts between funds and divisions as deemed necessary to meet the City's needs within the overall legal limit established by the City Council. 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 is total expenditures by fund. Formal budgetary integration is employed as a management control device during the fiscal year for the governmental fund types.

Biennial budgets are adopted for all governmental funds except for certain special revenue funds and capital projects funds, which adopt project length budgets.

The following funds had expenditures in excess of appropriations for the year ended June 30, 2024:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance Positive (Negative)</u>
Non-major Governmental			
Special Revenue Funds:			
CR&R Recycling Fee	\$ 185,300	\$ 270,949	\$ (85,649)

Supplementary Information

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Special Revenue Funds:

Gas Tax Fund - Used to account for revenues and expenditures for general street improvement maintenance related to the City's share of state gasoline taxes collected under Street and Highway Code, Sections 2103, 2105, 2106, 2107 and 2107.5.

Measure M2 Fund - Used to account for Measure M2 revenues from the Orange County Transportation Authority (OCTA) to be used for street improvement and transportation system maintenance.

SB1 RMRA Fund - Used to account for revenues received from the State SB1 taxes. Expenditures are restricted to basic road maintenance, rehabilitation, and critical safety projects.

AB 2766 Fund - Used to account for revenues and expenditures for air quality improvement. AB 2766 was enacted to authorize air pollution control districts to impose fees on motor vehicles.

Senior Mobility Program Fund - Used to account for revenues and expenditures related to help design and operate a transit program that best fits the needs of older adults under the OCTA Senior Mobility Program.

CARITS Fund - Used to account for revenues and expenditures related to the cooperative agreement with the County of Orange for Coastal Area Road Improvement and Traffic Signals (CARITS) fee program.

Public Art Fund - Used to account for revenues and expenditures related to the City's Public Art program designed to enhance the cultural and aesthetic environment and to encourage creativity, education and appreciation of the arts.

Beverage Recycling Fund - Used to account for revenues and expenditures related to grant funding received from the California State Department of Conservation for the purpose of implementing and supporting beverage container recycling programs within the City.

CR&R Recycling Fee Fund - Used to account for contractual revenues received from the City's franchised hauler, CR&R, for the purposes of recycling consulting services and general recycling activity expenditures.

C & D Forfeited Deposits Fund - Used to account for Construction and Demolition Waste Recycling Program security deposits, which have been forfeited by the applicant, used for administration costs of the program, or on programs to divert the waste from construction, demolition and alteration projects from landfill disposal, or other recycling programs.

SB 1383 Grant Fund – Used to account for a one-time grant program meant to provide aid in the implementation of regulations adopted by CalRecycle pursuant to Chapter 395, Statutes of 2016 and SB170 Budget Act of 2021.

Park In-Lieu Fund - Used to account for revenues received and expenditures made related to park fees. The Quimby Act authorizes the City to require residential subdivisions to dedicate land for parks or pay fees in-lieu of dedication.

CASp Fund - (Certified Access Specialist Program) Used to account for revenues and expenditures related to Senate Bill 1186 funds that are to be used for disability access and compliance with construction-related accessibility requirements.

Water Conservation Fund - Used to account for revenues and expenditures related to water use efficiency and conservation programs.

Public Art VALH MGP Fund - Used to account for revenues received and expenditures made related to the City's public art program designed to enhance the cultural and aesthetic environment and to encourage creativity, education and appreciation of the arts.

State COPS/SLESF Fund - Used to account for revenues received and expenditures made for front line law enforcement services related to the allocations received through the State Supplemental Law Enforcement Services Fund COPS/(SLESF) program.

Debt Service Fund:

Debt Service Fund - Used to pay the City's debt service on its COP issue.

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue Funds		
	Gas Tax	Measure M2	SB1 RMRA
Assets:			
Cash and investments	\$ 1,379,821	\$ -	\$ 1,429,191
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Prepaid items	-	-	-
Due from other governments	74,637	325,141	141,179
Restricted cash and investments	-	-	-
Total assets	<u>\$ 1,454,458</u>	<u>\$ 325,141</u>	<u>\$ 1,570,370</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 18,559	\$ 85,343
Accrued liabilities	86,414	-	-
Due to other funds	-	67,915	-
Total liabilities	<u>86,414</u>	<u>86,474</u>	<u>85,343</u>
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	<u>1,368,044</u>	<u>238,667</u>	<u>1,485,027</u>
Total fund balances	<u>1,368,044</u>	<u>238,667</u>	<u>1,485,027</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,454,458</u>	<u>\$ 325,141</u>	<u>\$ 1,570,370</u>

(Continued)

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue Funds		
		Senior Mobility Program	CARITS
	AB 2766		
Assets:			
Cash and investments	\$ 176,926	\$ 254,264	\$ 1,377,010
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Prepaid items	-	-	-
Due from other governments	10,270	8,131	-
Restricted cash and investments	-	-	-
Total assets	<u>\$ 187,196</u>	<u>\$ 262,395</u>	<u>\$ 1,377,010</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 14,928	\$ 1,279	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>14,928</u>	<u>1,279</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable revenues	<u>10,270</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>10,270</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	<u>161,998</u>	<u>261,116</u>	<u>1,377,010</u>
Total fund balances	<u>161,998</u>	<u>261,116</u>	<u>1,377,010</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 187,196</u>	<u>\$ 262,395</u>	<u>\$ 1,377,010</u>
			(Continued)

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue Funds		
	Public Art	Beverage Recycling	CR&R Recycling Fee
Assets:			
Cash and investments	\$ 207,539	\$ 5,805	\$ 37,542
Receivables:			
Accounts	-	-	241,447
Interest	-	-	-
Prepaid items	-	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
Total assets	<u>\$ 207,539</u>	<u>\$ 5,805</u>	<u>\$ 278,989</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 41,648
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>41,648</u>
Deferred Inflows of Resources:			
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	<u>207,539</u>	<u>5,805</u>	<u>237,341</u>
Total fund balances	<u>207,539</u>	<u>5,805</u>	<u>237,341</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 207,539</u>	<u>\$ 5,805</u>	<u>\$ 278,989</u>

(Continued)

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue Funds		
	C & D Forfeited Deposits	SB 1383 Grant	Park In-Lieu
Assets:			
Cash and investments	\$ 319,409	\$ 87,890	\$ 2,159,848
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Prepaid items	-	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
Total assets	<u>\$ 319,409</u>	<u>\$ 87,890</u>	<u>\$ 2,159,848</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 704	\$ -	\$ 48,944
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>704</u>	<u>-</u>	<u>48,944</u>
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	<u>318,705</u>	<u>87,890</u>	<u>2,110,904</u>
Total fund balances	<u>318,705</u>	<u>87,890</u>	<u>2,110,904</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 319,409</u>	<u>\$ 87,890</u>	<u>\$ 2,159,848</u>

(Continued)

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue Funds		
	CASp	Water Conservation	Public Art VALH MGP
Assets:			
Cash and investments	\$ 32,458	\$ 370,996	\$ 362,163
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Prepaid items	-	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
Total assets	<u>\$ 32,458</u>	<u>\$ 370,996</u>	<u>\$ 362,163</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ (1,457)	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>(1,457)</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	<u>33,915</u>	<u>370,996</u>	<u>362,163</u>
Total fund balances	<u>33,915</u>	<u>370,996</u>	<u>362,163</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,458</u>	<u>\$ 370,996</u>	<u>\$ 362,163</u>

(Continued)

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue Fund		Total Non-Major Governmental Funds
	State COPS/ SLESF	Debt Service	
Assets:			
Cash and investments	\$ 40,571	\$ -	\$ 8,241,433
Receivables:			
Accounts	-	-	241,447
Interest	-	4,648	4,648
Prepaid items	-	963	963
Due from other governments	94,663	-	654,021
Restricted cash and investments	-	1,148,722	1,148,722
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 135,234</u>	<u>\$ 1,154,333</u>	<u>\$ 10,291,234</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 209,948
Accrued liabilities	-	-	86,414
Due to other funds	-	-	67,915
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>364,277</u>
Deferred Inflows of Resources:			
Unavailable revenues	<u>94,663</u>	<u>-</u>	<u>104,933</u>
Total deferred inflows of resources	<u>94,663</u>	<u>-</u>	<u>104,933</u>
Fund Balances:			
Nonspendable	-	963	963
Restricted	<u>40,571</u>	<u>1,153,370</u>	<u>9,821,061</u>
Total fund balances	<u>40,571</u>	<u>1,154,333</u>	<u>9,822,024</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 135,234</u>	<u>\$ 1,154,333</u>	<u>\$ 10,291,234</u>

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds		
	Gas Tax	Measure M2	SB1 RMRA
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	865,844	985,455	810,078
Investment income	66,482	-	52,737
Other revenues	-	-	-
Total revenues	932,326	985,455	862,815
Expenditures:			
Current:			
Public works	-	708,079	-
Community development	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	708,079	-
Excess (deficiency) of revenues over (under) expenditures	932,326	277,376	862,815
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(486,275)	(200,000)	(85,343)
Total other financing sources (uses)	(486,275)	(200,000)	(85,343)
Net Change in Fund Balances	446,051	77,376	777,472
Fund Balances, Beginning of Year	921,993	161,291	707,555
Fund Balances, End of Year	\$ 1,368,044	\$ 238,667	\$ 1,485,027

(Continued)

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds		
	AB 2766	Senior Mobility Program	CARITS
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	30,790	51,038	-
Investment income	7,922	11,840	67,749
Other revenues	-	-	-
Total revenues	38,712	62,878	67,749
Expenditures:			
Current:			
Public works	-	-	-
Community development	-	-	-
Community services	-	20,263	-
Capital outlay	71,609	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	71,609	20,263	-
Excess (deficiency) of revenues over (under) expenditures	(32,897)	42,615	67,749
Other Financing Sources (Uses):			
Transfers in	-	4,052	-
Transfers out	-	-	(1,456)
Total other financing sources (uses)	-	4,052	(1,456)
Net Change in Fund Balances	(32,897)	46,667	66,293
Fund Balances, Beginning of Year	194,895	214,449	1,310,717
Fund Balances, End of Year	\$ 161,998	\$ 261,116	\$ 1,377,010

(Continued)

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds		
	Public Art	Beverage Recycling	CR&R Recycling Fee
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Investment income	10,205	410	9,109
Other revenues	-	-	391,448
Total revenues	10,205	410	400,557
Expenditures:			
Current:			
Public works	-	-	270,949
Community development	-	-	-
Community services	-	-	-
Capital outlay	-	3,383	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	3,383	270,949
Excess (deficiency) of revenues over (under) expenditures	10,205	(2,973)	129,608
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	10,205	(2,973)	129,608
Fund Balances, Beginning of Year	197,334	8,778	107,733
Fund Balances, End of Year	\$ 207,539	\$ 5,805	\$ 237,341

(Continued)

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds		
	C & D Forfeited Deposits	SB 1383 Grant	Park In-Lieu
Revenues:			
Licenses and permits	\$ 300,601	\$ -	\$ -
Intergovernmental	-	87,140	-
Investment income	4,552	750	106,208
Other revenues	-	-	-
Total revenues	<u>305,153</u>	<u>87,890</u>	<u>106,208</u>
Expenditures:			
Current:			
Public works	20,043	1,028	-
Community development	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>20,043</u>	<u>1,028</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>285,110</u>	<u>86,862</u>	<u>106,208</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	(48,944)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(48,944)</u>
Net Change in Fund Balances	285,110	86,862	57,264
Fund Balances, Beginning of Year	<u>33,595</u>	<u>1,028</u>	<u>2,053,640</u>
Fund Balances, End of Year	<u>\$ 318,705</u>	<u>\$ 87,890</u>	<u>\$ 2,110,904</u>

(Continued)

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds		
	CASp	Water Conservation	Public Art VALH MGP
Revenues:			
Licenses and permits	\$ 3,371	\$ -	\$ -
Intergovernmental	-	-	-
Investment income	1,585	18,243	17,809
Other revenues	-	-	-
Total revenues	<u>4,956</u>	<u>18,243</u>	<u>17,809</u>
Expenditures:			
Current:			
Public works	-	-	-
Community development	2,499	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,499</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,457</u>	<u>18,243</u>	<u>17,809</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,457	18,243	17,809
Fund Balances, Beginning of Year	<u>31,458</u>	<u>352,753</u>	<u>344,354</u>
Fund Balances, End of Year	<u>\$ 33,915</u>	<u>\$ 370,996</u>	<u>\$ 362,163</u>

(Continued)

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds		Total Non-Major Governmental Funds
	State COPS/ SLESF	Debt Service	
Revenues:			
Licenses and permits	\$ -	\$ -	\$ 303,972
Intergovernmental	100,000	-	2,930,345
Investment income	3,312	66,118	445,031
Other revenues	-	-	391,448
	<u>103,312</u>	<u>66,118</u>	<u>4,070,796</u>
Total revenues			
	<u>103,312</u>	<u>66,118</u>	<u>4,070,796</u>
Expenditures:			
Current:			
Public works	-	-	1,000,099
Community development	-	-	2,499
Community services	-	-	20,263
Capital outlay	-	-	74,992
Debt service:			
Principal retirement	-	355,000	355,000
Interest and fiscal charges	-	31,759	31,759
	<u>-</u>	<u>386,759</u>	<u>1,484,612</u>
Total expenditures			
	<u>-</u>	<u>386,759</u>	<u>1,484,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>103,312</u>	<u>(320,641)</u>	<u>2,586,184</u>
Other Financing Sources (Uses):			
Transfers in	-	2,141	6,193
Transfers out	(151,000)	-	(973,018)
	<u>(151,000)</u>	<u>2,141</u>	<u>(966,825)</u>
Total other financing sources (uses)			
	<u>(151,000)</u>	<u>2,141</u>	<u>(966,825)</u>
Net Change in Fund Balances	(47,688)	(318,500)	1,619,359
Fund Balances, Beginning of Year	<u>88,259</u>	<u>1,472,833</u>	<u>8,202,665</u>
Fund Balances, End of Year	<u>\$ 40,571</u>	<u>\$ 1,154,333</u>	<u>\$ 9,822,024</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Capital Projects Fund – Major Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Expenditures:				
Capital outlay	\$ 4,786,771	\$ 8,717,812	\$ 1,492,424	\$ 7,225,388
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,786,771)	(8,717,812)	(1,492,424)	7,225,388
Other Financing Sources (Uses):				
Transfers in	4,786,771	8,717,812	1,492,424	(7,225,388)
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of the Year	-	-	-	-
Fund Balance at End of the Year	\$ -	\$ -	\$ -	\$ -

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Gas Tax Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	\$ 836,000	\$ 836,000	\$ 865,844	\$ 29,844
Investment income	10,000	10,000	66,482	56,482
Total revenues	846,000	846,000	932,326	86,326
Excess (Deficiency) of Revenues Over (Under) Expenditures	846,000	846,000	932,326	86,326
Other Financing Sources (Uses):				
Transfers out	(1,650,000)	(1,799,657)	(486,275)	1,313,382
Net Change in Fund Balance	(804,000)	(953,657)	446,051	1,399,708
Fund Balance at Beginning of the Year	921,993	921,993	921,993	-
Fund Balance at End of the Year	\$ 117,993	\$ (31,664)	\$ 1,368,044	\$ 1,399,708

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Measure M2 Special Revenue Fund

Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
Revenues:				
Intergovernmental	\$ 940,000	\$ 1,140,000	\$ 985,455	\$ (154,545)
Investment income	3,000	3,000	-	(3,000)
Total revenues	943,000	1,143,000	985,455	(157,545)
Expenditures:				
Current:				
Public works	740,000	740,000	708,079	31,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	203,000	403,000	277,376	(125,624)
Other Financing Sources (Uses):				
Transfers out	(200,000)	(400,000)	(200,000)	200,000
Net Change in Fund Balance	3,000	3,000	77,376	74,376
Fund Balances, Beginning of Year	161,291	161,291	161,291	-
Fund Balance at End of the Year	\$ 164,291	\$ 164,291	\$ 238,667	\$ 74,376

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

SB1 RMRA Special Revenue Fund

Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	\$ 740,000	\$ 740,000	\$ 810,078	\$ 70,078
Investment income	5,000	5,000	52,737	47,737
Total revenues	745,000	745,000	862,815	117,815
Excess (Deficiency) of Revenues Over (Under) Expenditures	745,000	745,000	862,815	117,815
Other Financing Sources (Uses):				
Transfers out	(1,300,000)	(1,385,343)	(85,343)	1,300,000
Net Change in Fund Balance	(555,000)	(640,343)	777,472	1,417,815
Fund Balance at Beginning of the Year	707,555	707,555	707,555	-
Fund Balance at End of the Year	<u>\$ 152,555</u>	<u>\$ 67,212</u>	<u>\$ 1,485,027</u>	<u>\$ 1,417,815</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
AB 2766 Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 30,790	\$ (9,210)
Investment income	1,000	1,000	7,922	6,922
Total revenues	41,000	41,000	38,712	(2,288)
Expenditures:				
Capital outlay	-	72,181	71,609	572
Net Change in Fund Balance	41,000	(31,181)	(32,897)	(1,716)
Fund Balance at Beginning of the Year	194,895	194,895	194,895	-
Fund Balance at End of the Year	<u>\$ 235,895</u>	<u>\$ 163,714</u>	<u>\$ 161,998</u>	<u>\$ (1,716)</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Senior Mobility Program Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	\$ 53,590	\$ 53,590	\$ 51,038	\$ (2,552)
Investment income	1,000	1,000	11,840	10,840
Total revenues	54,590	54,590	62,878	8,288
Expenditures:				
Current:				
Community services	49,900	49,900	20,263	29,637
Capital outlay	1,500	1,500	-	1,500
Total expenditures	51,400	51,400	20,263	31,137
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,190	3,190	42,615	39,425
Other Financing Sources (Uses):				
Transfers in	10,000	10,000	4,052	(5,948)
Net Change in Fund Balance	13,190	13,190	46,667	33,477
Fund Balance at Beginning of the Year	214,449	214,449	214,449	-
Fund Balance at End of the Year	\$ 227,639	\$ 227,639	\$ 261,116	\$ 33,477

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
CARITS Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income	\$ 5,000	\$ 5,000	\$ 67,749	\$ 62,749
Other Financing Sources (Uses):				
Transfers out	(1,280,000)	(1,280,000)	(1,456)	1,278,544
Net Change in Fund Balance	(1,275,000)	(1,275,000)	66,293	1,341,293
Fund Balance at Beginning of the Year	1,310,717	1,310,717	1,310,717	-
Fund Balance at End of the Year	<u>\$ 35,717</u>	<u>\$ 35,717</u>	<u>\$ 1,377,010</u>	<u>\$ 1,341,293</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Public Art Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income	\$ 1,700	\$ 1,700	\$ 10,205	\$ 8,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,700	1,700	10,205	143,505
Net Change in Fund Balance	1,700	1,700	10,205	143,505
Fund Balance at Beginning of the Year	197,334	197,334	197,334	-
Fund Balance at End of the Year	<u>\$ 199,034</u>	<u>\$ 199,034</u>	<u>\$ 207,539</u>	<u>\$ 143,505</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Beverage Recycling Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	\$ 9,000	\$ 9,000	\$ -	\$ (9,000)
Investment income	100	100	410	310
Total revenues	9,100	9,100	410	(8,690)
Expenditures:				
Current:				
Public works	4,000	4,000	-	4,000
Capital outlay	21,324	21,324	3,383	17,941
Total expenditures	25,324	25,324	3,383	21,941
Net Change in Fund Balance	(16,224)	(16,224)	(2,973)	13,251
Fund Balance at Beginning of the Year	8,778	8,778	8,778	-
Fund Balance at End of the Year	<u>\$ (7,446)</u>	<u>\$ (7,446)</u>	<u>\$ 5,805</u>	<u>\$ 13,251</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
CR&R Recycling Fee Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income	\$ 300	\$ 300	\$ 9,109	\$ 8,809
Other revenue	150,000	150,000	391,448	241,448
Total revenues	150,300	150,300	400,557	250,257
Expenditures:				
Current:				
Public works	185,300	185,300	270,949	(85,649)
Net Change in Fund Balance	(35,000)	(35,000)	129,608	164,608
Fund Balance at Beginning of the Year	107,733	107,733	107,733	-
Fund Balance at End of the Year	<u>\$ 72,733</u>	<u>\$ 72,733</u>	<u>\$ 237,341</u>	<u>\$ 164,608</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
C & D Forfeited Deposits Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 300,601	\$ 200,601
Investment income	200	200	4,552	4,352
Total revenues	100,200	100,200	305,153	204,953
Expenditures:				
Current:				
Public works	100,000	100,000	20,043	79,957
Net Change in Fund Balance	200	200	285,110	284,910
Fund Balance at Beginning of the Year	33,595	33,595	33,595	-
Fund Balance at End of the Year	\$ 33,795	\$ 33,795	\$ 318,705	\$ 284,910

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
SB 1383 Grant Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 87,140	\$ 87,140
Investment income	-	-	750	750
Total revenues	-	-	87,890	87,890
Expenditures:				
Current:				
Public works	24,972	24,972	1,028	23,944
Net Change in Fund Balance	(24,972)	(24,972)	86,862	111,834
Fund Balance at Beginning of the Year	1,028	1,028	1,028	-
Fund Balance at End of the Year	<u>\$ (23,944)</u>	<u>\$ (23,944)</u>	<u>\$ 87,890</u>	<u>\$ 111,834</u>

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Park In-Lieu Special Revenue Fund

Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income	\$ 20,000	\$ 20,000	\$ 106,208	\$ 86,208
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	20,000	106,208	86,208
Other Financing Sources (Uses):				
Transfers out	-	(2,053,640)	(48,944)	2,004,696
Total other financing sources (uses)	-	(2,053,640)	(48,944)	2,004,696
Net Change in Fund Balance	20,000	(2,033,640)	57,264	2,090,904
Fund Balance at Beginning of the Year	2,053,640	2,053,640	2,053,640	-
Fund Balance at End of the Year	<u>\$ 2,073,640</u>	<u>\$ 20,000</u>	<u>\$ 2,110,904</u>	<u>\$ 2,090,904</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
CASp Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 3,371	\$ (1,629)
Investment income	150	150	1,585	1,435
Total revenues	5,150	5,150	4,956	(194)
Expenditures:				
Community development	5,000	5,000	2,499	2,501
Excess (Deficiency) of Revenues Over (Under) Expenditures	150	150	2,457	2,307
Net Change in Fund Balance	150	150	2,457	2,307
Fund Balance at Beginning of the Year	31,458	31,458	31,458	-
Fund Balance at End of the Year	\$ 31,608	\$ 31,608	\$ 33,915	\$ 2,307

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Water Conservation Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income	\$ 3,460	\$ 3,460	\$ 18,243	\$ 14,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,460	3,460	18,243	14,783
Net Change in Fund Balance	3,460	3,460	18,243	14,783
Fund Balance at Beginning of the Year	352,753	352,753	352,753	-
Fund Balance at End of the Year	<u>\$ 356,213</u>	<u>\$ 356,213</u>	<u>\$ 370,996</u>	<u>\$ 14,783</u>

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Public Art VALH MGP Special Revenue Fund
Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income	\$ 6,000	\$ 6,000	\$ 17,809	\$ 11,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,000	6,000	17,809	11,809
Net Change in Fund Balance	6,000	6,000	17,809	11,809
Fund Balance at Beginning of the Year	344,354	344,354	344,354	-
Fund Balance at End of the Year	<u>\$ 350,354</u>	<u>\$ 350,354</u>	<u>\$ 362,163</u>	<u>\$ 11,809</u>

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

State COPS/SLESF Special Revenue Fund

Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 100,000	\$ (50,000)
Investment income	1,000	1,000	3,312	2,312
Total revenues	151,000	151,000	103,312	(47,688)
Excess (Deficiency) of Revenues Over (Under) Expenditures	151,000	151,000	103,312	(47,688)
Other Financing Sources (Uses):				
Transfers out	(151,000)	(151,000)	(151,000)	-
Net Change in Fund Balance	-	-	(47,688)	(47,688)
Fund Balance at Beginning of the Year	88,259	88,259	88,259	-
Fund Balance at End of the Year	<u>\$ 88,259</u>	<u>\$ 88,259</u>	<u>\$ 40,571</u>	<u>\$ (47,688)</u>

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Debt Service Fund

Year Ended June 30, 2024

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income	\$ 10,000	\$ 10,000	\$ 66,118	\$ 56,118
Expenditures:				
Debt service:				
Interest and fiscal charges	32,622	32,622	31,759	863
Principal retirement	355,000	355,000	355,000	-
Total expenditures	387,622	387,622	386,759	863
Excess (Deficiency) of Revenues Over (Under) Expenditures	(377,622)	(377,622)	(320,641)	56,981
Other Financing Sources (Uses):				
Transfers in	-	-	2,141	2,141
Net Change in Fund Balance	(377,622)	(377,622)	(318,500)	59,122
Fund Balance at Beginning of the Year	1,472,833	1,472,833	1,472,833	-
Fund Balance at End of the Year	\$ 1,095,211	\$ 1,095,211	\$ 1,154,333	\$ 59,122

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

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

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

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

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City of Laguna Hills
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	2015	2016	2017	2018	2019
Governmental activities					
Net Investment in capital assets	\$ 84,623,408	\$ 83,320,937	\$ 82,980,468	\$ 81,972,798	\$ 79,706,238
Restricted	5,240,670	2,470,305	2,394,252	2,155,589	3,462,431
Unrestricted	1,789,992	4,916,994	3,315,387	2,956,001	4,583,713
Total governmental activities net position	\$ 91,654,070	\$ 90,708,236	\$ 88,690,107	\$ 87,084,388	\$ 87,752,382
Business-type activities					
Net Investment in capital assets	\$ 9,324,493	\$ 8,998,114	\$ 8,343,488	\$ 7,635,240	\$ 6,964,651
Restricted	-	-	-	-	-
Unrestricted	(36,397)	68,288	117,338	236,196	227,320
Total business-type activities net position	\$ 9,288,096	\$ 9,066,402	\$ 8,460,826	\$ 7,871,436	\$ 7,191,971
Primary government					
Net Investment in capital assets	\$ 93,947,901	\$ 92,319,051	\$ 91,323,956	\$ 89,608,038	\$ 86,670,889
Restricted	5,240,670	2,470,305	2,394,252	2,155,589	3,462,431
Unrestricted	1,753,595	4,985,282	3,432,725	3,192,197	4,811,033
Total primary government net position	\$ 100,942,166	\$ 99,774,638	\$ 97,150,933	\$ 94,955,824	\$ 94,944,353

City of Laguna Hills
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	2020	2021	2022	2023	2024
Governmental activities					
Net Investment in capital assets	\$ 80,312,979	\$ 78,878,248	\$ 79,981,695	\$ 76,838,788	\$ 75,262,629
Restricted	2,538,747	3,894,336	4,226,804	8,202,665	9,821,061
Unrestricted	4,177,487	4,089,857	8,289,453	17,861,468	20,657,625
Total government activities net position	\$ 87,029,213	\$ 86,862,441	\$ 92,497,952	\$ 102,902,921	\$ 105,741,315
Business-type activities					
Net Investment in capital assets	\$ 6,311,356	\$ 5,577,506	\$ 5,556,210	\$ 4,988,423	\$ 4,602,531
Restricted	-	-	-	-	-
Unrestricted	178,595	218,820	212,173	217,172	193,562
Total business-type activities net position	\$ 6,489,951	\$ 5,796,326	\$ 5,768,383	\$ 5,205,595	\$ 4,796,093
Primary government					
Net Investment in capital assets	\$ 86,624,335	\$ 84,455,754	\$ 85,537,905	\$ 81,827,211	\$ 79,865,160
Restricted	2,538,747	3,894,336	4,226,804	8,202,665	9,821,061
Unrestricted	4,356,082	4,308,677	8,501,626	18,078,640	20,851,187
Total primary government net position	\$ 93,519,164	\$ 92,658,767	\$ 98,266,335	\$ 108,108,516	\$ 110,537,408

City of Laguna Hills

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	\$ 3,088,372	\$ 3,112,783	\$ 4,226,233	\$ 4,104,012	\$ 3,467,852
Public works	6,332,724	6,802,499	7,234,921	6,841,288	6,433,542
Community development	1,434,213	1,309,210	1,462,611	1,287,931	1,385,455
Community services	4,660,667	4,141,792	4,131,886	4,161,070	4,079,412
Public safety	7,162,514	6,929,025	8,167,361	8,032,660	8,251,937
Interest expense	479,589	431,264	376,993	323,513	267,582
Total governmental activities expenses	23,158,079	22,726,573	25,600,005	24,750,474	23,885,780
Business-type activities:					
Property leasing	1,204,437	1,222,043	1,255,765	1,247,849	1,273,554
Total business-type activities expenses	1,204,437	1,222,043	1,255,765	1,247,849	1,273,554
Total primary government expenses	\$ 24,362,516	\$ 23,948,616	\$ 26,855,770	\$ 25,998,323	\$ 25,159,334
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	136,037	205,446	196,054	189,662	253,438
Community development	1,050,127	881,286	894,150	988,719	1,010,326
Community services	775,330	780,519	756,089	821,388	777,605
Public safety	300,032	267,555	228,649	208,461	219,727
Operating Contributions	2,989,299	1,960,392	2,131,220	1,876,109	2,516,513
Capital Contributions	2,264,558	60,850	716,200	-	-
Total governmental activities program revenues	7,515,383	4,156,048	4,922,362	4,084,339	4,777,609
Business-type activities:					
Charges for Services:					
Property leasing	500,202	579,313	650,147	658,396	594,026
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	500,202	579,313	650,147	658,396	594,026
Total primary government program revenues	\$ 8,015,585	\$ 4,735,361	\$ 5,572,509	\$ 4,742,735	\$ 5,371,635
Net (expense)/revenue					
Governmental activities	\$ (15,642,696)	\$ (18,570,525)	\$ (20,677,643)	\$ (20,666,135)	\$ (19,108,171)
Business-type activities	(704,235)	(642,730)	(605,618)	(589,453)	(679,528)
	\$ (16,346,931)	\$ (19,213,255)	\$ (21,283,261)	\$ (21,255,588)	\$ (19,787,699)

City of Laguna Hills

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	2015	2016	2017	2018	2019
General Revenues and Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 9,128,568	\$ 9,660,614	\$ 10,064,067	\$ 10,481,864	\$ 10,981,130
Sales and use taxes	5,603,521	5,439,210	5,779,073	5,755,661	5,966,524
Motor vehicle in lieu taxes	13,856	12,506	13,745	16,604	15,273
Other State subvention	93,653	57,112	9,209	5,725	22,529
Franchise taxes	1,343,505	1,303,919	1,191,868	1,248,488	1,265,411
Transient occupancy taxes	1,285,455	1,406,823	1,437,420	1,381,719	1,311,213
Investment earnings	14,266	14,893	21,911	49,179	99,204
Miscellaneous revenue	56,542	150,614	142,221	121,176	114,881
Transfers	(50,000)	(421,000)	-	-	-
Total governmental activities	17,489,366	17,624,691	18,659,514	19,060,416	19,776,165
Business-type activities:					
Investment earnings	27	36	42	63	63
Transfers	50,000	421,000	-	-	-
Total business-type activities	50,027	421,036	42	63	63
Total primary government	\$ 17,539,393	\$ 18,045,727	\$ 18,659,556	\$ 19,060,479	\$ 19,776,228
Changes in Net Position:					
Governmental activities	\$ 1,846,670	\$ (945,834)	\$ (2,018,129)	\$ (1,605,719)	\$ 667,994
Business-type activities	(654,208)	(221,694)	(605,576)	(589,390)	(679,465)
Total primary government	\$ 1,192,462	\$ (1,167,528)	\$ (2,623,705)	\$ (2,195,109)	\$ (11,471)

City of Laguna Hills
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	2020	2021	2022	2023	2024
Expenses					
Governmental activities:					
General government	\$ 4,350,707	\$ 4,468,341	\$ 3,318,690	\$ 4,577,936	\$ 4,507,981
Public works	6,783,242	6,727,008	6,849,279	7,674,208	9,520,313
Community development	1,656,277	2,270,417	1,762,606	1,405,880	1,576,567
Community services	3,781,731	3,371,755	4,027,705	2,572,809	2,698,973
Public safety	8,630,054	9,106,311	9,005,866	10,106,055	10,978,289
Interest expense	202,566	118,455	40,507	(12,748)	(26,552)
Total governmental activities expenses	25,404,577	26,062,287	25,004,653	26,324,140	29,255,571
Business-type activities:					
Property leasing	1,299,630	1,312,224	1,396,618	1,417,830	1,372,783
Total business-type activities expenses	1,299,630	1,312,224	1,396,618	1,417,830	1,372,783
Total primary government expenses	\$ 26,704,207	\$ 27,374,511	\$ 26,401,271	\$ 27,741,970	\$ 30,628,354
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	\$ -	\$ -	\$ -	\$ 36,804	\$ 42,000
Public works	738,335	1,480,182	787,032	600,449	152,814
Community development	1,182,430	1,009,012	1,042,546	2,890,596	2,969,604
Community services	345,328	183,008	498,155	2,657,311	582,073
Public safety	175,661	146,395	173,454	224,731	244,299
Operating Contributions	2,555,054	3,170,212	6,293,799	4,601,680	1,236,178
Capital Contributions	206,675	-	239,224	2,507,586	3,176,977
Total governmental activities program revenues	5,203,483	5,988,809	9,034,210	13,519,157	8,403,945
Business-type activities:					
Charges for Services:					
Property leasing	597,525	618,552	705,583	754,913	834,085
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	597,525	618,552	705,583	754,913	834,085
Total primary government program revenues	\$ 5,801,008	\$ 6,607,361	\$ 9,739,793	\$ 14,274,070	\$ 9,238,030
Net (expense)/revenue					
Governmental activities	\$ (20,201,094)	\$ (20,073,478)	\$ (15,970,443)	\$ (12,804,983)	\$ (20,851,626)
Business-type activities	(702,105)	(693,672)	(691,035)	(662,917)	(538,698)
	\$ (20,903,199)	\$ (20,767,150)	\$ (16,661,478)	\$ (13,467,900)	\$ (21,390,324)

City of Laguna Hills

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	2020	2021	2022	2023	2024
General Revenues and Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 11,314,045	\$ 11,930,666	\$ 12,340,524	\$ 13,069,248	\$ 13,581,709
Sales and use taxes	5,372,149	5,825,883	6,940,812	6,930,366	6,193,444
Motor vehicle in lieu taxes	24,988	23,109	35,897	32,177	38,775
Other State subvention	10,613	9,895	-	80,839	28,546
Franchise taxes	1,198,008	1,218,098	1,251,870	1,326,571	1,344,949
Transient occupancy taxes	1,025,047	678,706	1,021,089	1,122,643	1,161,391
Investment earnings	112,250	2,988	(117,321)	636,875	1,324,276
Miscellaneous revenue	420,825	217,361	133,083	111,233	146,055
Transfers	-	-	-	(100,000)	(129,125)
Total governmental activities	19,477,925	19,906,706	21,605,954	23,209,952	23,690,020
Business-type activities:					
Investment earnings	85	47	76	129	71
Transfers	-	-	-	100,000	129,125
Total business-type activities	85	47	76	100,129	129,196
Total primary government	\$ 19,478,010	\$ 19,906,753	\$ 21,606,030	\$ 23,310,081	\$ 23,819,216
Changes in Net Position:					
Governmental activities	\$ (723,169)	\$ (166,772)	\$ 5,635,511	\$ 10,404,969	\$ 2,838,394
Business-type activities	(702,020)	(693,625)	(690,959)	(562,788)	(409,502)
Total primary government	\$ (1,425,189)	\$ (860,397)	\$ 4,944,552	\$ 9,842,181	\$ 2,428,892

City of Laguna Hills
Governmental Activities - Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year Ending	Property Tax	Sales & Use Tax	Motor Vehicle in Lieu Tax	Other State Subvention	Franchise Tax	Transient Occupancy Tax	Total
2015	9,128,568	5,603,521	13,856	93,653	1,343,505	1,285,455	17,468,558
2016	9,660,614	5,439,210	12,506	57,112	1,303,919	1,406,823	17,880,184
2017	10,064,067	5,779,073	13,745	9,209	1,191,868	1,437,420	18,495,382
2018	10,481,864	5,755,661	16,604	5,725	1,248,488	1,381,719	18,890,061
2019	10,981,130	5,966,524	15,273	22,529	1,265,411	1,311,213	19,562,080
2020	11,314,045	5,372,149	24,988	10,613	1,198,008	1,025,047	18,944,850
2021	11,930,666	5,825,883	23,109	9,895	1,218,098	678,706	19,686,357
2022	12,340,524	6,940,812	35,897	-	1,251,870	1,021,089	21,590,192
2023	13,069,248	6,930,366	32,177	80,839	1,326,571	1,122,643	22,561,844
2024	13,581,709	6,193,444	38,775	28,546	1,344,949	1,161,391	22,348,814

City of Laguna Hills
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending				
	2015	2016	2017	2018	2019
General Fund					
Nonspendable	\$ 318,769	\$ 312,137	\$ 81,520	\$ 78,971	\$ 99,169
Restricted	88,990	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,230,959	1,059,959	720,659	871,931	1,145,659
Unassigned	5,078,583	6,727,197	6,029,507	6,373,541	7,161,146
Total General Fund	<u>\$ 6,717,301</u>	<u>\$ 8,099,293</u>	<u>\$ 6,831,686</u>	<u>\$ 7,324,443</u>	<u>\$ 8,405,974</u>
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	5,151,680	4,276,934	4,209,039	3,983,335	5,291,312
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(229,971)	(227,254)	-	-	-
Total all other governmental funds	<u>\$ 4,921,709</u>	<u>\$ 4,049,680</u>	<u>\$ 4,209,039</u>	<u>\$ 3,983,335</u>	<u>\$ 5,291,312</u>

City of Laguna Hills
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending				
	2020	2021	2022	2023	2024
General Fund					
Nonspendable	\$ 69,834	\$ 91,384	\$ 128,954	\$ 105,889	\$ 299,941
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	795,659	910,659	769,926	847,881	691,632
Unassigned	7,487,247	7,824,536	12,895,569	20,711,877	23,776,892
Total General Fund	<u>\$ 8,352,740</u>	<u>\$ 8,826,579</u>	<u>\$ 13,794,449</u>	<u>\$ 21,665,647</u>	<u>\$ 24,768,465</u>
All other governmental funds					
Nonspendable	-	-	-	-	963
Restricted	4,364,330	5,703,771	4,226,804	8,202,665	9,821,061
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(164,472)	-	(165,237)	-	-
Total all other governmental funds	<u>\$ 4,199,858</u>	<u>\$ 5,703,771</u>	<u>\$ 4,061,567</u>	<u>\$ 8,202,665</u>	<u>\$ 9,822,024</u>

City of Laguna Hills
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending				
	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$ 11,777,528	\$ 12,393,356	\$ 12,695,355	\$ 13,114,068	\$ 13,559,754
Licenses and permits	3,195,756	959,138	1,022,542	932,640	981,873
Intergovernmental	8,765,516	7,897,817	8,506,103	7,602,950	8,463,884
Charges for current services	944,054	1,156,880	1,068,521	1,159,437	1,152,319
Fines and forfeitures	300,032	267,555	228,649	208,461	219,727
Investment income	24,209	35,970	65,691	109,302	200,303
Other revenues	-	-	-	-	-
Total revenues	<u>25,007,095</u>	<u>22,710,716</u>	<u>23,586,861</u>	<u>23,126,858</u>	<u>24,577,860</u>
Expenditures:					
Current:					
General government	3,271,039	3,128,699	3,599,531	3,876,923	3,856,802
Public works	4,299,138	4,273,572	4,848,571	4,276,773	4,406,628
Community development	1,433,383	1,308,380	1,461,781	1,287,101	1,384,625
Community services	2,608,281	2,070,952	2,101,883	2,131,638	2,050,652
Public safety	7,153,841	6,917,275	8,149,762	8,025,961	8,243,746
Capital outlay	2,976,435	2,277,446	2,777,691	2,151,578	356,354
Debt Service:					
Interest and fiscal charges	553,529	503,429	451,427	397,428	342,922
Principal retirement	1,250,000	1,300,000	1,352,353	1,423,396	1,546,623
Total expenditures	<u>23,545,646</u>	<u>21,779,753</u>	<u>24,742,999</u>	<u>23,570,798</u>	<u>22,188,352</u>
Excess (deficiency) of revenues over expenditures	1,461,449	930,963	(1,156,138)	(443,940)	2,389,508
Other financing sources (uses):					
Capital lease proceeds	-	-	47,890	710,993	-
Transfers in	8,059,715	7,006,357	7,582,790	5,207,406	2,992,799
Transfers out	(8,109,715)	(7,427,357)	(7,582,790)	(5,207,406)	(2,992,799)
Total other financing sources (uses)	<u>(50,000)</u>	<u>(421,000)</u>	<u>47,890</u>	<u>710,993</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,411,449</u>	<u>\$ 509,963</u>	<u>\$ (1,108,248)</u>	<u>\$ 267,053</u>	<u>\$ 2,389,508</u>
Debt service as a percentage of noncapital expenditures	8.60%	8.76%	8.00%	8.21%	8.57%

City of Laguna Hills
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending				
	2020	2021	2022	2023	2024
Revenues:					
Taxes	\$ 13,539,101	\$ 13,829,470	\$ 21,609,138	\$ 22,628,828	\$ 22,281,493
Licenses and permits	1,775,501	2,432,782	1,754,078	1,453,067	1,361,559
Intergovernmental	8,264,831	8,920,379	6,140,282	7,199,902	3,533,609
Charges for current services	637,373	584,889	894,419	4,832,814	2,399,609
Fines and forfeitures	175,661	146,395	173,454	224,731	244,299
Investment income	230,657	14,567	(121,953)	745,205	1,637,703
Other revenues	-	-	-	4,055	659,885
Total revenues	<u>24,623,124</u>	<u>25,928,482</u>	<u>30,449,418</u>	<u>37,088,602</u>	<u>32,118,157</u>
Expenditures:					
Current:					
General government	3,801,648	3,721,950	4,070,347	4,341,841	3,973,134
Public works	4,781,981	4,656,267	5,094,782	5,178,852	5,980,383
Community development	1,655,447	2,269,587	1,761,776	1,405,880	1,576,567
Community services	1,754,112	1,310,727	1,968,914	2,333,063	2,467,593
Public safety	8,621,863	9,098,120	8,992,127	10,096,445	10,968,679
Capital outlay	3,251,173	1,024,620	3,343,324	1,136,500	1,822,001
Debt Service:					
Interest and fiscal charges	284,921	208,924	129,922	46,423	31,759
Principal retirement	1,616,667	1,660,535	1,762,560	437,302	446,739
Total expenditures	<u>25,767,812</u>	<u>23,950,730</u>	<u>27,123,752</u>	<u>24,976,306</u>	<u>27,266,855</u>
Excess (deficiency) of revenues over expenditures	(1,144,688)	1,977,752	3,325,666	12,112,296	4,851,302
Other financing sources (uses):					
Capital lease proceeds	-	-	-	-	-
Transfers in	8,539,794	3,770,978	12,861,293	5,308,736	1,649,617
Transfers out	(8,539,794)	(3,770,978)	(12,861,293)	(5,408,736)	(1,778,742)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(129,125)</u>
Net change in fund balances	<u>\$ (1,144,688)</u>	<u>\$ 1,977,752</u>	<u>\$ 3,325,666</u>	<u>\$ 12,012,296</u>	<u>\$ 4,722,177</u>
Debt service as a percentage of noncapital expenditures	8.38%	8.05%	7.96%	1.94%	1.75%

City of Laguna Hills
Assessed Value and Estimated Actual Value of Taxable Property, Citywide
Last Ten Fiscal Years (in thousands)

Fiscal Year Ending	Secured Property	Unsecured Property	Less Tax- Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value	Assessed Value as a Percentage of Actual Value
2015	5,809,642	148,567	35,410	5,958,209	.05371	5,958,209	1.000000	100.00%
2016	6,236,428	183,676	165,185	6,254,919	.05371	8,159,912	1.304559	76.65%
2017	6,499,868	187,553	218,920	6,468,501	.05371	9,167,561	1.417262	70.56%
2018	6,728,482	188,841	209,680	6,707,643	.05371	9,373,474	1.397432	71.56%
2019	7,089,277	245,352	212,722	7,121,907	.05371	9,878,938	1.387120	72.09%
2020	7,353,496	211,472	242,642	7,322,326	.05371	9,834,824	1.343128	74.45%
2021	7,623,019	213,636	219,789	7,616,866	.05371	10,190,719	1.337915	74.74%
2022	7,889,791	210,848	167,326	7,933,313	.05371	11,575,188	1.459061	68.54%
2023	8,267,342	194,441	238,422	8,223,361	.05371	13,379,293	1.626986	61.46%
2024	8,737,827	213,490	150,411	8,800,906	.05371	13,454,623	1.528777	65.41%

Source: Orange County Assessor data, Avenu Insights & Analytics

Source: 2015 prior ACFR

Table has been reformatted to comply with GASB No. 44 and include estimated actual value.

(1.) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 31-001.

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

City of Laguna Hills
Assessed Value of Property by Use Code, Citywide
Last Nine Fiscal Years (In Thousands)

Category	Fiscal Year Ending				
	2016	2017	2018	2019	2020
Residential	\$ 4,947,347	\$ 5,170,783	\$ 5,398,624	\$ 5,669,336	\$ 5,889,434
Commercial	1,072,613	1,107,991	1,100,803	1,180,147	1,217,600
Industrial	216,447	221,072	229,033	239,771	246,439
Rural	22	22	23	23	23
Gross Secured Value	6,236,429	6,499,868	6,728,482	7,089,277	7,353,496
Unsecured Value	183,676	187,553	188,841	245,352	211,472
Less: Exemptions	165,185	218,920	209,680	212,722	242,642
Net Taxable Value	<u>\$ 6,254,920</u>	<u>\$ 6,468,501</u>	<u>\$ 6,707,643</u>	<u>\$ 7,121,907</u>	<u>\$ 7,322,326</u>

Source: Orange County Assessor Data, Avenu Insights & Analytics

Note: Data only available for nine years.

City of Laguna Hills
Assessed Value of Property by Use Code, Citywide
Last Nine Fiscal Years (In Thousands)

Category	Fiscal Year Ending			
	2021	2022	2023	2024
Residential	\$ 6,106,523	\$ 6,288,266	\$ 6,595,302	\$ 6,973,016
Commercial	1,264,734	1,345,541	1,405,711	1,478,565
Industrial	251,738	255,960	266,304	286,221
Rural	24	24	25	25
Gross Secured Value	7,623,019	7,889,791	8,267,342	8,737,827
Unsecured Value	213,636	210,848	194,441	213,490
Less: Exemptions	219,789	167,326	238,422	150,411
Net Taxable Value	<u>\$ 7,616,866</u>	<u>\$ 7,933,313</u>	<u>\$ 8,223,361</u>	<u>\$ 8,800,906</u>

Source: Orange County Assessor Data, Avenu Insights & Analytics

Note: Data only available for nine years.

City of Laguna Hills
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

		Fiscal Year Ending				
		2015	2016	2017	2018	2019
Overlapping Basic Rate		1.000000	1.000000	1.000000	1.000000	1.000000
Capistrano Union		0.009000	0.008450	0.008430	0.008000	0.007860
Metropolitan Water District		0.003500	0.003500	0.003500	0.003500	0.003500
Moulton Niguel Water District		0.086000	-	-	-	-
Saddleback Valley Unified		0.028060	-	-	-	-
Total		1.126560	1.011950	1.011930	1.011500	1.011360
City Direct Rate:						
City Share of 1% Levy Per Prop 13		0.053710	0.053710	0.053710	0.053710	0.053710

Source: Orange County Assessor data, Avenu Insights & Analytics
TRA 31-000 is represented.

City of Laguna Hills
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

		Fiscal Year Ending				
		2020	2021	2022	2023	2024
Overlapping Basic Rate		1.000000	1.000000	1.000000	1.000000	1.000000
Capistrano Union		0.007450	0.007560	0.007270	0.006910	0.006330
Metropolitan Water District		0.003500	0.003500	0.003500	0.003500	0.003500
Moulton Niguel Water District		-	-	-	-	-
Saddleback Valley Unified		-	-	-	-	-
Total		1.010950	1.011060	1.010770	1.010410	1.009830
City Direct Rate:						
City Share of 1% Levy Per Prop 13		0.053710	0.053710	0.053710	0.053710	0.053710

Source: Orange County Assessor data, Avenu Insights & Analytics
TRA 31-000 is represented.

City of Laguna Hills
Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2023-24		2014-15	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Juniper SB Mob LLC	142,321,873	1.62%		
MGP Fund X Laguna Hills LLC	139,576,084	1.59%	151,234,180	2.56%
Memorial Health Services	112,250,692	1.28%	25,059,178	0.42%
Laguna Hills Investment Company	109,333,197	1.24%	23,143,141	0.39%
PMI Prado LLC	103,704,362	1.18%		
B9 Sequoia Laguna Hills Center Owner LP	77,901,695	0.89%		
KB Mill Creek Dst	63,750,000	0.72%		
Roic California LLC	50,335,172	0.57%		
Vision Star II LLC	46,581,889	0.53%		
TM Medical Center LLC	44,157,961	0.50%		
Pacifica Laguna Hills LLC	41,263,704	0.47%		
La Paz Office Plaza LLC	36,492,509	0.41%	31,749,277	0.54%
Spectrum Property Owner LLC	30,751,884	0.35%		
BSP Oak Brook I LC	28,100,000	0.32%		
EQR-Villa Solana Vistas Inc	26,658,084	0.30%	22,549,786	0.38%
Laguna Hills Estate LLC	25,631,499	0.29%	25,584,176	0.43%
La Paz Village Investors LLC	23,969,998	0.27%		
Sylmar Apartments LLC	23,451,263	0.27%	19,881,065	0.34%
Calle De La Louisa Holdings LLC	20,760,776	0.24%		
Force-Moulton Office LLC	20,104,810	0.23%		
Mouldy LLC	17,781,917	0.20%	14,917,400	0.25%
K & M Royal Group LLC	17,318,201	0.20%	14,671,300	0.25%
Laguna Hills Real Estate Partnership LP	16,477,549	0.19%		
Ashley Real Estate LLC	16,351,839	0.19%		
Aliso Equities Ltd	15,957,590	0.18%		
Acquiport Three Corp			77,543,725	1.31%
TGM Prado LLC			65,150,000	1.10%
LHT Saddleback LLC			39,744,548	0.67%
SPTMRT Properties Trust			36,633,203	0.62%
Lakehills at Laguna LLC			35,534,193	0.60%
Moulton Plaza LLC			23,628,792	0.40%
Muller Taj			19,490,243	0.33%
Columbia California Carlota of			19,125,758	0.32%
Realty Assoc Fund VIII			15,385,591	0.26%
Universal Properties LH Five L			14,260,709	0.24%
Laguna Hills Business Park			13,984,637	0.24%
Ashley Furniture Industries In			13,877,935	0.23%
Mission Hills Investment Co			13,837,070	0.23%
Yacoel Maria E			13,530,344	0.23%
Westport Moulton Parkway Ltd..			13,273,067	0.22%
Moulton La Paz LLC			13,265,349	0.22%
Total Top 25 Taxpayers	1,250,984,548	14.21%	757,054,667	12.79%
Total Taxable Value	8,800,906,744		5,918,214,923	

Source: Orange County Assessor data, Avenu Insights & Analytics

City of Laguna Hills
Property Tax Levy and Collections
Last Ten Fiscal Years

Fiscal Year Ending	Collected within the Fiscal Year of the Levy						Total Collections to Date	
	Secured	Unsecured	Taxes Levied for the Fiscal Year	Amount Collected	% of Levy	Other Collections	Amount	% of Levy
2015	\$ 6,051	\$ 275	\$ 6,327	\$ 6,180	97.7%	\$ 52	\$ 6,231	98%
2016	6,375	232	6,607	6,456	97.7%	72	6,528	99%
2017	6,634	300	6,934	6,733	97.1%	69	6,802	98%
2018	6,901	230	7,131	7,004	98.2%	66	7,070	99%
2019	7,288	235	7,523	7,376	98.0%	66	7,442	99%
2020	7,529	242	7,771	7,624	98.1%	73	7,697	99%
2021	7,844	256	8,100	7,958	98.3%	90	8,048	99%
2022	8,168	281	8,449	8,150	96.5%	77	8,227	97%
2023	8,504	260	8,764	8,610	98.2%	87	8,697	99%
2024	9,067	306	9,373	8,610	91.9%	117	8,727	93%

Source: County Auditor-Controller, Avenu Insights & Analytics

City of Laguna Hills
Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2023-24	
Taxpayer	Business Type
Ashley Furniture Homestore	Furniture/Appliance
BJ's Restaurant & Brewhouse	Restaurants
Chevron Service Stations	Service Stations
Chick-Fil-A	Restaurants
Circle K Food Stores	Food Markets
Cynergy Professional Systems	Electronic Equipment
Decisionpoint Systems CA	Office Equipment
Dick's Sporting Goods	Recreation Products
Howard's Appliances	Furniture/Appliance
In-N-Out Burgers	Restaurants
Jackson Energy Co.	Energy Sales
Jerome's Furniture Warehouse	Furniture/Appliance
John Deere Landscapes	Florist/Nursery
King's Seafood Co.	Restaurants
Laguna Hills Auto Spa	Service Stations
Marshall's Stores	Apparel Stores
Material Supply Incorporated	Bldg.Matls-Whsle
Nordstrom Department Store	Department Stores
Pritchard Supply	Bldg.Matls-Whsle
Raising Cane's Chicken Fingers	Restaurants
Sidepat	Office Equipment
Snap One	Office Equipment
Total Wine & More	Liquor Stores
United Pacific	Service Stations
Vertiv Corporation	Electronic Equipment

2014-15	
Taxpayer	Business Type
7-Eleven Food Stores	Food Markets
A & R Floor Covering Accesrs-Sup.	Furniture/Appliance
Ashley Furniture Homestore	Furniture/Appliance
Big Lots	Department Stores
BJ's Restaurant & Brewhouse	Restaurants
Chevron Service Stations	Service Stations
David J.Phillips Buick-Pntc-Mazda	Auto Sales - New
Dick's Sporting Goods	Recreation Products
Exxon Service Stations	Service Stations
Howard's Appliances	Furniture/Appliance
In-N-Out Burgers	Restaurants
J C Penney Company	Department Stores
King's Seafood Co.	Restaurants
Macy's Department Store	Department Stores
Marshall's Stores	Apparel Stores
Material Supply Incorporated	Bldg.Matls-Whsle
Nordstrom Department Store	Department Stores
Petrolink Superior	Service Stations
Ralph's Grocery Company	Food Markets
Sears Roebuck & Company	Department Stores
Shell Service Stations	Service Stations
Sit 'N Sleep	Furniture/Appliance
Tesoro Service Stations	Service Stations
Total Wine & More	Liquor Stores
Western Fuel Group	Service Stations

Source: Avenu Insights & Analytics

City of Laguna Hills
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amounts)

Fiscal Year Ending	Governmental Activities		Total Direct Debt	Debt Per Capita (a)	Personal Income	Percentage of Personal Income
	Certificates of Participation	Direct Borrowings (b)				
2015	12,106	-	12,106	394.58	1,373,184	0.88%
2016	10,726	-	10,726	340.02	1,479,761	0.72%
2017	9,295	46	9,341	293.57	1,587,577	0.59%
2018	7,825	723	8,548	270.74	1,661,606	0.51%
2019	6,294	627	6,921	219.65	1,724,666	0.40%
2020	4,694	530	5,224	168.11	1,835,890	0.28%
2021	3,033	437	3,470	112.85	1,935,992	0.18%
2022	1,283	345	1,628	53.70	2,026,083	0.08%
2023	857	252	1,109	36.33	2,026,083	0.05%
2024	375	160	535	17.65	2,107,165	0.03%

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

Source: Income Data is provided by the United States Census Data and is adjusted for inflation.

^(a) *Population data can be found in the Schedule of Demographic and Economic Statistics*

^(b) *On-bill financing program with Southern California Edison and San Diego Gas & Electric, for the installation of energy efficient LED street lighting throughout the City, beginning in FY 2016-17.*

City of Laguna Hills
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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Note: There was no general bonded debt outstanding for the last ten fiscal years.

City of Laguna Hills
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	18,210,000	0.228%	41,519
Saddleback Valley Unified School District	74,370,000	16.452%	12,235,352
Capistrano Unified School District Facilities Improvement District No. 1	6,712,860	0.023%	1,544
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT:			<u>\$ 12,278,415</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</u>			
Orange County General Fund Obligations	440,385,000	1.147%	5,051,216
Orange County Board of Education General Fund Obligations	10,030,000	1.147%	115,044
Capistrano Unified School District Certificates of Participation	19,365,000	0.016%	3,098
Moulton Niguel Water District Certificates of Participation	48,605,000	13.339%	6,483,421
SUBTOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT:			<u>\$ 11,652,779</u>
City of Laguna Hills Certificates of Participation, Direct Debt	421,932	100.000%	421,932
City of Laguna Hills Direct Borrowings, Direct Debt	160,144	100.000%	160,144
SUBTOTAL DIRECT GENERAL FUND OBLIGATION DEBT:			<u>\$ 582,076</u>
TOTAL DIRECT & OVERLAPPING GENERAL FUND OBLIGATION DEBT:			<u>\$ 12,234,855</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency)</u>	4,405,000	2.408%	106,072
<u>GROSS COMBINED TOTAL DEBT</u>			<u><u>\$ 24,619,343</u></u> ^(b)

(a) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(b) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Source: Avenu Insights & Analytics

City of Laguna Hills
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year Ending				
	2015	2016	2017	2018	2019
Debt limit	\$ 899,043	\$ 963,016	\$ 1,003,113	\$ 1,037,598	\$ 1,100,194
Total net debt applicable to limit	11,335	10,035	9,295	7,825	6,294
Legal debt margin	<u>\$ 887,708</u>	<u>\$ 952,981</u>	<u>\$ 993,818</u>	<u>\$ 1,029,773</u>	<u>\$ 1,093,900</u>
Total net debt applicable to limit, as a percentage of debt limit	1.26%	1.04%	0.93%	0.75%	0.57%

City of Laguna Hills
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year Ending				
	2020	2021	2022	2023	2024
Debt limit	\$ 1,134,745	\$ 1,175,498	\$ 1,215,096	\$ 1,269,267	\$ 1,269,267
Total net debt applicable to limit	4,694	3,033	1,283	730	375
Legal debt margin	<u>\$ 1,130,052</u>	<u>\$ 1,172,465</u>	<u>\$ 1,213,813</u>	<u>\$ 1,268,537</u>	<u>\$ 1,268,892</u>
Total net debt applicable to limit, as a percentage of debt limit	0.41%	0.26%	0.11%	0.06%	0.03%

Legal Debt Margin Calculation for Fiscal Year 2023-24

Assessed value	8,223,361
Add back: exempt real property	238,422
Total assessed value	<u>8,461,783</u>
Debt limit (15% of total assessed value)	1,269,267
Debt applicable to limit:	
Certificates of Participation	375
Total net debt applicable to limit	<u>375</u>
Legal debt margin	<u>\$ 1,268,892</u>

Note: Under state finance law, the City of Laguna Hills' outstanding general obligation debt should not exceed 15% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Laguna Hills

Pledged-Revenue Coverage

Last Ten Fiscal Years

Note: There was no debt covenants that required pledged-revenue coverage for the last ten fiscal years.

City of Laguna Hills
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	City Unemployment Rate (3)	Median Age (4)	% of Population with High School Diploma (5)	% of Population With Bachelor's Degree (5)
2014	30,857	1,336,181	43,315	5.0%	41.8	91.6%	45.3%
2015	30,681	1,373,184	44,757	4.1%	41.7	91.2%	44.8%
2016	31,544	1,479,761	46,911	3.7%	41.8	91.5%	45.6%
2017	31,818	1,587,577	49,896	2.6%	43.0	91.3%	46.7%
2018	31,572	1,661,606	52,629	2.2%	41.4	92.1%	49.1%
2019	31,508	1,724,666	54,737	12.2%	42.5	92.3%	49.4%
2020	31,073	1,835,890	59,083	7.4%	42.8	92.2%	50.5%
2021	30,750	2,086,807	67,864	2.2%	41.8	92.8%	50.4%
2022	30,525	2,416,252	79,157	2.9%	43.0	93.3%	80.8%
2023	30,315	2,681,544	88,456	3.0%	43.8	93.4%	75.9%

Source: Avenu Insights & Analytics

Source: 2014-2015 prior ACFR

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the United States Census Data and is adjusted for inflation.
- 3.) Unemployment and Total Employment Data are provided by the EDD's Bureau of Labor Statistics Department.
- 4.) Median Age is provided by the United States Census data estimation table.
- 5.) School diploma and Bachelor's degree is provided by the United States Census data.

City of Laguna Hills
Principal Employers
Last Fiscal Year and Nine Years Ago

Business Name	2024		2015	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
MemorialCare Saddleback Medical Center	1,925	11.46%	1,915	11.13%
Laguna Hills Health and Rehabilitation Center	236	1.40%	306	1.78%
Saddleback Valley Unified School District	228	1.36%	260	1.51%
Moulton Niguel Water District	180	1.07%		
BJ's Restaurant & Brewhouse	158	0.94%	150	0.87%
United States Postal Service	129	0.77%	98	0.57%
Orange Coast Women's Medical Group	123	0.73%		
MemorialCare Home Health	116	0.69%	137	0.80%
Villa Valencia Healthcare Center	113	0.67%		
Meridian at Laguna Hills	110	0.65%		
Allied Schools / Ashley Crown Systems Inc			227	1.32%
Macy's			205	1.19%
JC Penney			147	0.85%
City of Laguna Hills			105	0.61%
Total Top Employees	3,318	19.75%	3,550	20.63%
Total City Employment (1)	16,800			

Source: Avenu Insights & Analytics

Source: 2015 ACFR

Results based on direct correspondence with city's local businesses.

(1) Total City Labor Force provided by EDD Labor Force Data as of June 30th.

City of Laguna Hills
Full-time Equivalent Personnel Allocation by Function
Last Ten Fiscal Years

Function	Fiscal Year Ending									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	10.99	10.99	10.49	9.74	9.50	9.50	9.50	9.50	9.00	8.00
Non-Departmental	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community Development	8.23	8.23	8.23	8.00	7.10	7.10	6.50	6.50	6.87	7.00
Community Services	15.40	15.40	15.40	14.65	14.50	14.50	14.25	14.25	10.97	11.60
Total	40.62	40.62	40.12	38.39	37.10	37.10	36.25	36.25	32.84	32.60

Sources: City of Laguna Hills' Biennial Budget (includes vacant positions) and City Finance Department

City of Laguna Hills
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year Ending									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police ^(b)										
Physical arrests	534	284	293	281	240	246	289	258	211	243
Parking violations	1,981	3,257	3,406	2,487	2,381	1,876	1,267	1,841	908	2,034
Traffic violations	3,041	3,187	2,669	1,512	1,136	722	842	900	3,113	2,908
Fire ^(c)										
Number of calls answered	2,675	2,887	3,078	3,203	3,303	3,122	3,263	3,842	3,878	3,990
Highways and Streets ^(d)										
Sidewalk replacement (sq. ft.)	7,250	940	7,012	1,328	1,790	790	2,961	1,847	742	6,258
Curb & gutter replacement (linear ft.)	-	211	523	28	85	93	20	66	22	186
Asphalt concrete placed (tons)	16,276	134	10,536	1,215	174	266	18	6,059	40	436
Street sweeping debris collected (tons)	265	229	219	217	227	206	244	226	329	350
New sign installations	23	155	12	31	2	13	18	11	27	24
Sign Replacements	380	297	312	196	55	220	287	187	309	293
Trees trimmed	792	821	1,396	1,347	1,407	1,639	1,592	1,546	1,461	1,379
Trees removed	461	152	263	286	183	206	211	200	164	130
Trees planted	38	43	118	120	109	139	122	123	199	134
Waste Stream ^(a)										
Refuse collected (tons)	15,707	17,197	17,966	17,520	16,576	20,016	25,026	20,539	19,854	22,805
Recyclables collected (tons)	17,728	18,150	17,058	16,827	16,879	15,611	10,717	14,402	16,606	10,074
Sanitation ^(a)										
Refuse collected (tons/day)	43	47	49	48	45	55	69	56	54	62
Recyclables collected (tons/day)	49	50	47	46	46	43	29	40	45	28
Culture and Recreation ^(e)										
Program participants	5,637	6,152	5,686	5,993	4,456	2,919	341	2,572	990	3,088
Athletic permits	41	42	48	41	43	30	6	26	32	30

^(a) CR&R Monthly Tonnage Report

^(b) Orange County Sheriff's Daily Booking Log; Monthly Traffic Statistics; Data Ticket Citation Report

^(c) Orange County Fire Authority - Annual Comprehensive Financial Report

^(d) City of Laguna Hills, Public Works Department

^(e) City of Laguna Hills, Community Services Department

City of Laguna Hills
Capital Assets Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year Ending									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Highways and streets										
Streets (miles)	83	83	83	83	83	83	83	83	83	83
Traffic signals	47	47	47	48	48	48	49	49	49	49
Culture and recreation										
Parks acreage	83	83	83	83	83	83	83	83	83	83
Parks	15	15	15	15	15	15	15	15	15	15
Community Centers	1	1	1	1	1	1	1	1	1	1
Civic Center	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments

CITY OF LAGUNA HILLS

AT A GLANCE

GENERAL INFORMATION

The City of Laguna Hills, located in South Orange County, has approximately 6.6 square miles of land in its corporate boundary and is now home to 30,315 people. The majority of the area in the City has a distinctive residential character. Yet, the City has a commercial base in its northern part. This area, or “urban village”, is anchored by upcoming development of The Village at Laguna Hills, the Oakbrook Village Retail Center, and Saddleback Memorial Hospital. It includes retail, restaurant, professional office, and medical related building space. When the City annexed the “North Laguna Hills” area in July of 1996, the City acquired 1.2 square miles of primarily light industrial, professional office, specialty retail, hotel, and residential uses. This annexed area contains a furniture row, office headquarters, and the only light industrial/manufacturing establishments in the City. In September of 2000, the City grew by another 150 acres as a result of the annexation of residential properties identified as West Laguna Hills.

HISTORY

Laguna Hills is built on one of the major land grants developed during the rancho area. Following Mexico’s independence from Spain in 1821, those who had served in the government or who had friends in authority were given vast lands for cattle grazing. Rancho Lomas de Santiago, Rancho San Joaquin, and Rancho Niguel covered much of the western portion of the Saddleback Valley. Don Juan Avila was granted the 13,000-acre Rancho Niguel on which Laguna Hills is located.

In 1874, Lewis Moulton purchased Rancho Niguel from Don Juan Avila and increased the original grant to 22,000 acres. Moulton and his partner, Jean Piedrea Daguerre, used the ranch to raise sheep and cattle. The Moulton ranch was eventually subdivided in the early 1960s, part of which is recognized as Laguna Hills.

Incorporation efforts began in 1987 and on March 5, 1991, the goal of incorporation was finally achieved with 86% of the residents voting in favor of forming the City of Laguna Hills. On December 20, 1991, Laguna Hills officially became a City.

CITY GOVERNMENT

The City of Laguna Hills is a General Law City that operates under the Council/Manager form of government. The voters elect five of their fellow citizens to the City Council for overlapping four-year terms. The Council, in turn, selects one of its members to serve as Mayor for a one-year term. The City Council holds regular public meetings on the second and fourth Tuesday of each month.