



City of Laguna Woods
California

Annual Comprehensive Financial Report



**Fiscal Year Ended
June 30, 2024**
(Fiscal Year 2023-24)

City of Laguna Woods California



Annual Comprehensive Financial Report

**For the Fiscal Year Ended June 30, 2024
(Fiscal Year 2023-24)**

Prepared by:

Administrative Services Department

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

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INTRODUCTORY SECTION

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City of Laguna Woods

Noel Hatch
Mayor

November 20, 2024

Shari L. Horne
Mayor Pro Tem

Honorable Mayor and Members of the City Council:

Cynthia Conners
Councilmember

It is our privilege to present the City of Laguna Woods' (City) Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2024 (Fiscal Year 2023-24). This ACFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and meets state law requirements for the annual publication of audited financial records.

Annie McCary
Councilmember

Carol Moore
Councilmember

Christopher Macon
City Manager

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

The City's financial statements for Fiscal Year 2023-24 have been independently audited by CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this ACFR.

The City, as a recipient of federal financial assistance, including pass-through of federal funding by the State of California, County of Orange, and other agencies, is responsible for compliance with applicable laws and regulations related to those programs. The City's internal control framework, monitored by management, is designed to meet required compliance. The United States Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* establishes a threshold for a required annual audit (single audit) of those entities receiving federal funding. The City met that threshold and a single audit (or authorized alternative) was required for Fiscal Year 2023-24.

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

Government Profile

About the City of Laguna Woods

The City occupies approximately three-square miles of land that was once a part of South Orange County’s expansive Moulton Ranch. Prior to the 1960s, dry farming and cattle grazing dominated the area, with a few scattered ranch dwellings and barns.

On March 24, 1999, the City was incorporated as Orange County’s 32nd city. It is a general law city with a council-manager form of government and 10.25 full-time equivalent employees. In addition to being one of California’s safest and fiscally healthiest cities, the City is unique in that the median age of its 17,644 residents is approximately 75.

The City is located just over one mile from Laguna Canyon and approximately five miles from the Pacific Ocean. It is bordered by the cities of Aliso Viejo, Laguna Beach, and Laguna Hills, as well as the Laguna Coast Wilderness Park and other protected open space areas.

Laguna Woods Village is the largest and most populous of the five private communities that residents of the City call home. Residents enjoy easy access to five local shopping centers and a short drive to the Irvine Spectrum and other shopping and entertainment destinations.

About the City of Laguna Woods Government

The City is a general law city with a council-manager form of government, meaning that it operates within the parameters of California municipal law with an elected City Council as its legislative body. The City Council appoints a City Manager who serves as the City’s chief executive officer and a City Attorney who serves as the City’s primary legal counsel.

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

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

City of Laguna Woods
 Annual Comprehensive Financial Report
 Year Ended June 30, 2024 (Fiscal Year 2023-24)
 Transmittal Letter

The City operates as a “contract city,” partnering with other governmental entities and private firms to provide traditional municipal services. Key contract and franchise services providers for ongoing services in Fiscal Year 2023-24 included:

SERVICE	PROVIDER
Animal Control & Shelter Services	City of Laguna Beach
Building Services	Bureau Veritas North America Interwest Consulting Group
Engineering Services	Iteris NV5
Hazardous Waste Handling Services	WM Curbside
Landscape Maintenance Services	BrightView Landscape Services
Law Enforcement Services	Orange County Sheriff’s Department
Legal Services (City Attorney)	Rutan & Tucker, LLP
Senior Mobility Program Transportation Services	California Yellow Cab
Solid Waste Handling Services	CR&R Incorporated
Street, Right-of-Way, & Infrastructure Maintenance Services	PV Maintenance
Traffic Signal & Lighting Maintenance Services	Bear Electrical Solutions

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

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

Economic Considerations

Economic analysis and the City’s financial performance during Fiscal Year 2023-24 indicate that the cautious revenue estimates included in the City’s Fiscal Years 2023-25 Budget & Work Plan for Fiscal Year 2024-25 are reasonable and will likely be met or exceeded.

Discussion of economic factors is included in the MD&A component of this ACFR.

Significant Financial Concerns

While the addition of a new, major revenue source (Cannabis Business Tax) and the anticipated bolstering of sales tax revenue through the redevelopment of a centrally located, underutilized commercial property (the LW Shell development at the site of the former Moulton Auto Spa) are

expected to positively impact the City's financial position, law enforcement costs continue to create extreme, long-term uncertainty. With state law vesting the authority for establishing law enforcement costs with the County of Orange, the City must continue to assume that labor agreements approved by the Orange County Board of Supervisors, operational decisions made by the Orange County Sheriff's Department, and unfunded pension liabilities associated with the Orange County Employees Retirement System (OCERS) will continue to be the largest and least controllable drivers of the City's cost of doing business.

In Fiscal Year 2023-24, approximately 42% of the City's General Fund expenditures were for law enforcement-related purposes. The majority of those expenditures were for salaries and benefits set forth in the County of Orange's 2023-2026 memoranda of understanding with the Association of Orange County Deputy Sheriffs and other bargaining units. In developing the Fiscal Years 2025-27 Budget & Work Plan, the City will need to prepare for as of yet unknown labor increases that will take effect following the expiration of the existing memoranda of understanding in June 2025. Based on recent inflation and labor agreements entered into by other jurisdictions, it is likely that the County of Orange will negotiate modest to significant growth in salaries and benefits, the costs of which will be borne locally by the City.

The City's Senior Mobility Program, which has been offered since 2002 but was modernized and relaunched beginning July 1, 2023, has seen extraordinary increases in use. In Fiscal Year 2023-24, a total of 4,325 residents enrolled and traveled 119,352.02 miles on subsidized fares ranging from \$0 to \$25 per one-way trip. As a result, the City paid its transportation provider \$364,562 in Fiscal Year 2023-24, an increase of 5147% from Fiscal Year 2022-23. Usage is expected to increase further in Fiscal Year 2024-25 with unanticipated General Fund expenditures necessary to provide sufficient funding to meet demand. In developing the Fiscal Years 2025-27 Budget & Work Plan, the City will need to assume that Measure M2 (OC Go) Senior Mobility revenues alone will be insufficient to fund the Senior Mobility Program.

Relevant Financial Policies

The City has numerous financial policies to promote the prudent management and safeguarding of its assets, including investment, budgeting, reserves, reporting, payment, purchasing, and procurement policies. During Fiscal Year 2023-24, the City Council approved amendments to the Investment of Financial Assets policy. All other financial policies remained unchanged.

The Investment of Financial Assets policy is intended to assist with "the investment of the City's financial assets in a manner that ensures adequate safety and liquidity, while maximizing yield (return)." Compliance with state law governing municipal investments is emphasized.

- On September 20, 2023, the policy was amended to eliminate the limit on the amount of United States Treasury Obligations and United States Agency Obligations that can be invested with a single issuer, and make changes responsive to the California Municipal Treasurers Association (CMTA) Investment Scorecards received as part of the policy's June 27, 2022 certification by CMTA.

Long-Term Financial Planning

In recent years, the City has expanded its budget presentation; transitioned from single year to two-year budgets and work plans; improved the quality and transparency of its annual financial reporting by preparing ACFRs; updated policies and practices pertaining to investment, budgeting, reserves, reporting, purchasing, and procurement; and, undertaken longer-term strategic financial planning. Those efforts and more have resulted in the City receiving the Operating Budget Excellence Award for Fiscal Years 2023-24 and 2024-25 from the California Society of Municipal Finance Officers and the Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report for Fiscal Year 2022-23 from the Government Finance Officers Association.

Budgetary Reserves

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

In addition to committed and assigned reserves, unassigned General Fund balance is available for any governmental purpose and can be appropriated upon direction of the City Council. Use of unassigned General Fund balance is generally limited to one-time projects, capital improvement projects, the payment of long-term liabilities for periods beyond the current fiscal year, and emergency expenditures. At the conclusion of Fiscal Year 2023-24, the City had an unassigned General Fund balance of \$7,641,208, equivalent to approximately 104.9% of all General Fund operating expenses for that same fiscal year.

California Public Employees’ Retirement System

The City maintains defined benefit pension plans that are administered by the California Public Employees’ Retirement System (CalPERS). The plans provide benefits to qualified employees based on number of years of employment, age at retirement, and final compensation (average salary for a defined period of employment). Qualified employees hired prior to January 1, 2013, or otherwise eligible in accordance with the Public Employees’ Pension Reform Act of 2013 (PEPRA), are considered “classic” members and are enrolled in a “2% at age 55” plan. Classic members contribute 7% of their annual covered salary. Qualified employees hired on or after January 1, 2013, and not considered classic members (new/PEPRA members), are enrolled in a “2% at age 62” plan and contribute a variable percentage of their annual covered salary, in accordance with PEPRA. The new/PEPRA employee contribution rate is 8% for fiscal years 2024-25 and 2025-26.

The City is required to make annual contributions to CalPERS that are based on a variety of assumptions including, but not limited to, rates of return on pooled investments managed by CalPERS. The

difference between the sum of the City's accumulated plan assets and the total projected cost of earned pension benefits is referred to as unfunded accrued liability (UAL).

On July 15, 2024, CalPERS reported a preliminary 9.3% net return on investments for the year ended June 30, 2024 (Fiscal Year 2023-24), which is 2.5% above CalPERS' discount rate (assumed rate of return) of 6.8%. According to CalPERS, "Preliminary total fund annualized returns for the five-year period ending June 30, 2024, stood at 6.6%; the 10-year period at 6.2%; and the 20-year period at 6.7%. The 30-year return rate rose slightly to 7.7%."¹

While many other cities struggle with the burden of increased costs of employee pension plans and, in particular, UALs thereof, the City has taken steps to manage its obligations, including through the establishment of a policy of at least biennial consideration of lump sum payments to maintain an 80% or greater funded level. Lump sum payments were first made in May 2017 (\$483,218) and for three years thereafter (September 2018: \$137,455, October 2019: \$101,092, and October 2020: \$29,970) and resulted in the City's pension plans being fully funded at the time of each payment, according to then-current actuarial projections. The 2017-2020 lump sum payments, together with CalPERS' rates of return on investments, resulted in a net pension asset for the City's employee pension plans as of the June 30, 2019 and June 30, 2020 actuarial valuations. Additional lump sum payments were made in October 2023 (\$306,925) and September 2024 (\$96,448) that resulted in the City's pension plans being fully funded at the time of each payment, according to then-current actuarial projections.

Due to CalPERS' better than expected investment performance for Fiscal Year 2023-24 (which will impact valuations beginning in Fiscal Year 2025-26), it is expected that either no lump sum payments, or lump sum payments lower than were made in September 2024, will be required in Fiscal Year 2025-26 to maintain an 80% or greater funded level.

Pension Prefunding Trust

In Fiscal Year 2020-21, the City established a Pension Prefunding Trust (Pension Trust) to prefund required pension contributions to CalPERS. The first contribution to the Pension Trust was made in February 2024 in an amount equal to 25% of the increase in the City's government-wide net position for the year ended June 30, 2023 (\$163,555). City staff plans to recommend that the City Council adopt a standing policy related to contributions to the Pension Trust prior to the adoption of the Fiscal Years 2025-27 Budget & Work Plan.

Other Post-Employment Benefits Trust

In Fiscal Year 2015-16, the City established an Other Post-Employment Benefits (OPEB) trust (OPEB Trust) to proactively manage costs and reduce unfunded liabilities associated with the City's statutorily required cost-share of CalPERS health insurance premiums for qualified, retired employees. The OPEB Trust was established with an initial funding level of 80% of the OPEB liability and is reviewed and maintained as stipulated in the City's Budgeting, Reserves, and Reporting Policy, and in accordance

¹ "CalPERS Reports Preliminary 9.3% Investment Return for 2023-24 Fiscal Year." *CalPERS*, 15 Jul. 2024, www.calpers.ca.gov/page/newsroom/calpers-news/2024/calpers-preliminary-investment-return-fiscal-year-2023-24. Accessed 7 Nov. 2024.

with CalPERS guidelines (CalPERS acts as the OPEB Trust Administrator). Contributions to the OPEB Trust have not been necessary since June 2020 due to the previous payments made and the rate of return on the OPEB Trust resulting in a fully funded plan. The next actuarial valuation will be prepared in Fiscal Year 2024-25 for the measurement date June 30, 2024 (Fiscal Year 2023-24), at which point City staff will assess the need for, and merit of, additional contributions.

Major Initiatives

The City’s services and progress in implementing the City Council’s work plan and initiatives continued in Fiscal Year 2023-24.

As was the case in Fiscal Year 2022-23, the General Fund’s balance at fiscal-year-end increased from the same point the year prior (in the case of Fiscal Year 2023-24, by \$0.60 million from June 30, 2023 to June 30, 2024). An increase in the General Fund’s balance is a marker of the City’s ability to prudently manage its finances and outperform its adopted budget.

During Fiscal Year 2023-24, the City Council pursued the following priority focus areas, which provided guiding principles and goals for the City’s programs, projects, and services:

City Council’s Priority Focus Areas

A City that is...



Healthy and safe



High in quality of life



Environmentally conscious



Economically prosperous



Fiscally responsible



Professionally and efficiently served

The priority focus areas were first selected in Fiscal Year 2014-15 and are also being used to frame activities undertaken in Fiscal Year 2024-25.

Acknowledgments

The City appreciates the services and diligence of the independent auditors, CliftonLarsonAllen LLP.

The City Council's Ad Hoc Audit Committee (Councilmembers McCary and Moore) provided constructive input throughout their work with the independent auditors.

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

Respectfully,



Christopher Macon
City Manager



Elizabeth Torres
Administrative Services Director/City Treasurer



**PRINCIPAL CITY OFFICIALS
JUNE 30, 2024**

Noel Hatch
Mayor

Shari L. Horne
Mayor Pro Tem

Cynthia Conners
Councilmember

Annie McCary
Councilmember

Carol Moore
Councilmember

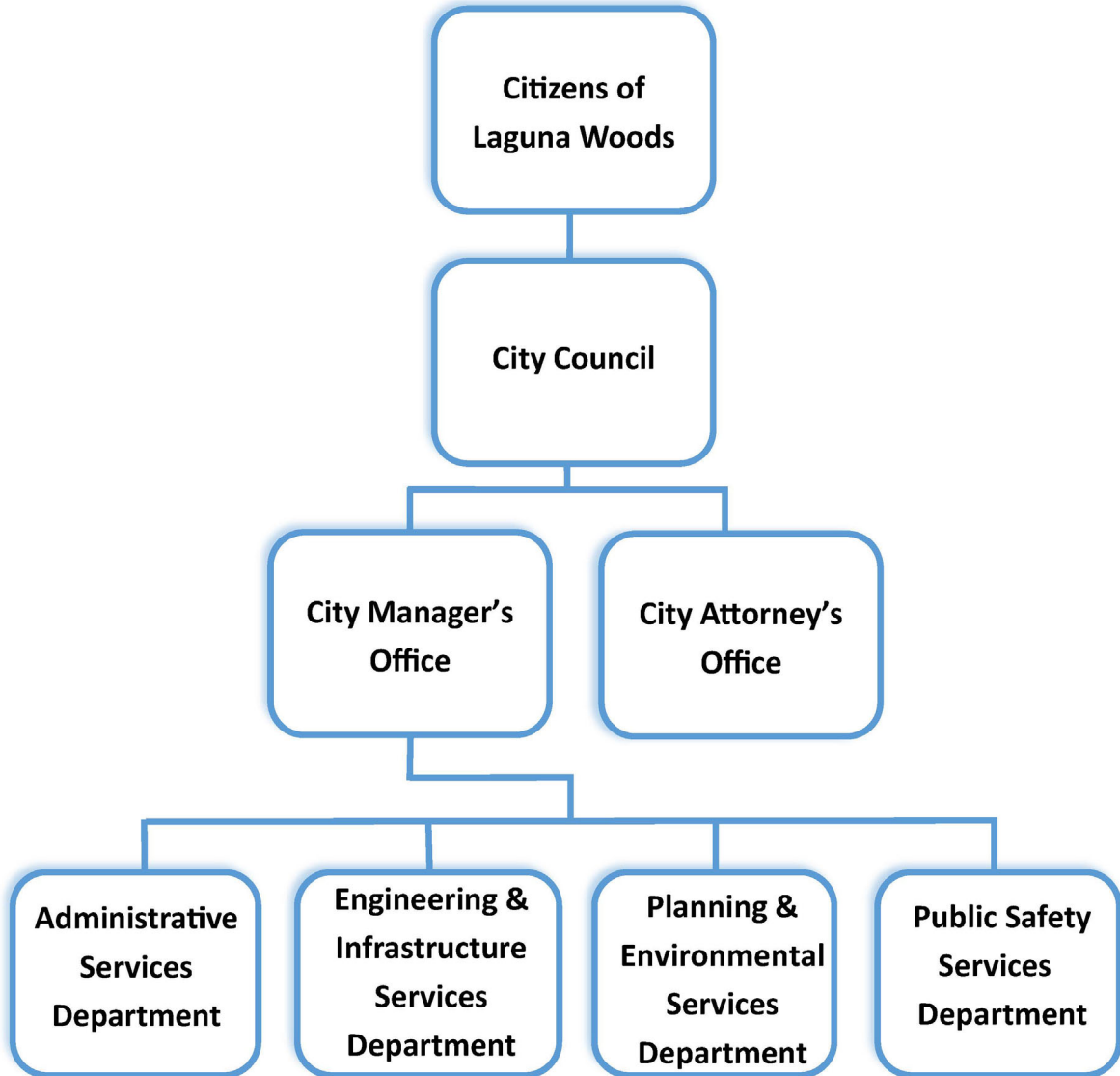
Christopher Macon
City Manager

Alisha Patterson
City Attorney

Elizabeth Torres
Administrative Services Director/City Treasurer



**ORGANIZATION CHART
JUNE 30, 2024**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Laguna Woods
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable City Council
City of Laguna Woods
Laguna Woods, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Laguna Woods, California (City), as of and for the year ended June 30, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' 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 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 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, schedule of proportionate share of net pension liability, schedule of contributions – pension, schedule of changes in the net other post-employment benefit (OPEB), schedule of contributions – OPEB, and budgetary comparison schedules for the General Fund and Fuel Tax, Measure M, and Federal Grants special revenue funds 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 GAAS, 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 fund financial statements and 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

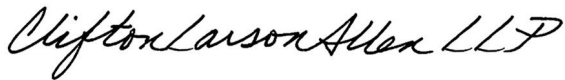
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic 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.

Honorable City Council
City of Laguna Woods

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 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 City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
November 20, 2024

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

This discussion and analysis of the City of Laguna Woods' (the City) financial statements provide an overview of the City's financial activities for the fiscal year ended June 30, 2024 (FY 2023-24). This document should be read in conjunction with the basic financial statements and the accompanying notes to those statements.

FINANCIAL HIGHLIGHTS

- The City ended FY 2023-24 with total assets, including capital assets and deferred outflows of resources, exceeding total liabilities and deferred inflows of resources by \$43.0 million. This amount is referred to as the net position of the City. Of this amount, \$11.9 million is unrestricted net position and may be used to meet the City's ongoing obligations to constituents and creditors. Of the remainder, \$28.5 million represents net investment in capital assets and \$2.6 million is restricted for designated programs.
- The City's government-wide net position increased by \$0.53 million. This increase is primarily attributable to an increase of \$0.39 million in investment income and an increase in miscellaneous income of \$0.14 million. Total revenues from all sources were \$11.0 million and total expenses for all functions and programs (including capital expenses) were \$10.4 million.
- The City's governmental funds reported combined ending fund balances of \$13.9 million, which is \$1.0 million higher than the prior fiscal year.
- The General Fund reported an ending fund balance of \$11.6 million, with revenues exceeding expenditures by \$0.7 million.
- The General Fund ending fund balance of \$11.6 million represents 158.8% of annual General Fund expenditures for FY 2023-24 (versus 164% for the prior fiscal year). The decrease is primarily due to an increase in general government and community development expenditures offset by a decrease in capital outlay expenditures.
- There were General Fund budgetary savings of \$1.7 million as shown in the Required Supplementary Information, Budgetary Comparison Schedule, General Fund. Budgetary savings do not impact actual activity for reporting revenues, expenditures, and changes to fund balance, but do reflect the City's prudent management of financial resources. FY 2023-24 savings were primarily due to \$0.6 million in revenues received over budgeted amounts and \$1.1 million in expenditures lower than budgeted amounts.
- Increasing law enforcement service costs continue to impact funding, reducing amounts that would otherwise be available for general operations and programs. In FY 2015-16, law enforcement costs increased 63.0% due to modified cost sharing, including the addition of two deputies, related equipment, and one vehicle. 43.3% of the increase was due to a change in costing methodology by the Orange County Sheriff Department and the impact of prior fiscal year labor agreements approved by the Orange County Board of Supervisors (Board of Supervisors). Finally, there was an unplanned 1.28% net increase in April 2016 due to additional labor agreements approved by the Board of Supervisors. Law enforcement costs increased an additional 5.72% on July 1, 2016, 1.93% on July 1, 2017, 5.78% on July 1, 2018, 2.05% on July 1, 2019, 3.13% on July 1, 2020, 5.78% on July 1, 2021, 2.69% on July 1, 2022, and (3.24%) on July 1, 2023 primarily due to additional labor actions approved by the Board of Supervisors.

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

OVERVIEW OF THIS REPORT AND THE FINANCIAL STATEMENTS

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

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

Reporting the City as a Whole: The Government-Wide Financial Statements, Including the Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better or worse off as a result of this fiscal year's activities?" The *Government-Wide Financial Statements* provide short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which generally means that they take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-Wide Financial Statements include two statements:

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

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

These statements report that the City's net position increased during FY 2023-24. The increase was primarily due to investment income received versus the investment income received in FY 2022-23.

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

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

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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

The Governmental Fund Financial Statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund Financial Statements to those in the Government-Wide Financial Statements are explained in the reconciliation schedule following each governmental fund financial statement.

The City maintains 15 individual governmental funds. The General Fund is the City's primary operating governmental fund. The City also identifies "major" governmental funds within the financial statements. The City's special revenue funds are reviewed annually to determine if any should be classified as a major fund (e.g., the fund has 10% or more of total assets, liabilities, or fund balance of total governmental funds). In FY 2023-24, the City determined and classified the Federal Grants Fund as a major fund. The City may also designate as a major fund any fund or a combination of funds that is considered particularly important to users. In FY 2023-24, the City designated the Fuel Tax Fund and Measure M Fund as major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds. Data for other governmental funds (nonmajor) are reported collectively as Other Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements that follow the notes to the basic financial statements. Some funds are required to be established by state law; however, the City establishes additional funds to help control and manage money for specific purposes or to demonstrate compliance with legal requirements for using certain taxes, grants, and other monies. The City currently has only governmental funds.

The City added a special revenue fund in FY 2016-17 to account for the Laguna Woods Civic Support Fund, a blended component unit, formed March 16, 2016, as a nonprofit public benefit corporation, with the specific and primary purpose to raise and distribute funds to support programs, projects, and services of the City as well as to function as a "Friends of the Library" group in support of the Laguna Woods branch of the County of Orange public library system.

The City adopts an annual appropriated budget for the General Fund and the special revenue funds. A budgetary comparison schedule is provided for each of the funds to demonstrate compliance with the FY 2023-24 budget.

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

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

THE CITY AS A WHOLE

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

**Table 1
Net Position
Governmental Activities**

	2024	2023
Assets:		
Cash and investments	\$ 15,078,519	\$ 14,508,178
Other receivables and assets	950,313	831,408
Capital assets, net	28,751,654	29,195,965
Total Assets	44,780,486	44,535,551
Deferred Outflows of Resources:		
Deferred amount from pension plan	756,089	566,700
Deferred amount from OPEB plan	25,588	25,255
Total Deferred Outflows of Resources	781,677	591,955
Liabilities:		
Other liabilities	2,049,260	2,269,602
Long-term liabilities - net pension liability	215,628	113,760
Long-term liabilities - net OPEB liability	7,450	16,649
Long-term liabilities - compensated absences	136,394	122,607
Total Liabilities	2,408,732	2,522,618
Deferred Inflows of Resources:		
Deferred amount from pension plan	119,249	113,751
Deferred amount from OPEB plan	43,018	30,831
Total Deferred Inflows of Resources	162,267	144,582
Net Position:		
Net investment in capital assets	28,497,896	29,195,965
Restricted	2,555,587	2,104,483
Unrestricted	11,937,681	11,159,858
Total Net Position	\$ 42,991,164	\$ 42,460,306

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

**Table 2
Changes in Net Position
Governmental Activities**

	2024	2023
REVENUES:		
Program Revenues:		
Charges for services	\$ 885,158	\$ 899,677
Operating grants and contributions	370,981	489,508
Capital grants and contributions	2,047,932	1,700,585
General Revenues:		
Taxes:		
Property taxes	492,528	456,118
Property taxes in lieu of VLF	3,024,383	2,826,902
Sales taxes	1,103,571	1,189,614
Transient occupancy taxes	598,188	581,921
Franchise fees	813,821	707,653
Other taxes	529,855	847,881
Miscellaneous	394,377	246,154
Investment (loss)/income	700,656	312,672
	10,961,450	10,258,685
TOTAL REVENUES		
EXPENSES:		
Governmental Activities:		
General government	2,073,872	2,225,468
Public safety	3,243,811	3,032,788
Public works	2,932,824	2,806,116
Community development	1,748,293	1,506,228
Community services	431,792	33,867
	10,430,592	9,604,467
TOTAL EXPENSES		
Increase in Net Position	530,858	654,218
Net Position, Beginning of Year	42,460,306	41,806,088
Net Position, End of Year	\$ 42,991,164	\$ 42,460,306

The following summarizes key trends and variances related to Tables 1 and 2.

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

- Total assets and deferred outflows of resources in the government-wide financial statements were \$45.6 million as of year-end, an increase of \$0.4 million (0.96%) over the prior year, which was primarily due to an increase in cash and investments.

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

- The City's total liabilities and deferred inflows of resources in the government-wide financial statements were \$2.6 million as of year-end, a slight decrease of \$0.10 million (3.61%) over the prior year, which was primarily due to a decrease in other liabilities offset by the increase of the net pension liability and compensated absences balances.
- The net investment in capital assets (e.g., infrastructure, land, structures and improvements, and furniture and equipment) of \$28.5 million represents 66.3% of the City's total net position. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by any related outstanding debt used to acquire, construct, or improve those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, nor are they sources of income for repayment of debt.
- The City's restricted net position of \$2.6 million, or 5.9% of the total net position, represents resources that are subject to external restriction for designated programs. Unrestricted net position, the part of net position that can be used to finance ongoing obligations, was \$11.9 million at fiscal year-end, an increase of 6.97% over the prior fiscal year.
- The City's total program and general revenues were \$3.3 million and \$7.7 million, respectively, totaling \$11.0 million, compared to the prior fiscal year total of \$10.3 million, an increase of approximately \$0.7 million (6.9%).
- Local property tax revenues and property taxes in lieu of State vehicle license fees (VLF) totaled \$3.5 million, and combined, they are the City's largest revenue source at 32.1% of total revenues. These revenues fund a significant portion of the City's basic services. This combined revenue source remained relatively level with receipts in FY 2022-23, increasing by \$0.2 million in FY 2023-24, or 7.1%.
- Sales taxes of \$1.1 million are the City's second largest revenue source at 10.1% of total revenues. This revenue source had a slight decrease of \$0.09 million or 7.2% compared to the previous fiscal year.

Governmental Activities

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

**Table 3
Net Cost of Governmental Activities**

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,073,872	\$ (2,073,872)	\$ 2,225,468	\$ (2,225,468)
Public safety	3,243,811	(3,057,652)	3,032,788	(2,867,517)
Public works	2,932,824	(2,102,968)	2,806,116	(2,477,872)
Community development	1,748,293	(840,930)	1,506,228	(451,299)
Community services	431,792	948,901	33,867	1,507,459
	<u>\$ 10,430,592</u>	<u>\$ (7,126,521)</u>	<u>\$ 9,604,467</u>	<u>\$ (6,514,697)</u>

- The total cost of all programs and services was \$10.4 million, an increase from the prior fiscal year of approximately \$0.8 million (8.6%).

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

- General Government expenses of \$2.1 million comprise 19.9% of total cost of services compared to 23.2% in the prior fiscal year, and include City Council, City Manager, City Clerk, City Attorney, Administrative Services, Support Services, and Risk Management. Expenses decreased primarily due to the decrease in pension expenses (additional information provided in the Long-Term Liabilities section on page 13).
- Public Safety expenses of \$3.2 million comprise 31.1% of the total cost of services compared to 31.6% in the prior fiscal year. There was an increase of \$0.2 million (7.0%) in law enforcement costs due to additional labor agreements which took effect in FY 2023-24. Revenue from vehicle code fines and state grants, which were level with amounts received in the prior fiscal year, reduced the need for general revenues to support this program in FY 2023-24 by 0.4%. State-funded revenues fluctuate year-over-year based on growth trends in statewide sales tax collections.
- Public Works expenses (primarily for maintenance and operation of the City's roadway system) were \$2.9 million and comprise 28.1% of the total cost of services, compared to 29.2% in the prior fiscal year. Operating and capital grants and contributions were 29.5% of charges in the current fiscal year versus 11.7% in the prior fiscal year. FY 2023-24 expenses included annual depreciation expense on the City's infrastructure assets of \$1.9 million.
- Community Development expenses of \$1.7 million comprise 16.8% of the total cost of services, compared to 15.7% in the prior fiscal year, with an increase of \$0.2 million (16.1%). This was the result of a combination of increased building services and code enforcement services costs.
- Expenses in Community Services were \$0.43 million or 4.1% of total cost of services in FY 2023-24. These expenses increased by \$0.40 million due to the high demand of the City's Senior Mobility Program. Operating grants and contributions continue to offset all community services program expenses in FY 2023-24. Community Services expenses were also funded by federal funds received to cover expenses related to the construction of the City Hall/Public Library Project.

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At fiscal year-end, the City's Governmental Funds reported combined fund balances of \$13.9 million, an increase of \$0.9 million (8.07%) from the prior fiscal year. The General Fund comprises \$11.6 million, or 83.0%, of the total fund balance. The total fund balance of the City's General Fund equates to over 158.8% of annual General Fund expenditures. The City's General Fund unassigned fund balance of \$7.6 million equates to over 104.9% of annual General Fund expenditures.

The Fuel Tax Special Revenue Fund reported a fund balance of \$572,737, an increase of \$133,784 (30.5%) from FY 2022-23 due to an increase in fuel taxes received in FY 2023-24.

The Measure M Special Revenue Fund reported a fund balance of \$296,758, an increase of \$58,385 (24.5%) from FY 2022-23 due to a slight increase in local fair share funds received in FY 2023-24.

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

The Federal Grants Special Revenue Fund accounts for the receipts and expenditures of federal grants received. Revenues of \$824,756 matched expenses incurred during the fiscal year, resulting in a \$0 fund balance.

General Fund Budgetary Highlights

Revenues: Actual total revenues of \$7.9 million were \$0.6 million, or 8.2%, higher than budgeted, primarily because most revenues came in over budget estimates. Property taxes, property transfer taxes, franchise fees, charges for services, investment income, and miscellaneous income were all greater than expected.

Expenditures: Actual expenditures of \$7.3 million were \$1.1 million, or 12.7%, lower than budgeted, primarily due to savings across all departments resulting from the continuation of budget management and changes in programmatic and project needs.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, totaled \$28,751,654 at fiscal year-end, primarily consisting of the City's land, buildings, and infrastructure assets. During FY 2023-24, the City added \$1,687,673 in value, including a \$1,134,164 increase in construction in progress and \$553,509 in infrastructure additions. The infrastructure additions relate to a Pavement Management Plan Project, the Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase:7, and the El Toro Road Medians Improvement Project.

There was a transfer of completed construction projects in the amount of \$3,839,030 to building, furniture and equipment, and infrastructure in the amounts of \$3,430,961, \$91,112, and \$316,957, respectively. The transfer to building was for the completion of the City Hall/Public Library Project. The furniture and equipment transfer relates to the City Hall Electric Vehicle Charging Station Project. The infrastructure transfer relates to the completion of the ADA Pedestrian Accessibility Improvement Project: Phase 6.

The City allocated \$2,131,984 of depreciation expense on capital assets, which increased accumulated depreciation to \$25,438,504 at fiscal year-end. Land and construction in progress are not depreciated. Table 4 below summarizes capital assets at fiscal year-end, net of depreciation.

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

	2024	2023
Land	\$ 6,914,741	\$ 6,914,741
Construction in progress	606,939	3,311,805
Buildings	5,994,211	2,563,250
Building improvements	1,744,948	1,744,948
Equipment and furniture	154,479	63,367
Infrastructure	38,774,840	37,904,374
Less accumulated depreciation	(25,438,504)	(23,306,520)
Total	\$ 28,751,654	\$ 29,195,965

Please refer to Note 1 (G) beginning on page 27 and Note 4 beginning on page 43 for additional discussion related to capital assets.

DEBT ADMINISTRATION

The City currently has no debt obligations.

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

LONG-TERM LIABILITIES

Compensated absences is classified as a long-term liability and totaled \$136,394 as of fiscal year-end. The City has assigned General Fund balance to address compensated absence liabilities. Please refer to Note 1 (H) on page 27 and Note 4 on page 44 for additional discussion related to compensated absences.

At June 30, 2024, the City's pension liability resulted in a net pension liability balance of \$215,628. This was an increase of \$101,868 from FY 2022-23 as a result of the growth in normal costs and a small asset loss in net return of investments of 6.1% while CalPERS expected a 6.9% return for the 12-month measurement period ended June 30, 2023. During FY 2020-21, the City established a Pension Prefunding Trust to prefund required pension contributions to the City's defined benefit pension plan. An initial contribution to the trust was made in FY 2023-24. The funding ratio does not consider contributions made after the measurement date.

At June 30, 2024, the City's OPEB obligation resulted in a net OPEB liability balance of \$7,450. The City's net OPEB liability decreased by \$9,199 (55%) compared to FY 2022-23. The City established the OPEB Trust with a planned funding level of 80%, which is reviewed every two years. As of June 30, 2024, the net OPEB liability was fully funded through the OPEB Trust. The funding ratio does not consider contributions made after the measurement date.

Please refer to Notes 8 and 9 beginning on page 47 and required supplementary information on pages 63-67 for additional discussion related to pension liabilities and OPEB obligations.

ECONOMIC FACTORS

California State University, Fullerton's Woods Center for Economic Analysis and Forecasting's *2025 Spring Economic Outlook and Forecast*² notes that despite "[a] four-decade high inflation, the most aggressive rate hike in a generation, a banking panic, two hot wars, rising geopolitical risks, and a massive shake-up of the presidential race with one major political candidate dropping out and another surviving two assassination attempts," the U.S. economy remained "spectacularly" unscathed. The analysis concludes that, though the labor market will continue to slow through 2025, with unemployment increasing and jobs declining, those trends will reverse "beyond 2025." Most notably, no recession is forecast in any of the next six quarters.

On September 18, 2024 and again on November 7, 2024, the Federal Reserve lowered the target range for the federal funds rate (the interest rate that banks and other depository institutions charge each other for short-term borrowing) as part of their efforts to reduce inflation to 2%. The target range is now 4-1/2 to 4-3/4%, after having remained at 5-1/4 to 5-1/2% since March 2020 shortly after the onset of COVID-19. Increases in the target range typically result in higher interest rates for pooled investment funds, certificates of deposit, and other types of investments commonly held by the City, while reductions in the target range lower those same interest rates. In a statement announcing the November 7, 2024 target range reduction, the Federal Reserve's Federal Open Market Committee (FOMC) wrote that "Recent indicators suggest that economic activity has continued to expand at a solid pace. Since earlier in the year, labor market conditions have generally eased, and the unemployment rate has moved up but remains low. Inflation has made progress toward the [FOMC]'s 2 percent objective but remains somewhat elevated."³

On the whole, economic analysis and the City's financial performance during Fiscal Year 2023-24 indicate that the cautious revenue estimates included in the City's Fiscal Years 2023-25 Budget & Work Plan for Fiscal Year 2024-25 are reasonable and will likely be met or exceeded. The combination of the more recent 3/4% decrease in the Federal Reserve's target range and the diminishment of the City's investable fund balance as a result of the expenditure of most of the remaining American Rescue Plan Act (Coronavirus Local Fiscal Recovery Funds)

² Puri, Anil K., and Mira Farka. *The "Vibes Economy" Outlook for Growth and Inflation amidst Election Uncertainty*. California State University, Fullerton, Woods Center for Economic Analysis and Forecasting, 24 Oct. 2024.

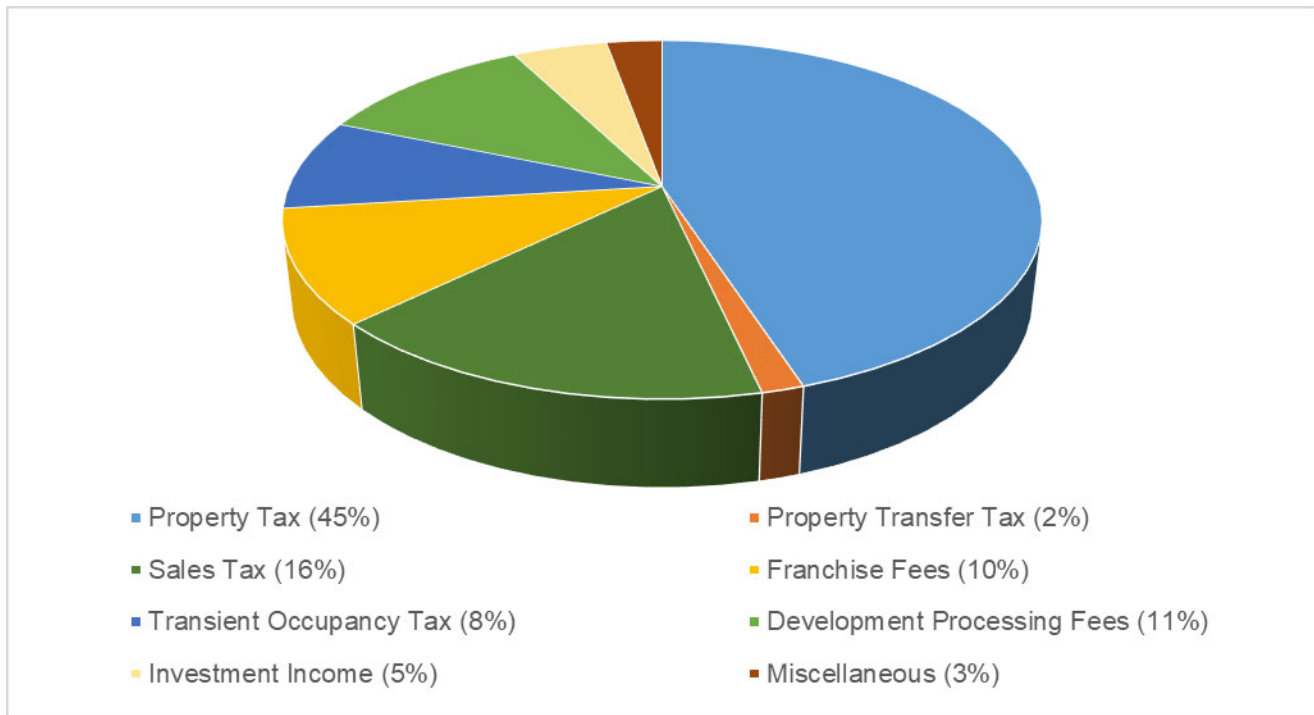
³ "Federal Reserve Issues FOMC Statement." *Board of Governors of the Federal Reserve System*, 4 Nov. 2024, www.federalreserve.gov/newsevents/pressreleases/monetary20241107a.htm. Accessed 7 Nov. 2024.

**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

funds by December 31, 2024, will reduce investment earnings for at least the near-term. Overperformance of investment earnings was the primary factor in the increase of the City's government-wide net position in Fiscal Year 2023-24, which suggests that the change in government-wide net position may be lower or negative in future fiscal years depending on actual spending and whether inflation causes the Federal Reserve to continue to lower its target range. These and other economic factors will be considered during the development of the City's Fiscal Years 2025-27 Budget & Work Plan.

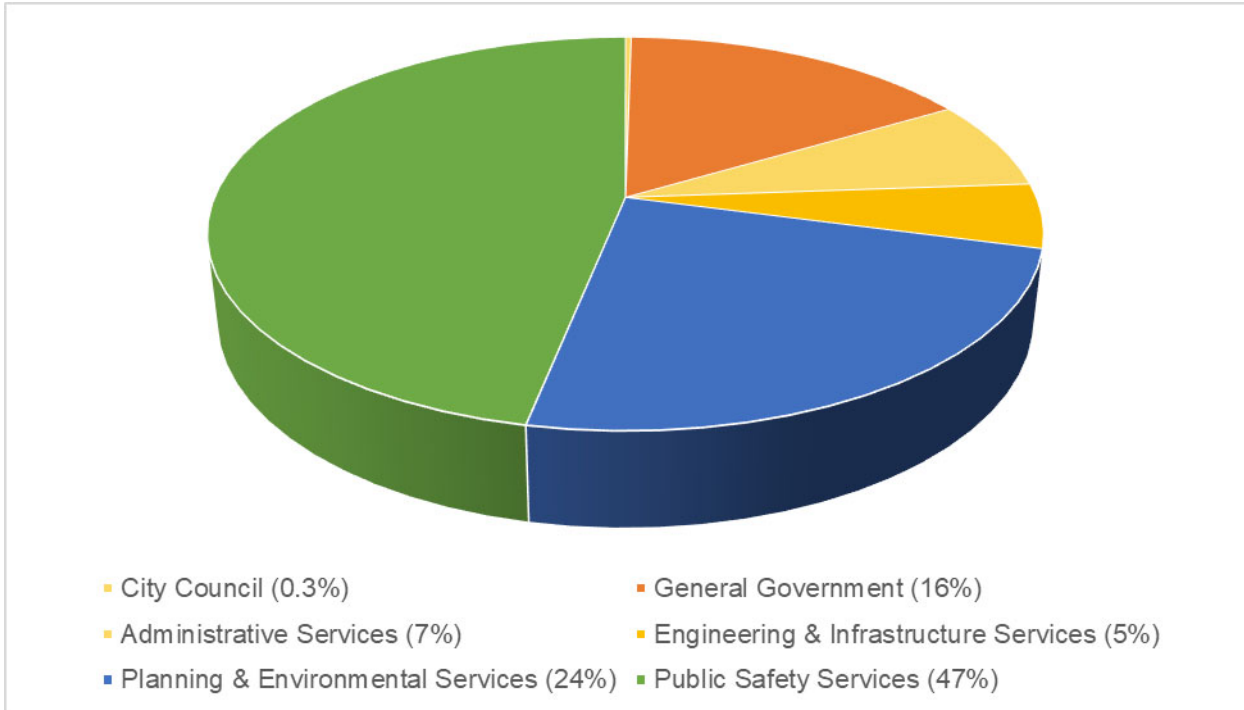
Total General Fund FY 2024-25 operating revenues (excluding transfers from other funds) are estimated at \$7,507,400. This represents a 4.4% decrease from FY 2023-24 actual revenues. General Fund operating expenditures are budgeted at \$7,247,511. After adding one-time nonoperating expenditures and transfers to other funds, total budgeted General Fund expenditures equal \$7,287,511. At the end of FY 2024-25, the General Fund unassigned fund balance is forecast to be at 95.0% of FY 2024-25 General Fund operating expenditures. Budgeted FY 2024-25 General Fund revenues by source and operating expenditures by program are illustrated below:

General Fund Revenue Estimates by Source – Fiscal Year 2024-25



**CITY OF LAGUNA WOODS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

General Fund Operating Expenditures by Program – Fiscal Year 2024-25



CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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**CITY OF LAGUNA WOODS
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 15,078,519
Restricted Cash and Investments	169,211
Accounts Receivable	220,111
Interest Receivable	117,317
Due from Other Governments	421,464
Prepaid Items	22,210
Capital Assets:	
Not Being Depreciated	7,521,680
Being Depreciated (Net of Accumulated Depreciation)	21,229,974
Total Assets	44,780,486
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amount from Pension Plan	756,089
Deferred Amount from Other Postemployment Benefits (OPEB) Plan	25,588
Total Deferred Outflows of Resources	781,677
LIABILITIES	
Accounts Payable	941,531
Accrued Liabilities	52,912
Unearned Revenues	977,341
Deposits Payable	77,476
Noncurrent Liabilities:	
Due Within One Year:	
Compensated Absences	73,432
Due in More than One Year:	
Compensated Absences	62,962
Net Pension Liability	215,628
Net OPEB Liability	7,450
Total Liabilities	2,408,732
DEFERRED INFLOWS OF RESOURCES	
Deferred Amount from Pension Plan	119,249
Deferred Amount from Other Postemployment Benefits (OPEB) Plan	43,018
Total Deferred Inflows of Resources	162,267
NET POSITION	
Net Investment in Capital Assets	28,497,896
Restricted for:	
Employee Benefits	169,211
Public Safety	74,767
Public Works	2,047,895
Community Development	5,333
Community Services	258,381
Unrestricted	11,937,681
Total Net Position	\$ 42,991,164

See accompanying Notes to Basic Financial Statements.

**CITY OF LAGUNA WOODS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Program Revenues				Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES					
General Government	\$ 2,073,872	\$ -	\$ -	\$ -	\$ (2,073,872)
Public Safety	3,243,811	-	186,159	-	(3,057,652)
Public Works	2,932,824	-	23,473	806,383	(2,102,968)
Community Development	1,748,293	885,158	22,205	-	(840,930)
Community Services	431,792	-	139,144	1,241,549	948,901
	<u>\$ 10,430,592</u>	<u>\$ 885,158</u>	<u>\$ 370,981</u>	<u>\$ 2,047,932</u>	<u>(7,126,521)</u>
GENERAL REVENUES					
Taxes:					
Property Taxes					3,516,911
Sales Taxes					1,103,571
Transient Occupancy Taxes					598,188
Franchise Fees					813,821
Other Taxes					529,855
Miscellaneous					394,377
Investment Income					700,656
Total General Revenues					<u>7,657,379</u>
CHANGE IN NET POSITION					530,858
Net Position - Beginning of Year					42,460,306
NET POSITION - END OF YEAR					<u>\$ 42,991,164</u>

See accompanying Notes to Basic Financial Statements.

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**CITY OF LAGUNA WOODS
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024**

ASSETS	General Fund	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds
		Fuel Tax	Measure M	Federal Grants		
Cash and Investments	\$ 11,568,999	\$ 584,742	\$ 283,038	\$ 1,149,012	\$ 1,492,728	\$ 15,078,519
Restricted Cash and Investments	169,211	-	-	-	-	169,211
Receivables:						
Accounts	219,340	-	-	-	771	220,111
Interest	117,317	-	-	-	-	117,317
Prepaid Items	22,210	-	-	-	-	22,210
Due from Other Funds	20	-	-	-	-	20
Due from Other Governments	170,395	42,394	50,070	-	158,605	421,464
Total Assets	\$ 12,267,492	\$ 627,136	\$ 333,108	\$ 1,149,012	\$ 1,652,104	\$ 16,028,852
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 539,539	\$ 54,399	\$ 36,350	\$ 247,755	\$ 63,488	\$ 941,531
Accrued Liabilities	52,912	-	-	-	-	52,912
Unearned Revenue	-	-	-	901,257	76,084	977,341
Deposits Payable	77,476	-	-	-	-	77,476
Due to Other Funds	-	-	-	-	20	20
Total Liabilities	669,927	54,399	36,350	1,149,012	139,592	2,049,280
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	34,434	-	-	-	8,859	43,293
FUND BALANCES						
Nonspendable:						
Prepaid Items	22,210	-	-	-	-	22,210
Restricted for:						
Employee Benefits	169,211	-	-	-	-	169,211
Public Safety	-	-	-	-	74,767	74,767
Public Works	-	572,737	296,758	-	1,172,529	2,042,024
Community Development	4,369	-	-	-	-	4,369
Community Services	-	-	-	-	258,381	258,381
Committed to:						
Waste Diversion	58,333	-	-	-	-	58,333
Assigned to:						
Compensated Absences	136,394	-	-	-	-	136,394
Self-Insurance Contingencies	50,000	-	-	-	-	50,000
General Fund Contingencies	3,481,406	-	-	-	-	3,481,406
Unassigned	7,641,208	-	-	-	(2,024)	7,639,184
Total Fund Balances	11,563,131	572,737	296,758	-	1,503,653	13,936,279
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,267,492	\$ 627,136	\$ 333,108	\$ 1,149,012	\$ 1,652,104	\$ 16,028,852

See accompanying Notes to Basic Financial Statements.

**CITY OF LAGUNA WOODS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2024**

Fund Balances - Total Governmental Funds \$ 13,936,279

Amounts reported for governmental activities in the statement of net position are different because:

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

Capital Assets	54,190,158
Accumulated Depreciation	<u>(25,438,504)</u>
Total	28,751,654

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

All liabilities, both current and long-term, are reported in the statement of net position.

Balances as of June 30, 2024, are:

Compensated Absences	(136,394)
Net Pension Liability	(215,628)
Net OPEB Liability	<u>(7,450)</u>
Total	(359,472)

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

Deferred Outflows of Resources	781,677
Deferred Inflows of Resources	<u>(162,267)</u>
Total	619,410

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

43,293

Net Position of Governmental Activities \$ 42,991,164

**CITY OF LAGUNA WOODS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General Fund	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds
		Fuel Tax	Measure M	Federal Grants		
REVENUES						
Taxes and Assessments	\$ 5,256,050	\$ -	\$ -	\$ -	\$ -	\$ 5,256,050
Intergovernmental	-	492,475	314,268	824,756	1,436,877	3,068,376
Franchise Fees	813,821	-	-	-	-	813,821
Charges for Services	885,158	-	-	-	-	885,158
Investment Income	616,901	19,580	9,340	-	54,835	700,656
Miscellaneous	368,298	-	-	-	-	368,298
Total Revenues	<u>7,940,228</u>	<u>512,055</u>	<u>323,608</u>	<u>824,756</u>	<u>1,491,712</u>	<u>11,092,359</u>
EXPENDITURES						
Current:						
General Government	1,927,599	-	-	-	-	1,927,599
Public Safety	3,067,711	-	-	-	176,100	3,243,811
Public Works	369,200	378,271	265,223	-	-	1,012,694
Community Development	1,726,088	-	-	-	22,205	1,748,293
Community Services	-	-	-	-	431,792	431,792
Capital Outlay	190,681	-	-	824,756	672,236	1,687,673
Total Expenditures	<u>7,281,279</u>	<u>378,271</u>	<u>265,223</u>	<u>824,756</u>	<u>1,302,333</u>	<u>10,051,862</u>
NET CHANGE IN FUND BALANCES	658,949	133,784	58,385	-	189,379	1,040,497
Fund Balances - Beginning of Year	10,904,182	438,953	238,373	-	1,314,274	12,895,782
FUND BALANCES - END OF YEAR	<u>\$ 11,563,131</u>	<u>\$ 572,737</u>	<u>\$ 296,758</u>	<u>\$ -</u>	<u>\$ 1,503,653</u>	<u>\$ 13,936,279</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAGUNA WOODS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 1,040,497

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Asset Purchases	1,687,673
Depreciation Expense	(2,131,984)
Total	(444,311)

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Compensated Absences	(13,787)
Pension Expense and Related Changes in Deferred Outflows/Inflows of Resources	82,023
OPEB Expense and Related Changes in Deferred Outflows/Inflows of Resources	(2,655)
Total	65,581

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

(130,909)

Change in Net Position of Governmental Activities

\$ 530,858

See accompanying Notes to Basic Financial Statements.

CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of the Reporting Entity

The City was incorporated March 24, 1999, under the laws of the state of California and enjoys all rights and privileges pertaining to "General Law" cities. The City operates under the Council-Manager form of government and currently provides the following services as authorized by its general laws: public safety, public works, community development, community services, and general administrative services.

The Laguna Woods Civic Support Fund (the Fund), a blended component unit, was formed March 16, 2016, as a nonprofit public benefit corporation, with the specific and primary purpose to raise and distribute funds to support programs, projects, and services of the City as well as to function as a "Friends of the Library" group in support of the Laguna Woods branch of the County of Orange's public library system. The Fund is currently inactive.

Although the Fund is a legally separate entity from the City, it receives provision of operating space and administrative services from the City. In addition, the City Council has continuing accountability for the Fund including appointing all five (5) members of the City Council to the Fund's Board of Directors, and approving all programs, projects, and services for which the Fund raises or distributes funds.

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

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

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

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

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

CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements

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

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

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

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days. Sales taxes, property taxes, franchise taxes, gas taxes, transient occupancy taxes, cannabis business taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the City.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met. Revenues, expenditures, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, which requires that local governments defer grant revenue that is not received within their availability period of 60 days after the fiscal year ends to meet the "available" criteria of revenue recognition.

CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds (Continued)

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 the balance sheets. The reported fund balance is a measure of "available spendable resources."

The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. It presents a summary of sources and uses of "available spendable resources" during the fiscal year.

Governmental funds report amounts expended to acquire capital assets as expenditures in the fiscal year that resources were expended rather than as assets, proceeds of long-term debt as other financing sources rather than as liabilities, and amounts paid to reduce long-term indebtedness as expenditures in the fund financial statements

The City reports the following major governmental funds:

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

Fuel Tax Special Revenue Fund – The Fuel Tax Fund is used to account for the City's share of State Highway Users' Tax (Gasoline) Taxes, Sections 2103, 2105, 2106, 2107, and 2107.5 of the California Streets and Highways Code for the construction, improvement, and maintenance of local streets and roads.

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

Federal Grants Special Revenue Fund – The Federal Grants Fund is used to account for the receipts and expenditures of Federal grants.

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Investments

Investments are reported in the accompanying financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings and changes in fair value. The City pools cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures.. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the General Fund, as provided by California Government Code Section 53647. See Note 3 for additional information related to Fair Value Measurements of Investments.

D. Interfund Transactions

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

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the governmental funds, reported prepaid items are classified as nonspendable fund balance.

F. Due from Other Governments

The amounts recorded as due from other governments represent property taxes, sales taxes, gas taxes, motor vehicle in-lieu taxes, Measure M revenue, reimbursement grant revenues, and other revenues collected or provided by federal, state, and county governments that were not remitted to the City as of June 30, 2024.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated acquisition value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000, or \$100,000 for infrastructure projects, are capitalized if they have an expected useful life of one year or more. Capital assets include public domain (infrastructure) general capital assets consisting of roads, streets, sidewalks, medians, and storm drains.

The City uses the straight-line method in the government-wide financial statements for depreciating buildings, building improvements, equipment and furniture, infrastructure, and intangibles. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position.

The range of useful lives used for depreciation purposes for each capital asset class is as follows:

Building	40 Years
Building Improvements	10 to 40 Years
Equipment and Furniture	3 to 10 Years
Infrastructure	10 to 40 Years
Intangibles	3 to 10 Years

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

H. Compensated Absences

Full-time and part-time City employees earn 20 paid leave days a year, however, part-time employees paid leave shall be pro-rated based on the number of hours regularly worked less than 40 hours per week. The paid leave days includes vacation and sick time. The liability for compensated absences reported in the statement of net position consists of unpaid, accumulated vacation and sick time. In governmental funds, compensated absences are primarily paid from the General Fund and are recorded as expenditures in the fiscal year paid. It is the City's policy to liquidate any unpaid vacation or sick leave at fiscal year-end from future resources rather than currently available expendable resources.

CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Claims and Judgments

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet reports 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/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflow of resources related to pensions and other postemployment benefits (OPEB) for employer contributions made after the measurement date of the net pension liability and net OPEB liability.
- Deferred outflow of resources related to pensions and OPEB for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan and covered with the benefits of the OPEB plan.
- Deferred outflow of resources from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan and the OPEB plan.
- Deferred outflow of resources related to pensions for the changes in employer's proportion. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred outflow of resources related to pensions and OPEB resulting from the difference in projected and actual earnings on investments of the pension and OPEB plans' fiduciary net position. These amounts are amortized over five years.

CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and the governmental funds balance sheet reports 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 so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

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

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

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

Net Difference Between Projected and Actual Earning on Pension or OPEB Plan Investments	5 Years	All Plans
All other amounts are amortized over the expected average remaining service lifetime (EARSL) of the respective plan. As of June 30, 2023, EARSLs were:	10.0 Years 3.8 Years	OPEB Plan Pension Miscellaneous - Cost Sharing Plan

K. Pension

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

L. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB plan (OPEB Plan), the assets of which are held by the California Employers Retiree Benefit Trust Program (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 9 for additional disclosures related to other post-employment benefits.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Balance and Spending Policy

In the governmental fund financial statements, fund balances are classified in the following categories:

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

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

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

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources that are neither restricted nor committed. Assignment of resources can be done by the highest level of decision making (City Council Resolution) or by a committee or official designated for that purpose. The City Council has authorized the City Manager to assign fund balance for specific departmental projects.

Unassigned – This category is for any balances that have no restrictions placed upon them. The General Fund is the only City fund that is able to report a positive unassigned fund balance amount.

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position

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

O. Net Position Flow Assumption

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

P. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. Accordingly, the City recognizes as revenue only those taxes which are received during the fiscal year and within 60 days after fiscal year-end.

The property tax calendar for the City is as follows:

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

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

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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 expenditures/expenses, during the reporting period. Actual results could differ from those estimates.

R. Implementation of Accounting Standards

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

GASB Statement No. 100 – Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62

The requirements of this statement are effective for periods beginning after June 15, 2023. There was no effect on the City's accounting and financial reporting as a result of implementing this standard.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances

At June 30, 2024, the State of California Grants Fund had a deficit fund balance of \$2,024 that will be eliminated by future collections on amounts due from other governments.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 15,078,519
Restricted Cash and Investments	169,211
Total	<u>\$ 15,247,730</u>

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

Petty Cash	\$ 800
Demand Deposits	506,090
California Employers' Pension Prefunding Trust (CEPPT)	169,211
Local Agency Investment Fund (LAIF)	829,495
Orange County Investment Pool (OCIP)	8,358,628
Money Market Mutual Fund	15,954
Non-Negotiable Certificates of Deposit	5,367,552
Total Cash and Investments Held by City	<u>\$ 15,247,730</u>

Deposits

At June 30, 2024, the carrying amount of the City's deposits was \$506,090 and the bank balance was \$728,302. The \$222,212 difference represents outstanding checks and other reconciling items.

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy

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

Type of Investment	Maximum Amount of Portfolio Investment*	Maximum Amount of Individual Investment	Maximum Maturity*
Federal Deposit Insurance Corporation (FDIC) Insured Accounts	100%	\$ -	N/A
Bankers' Acceptances	20% (No More than 5% with One Bank)	-	180 Days
Commercial Paper	15% (No More than 10% of a Single Issuer)	-	270 Days
Local Government Investment Pools	90%	-	N/A
Joint Powers Authority Pools	90%	-	N/A
Money Market Mutual Funds	10%	-	N/A
Certificates of Deposit (Negotiable)	30% (No More than 10% with One Bank or Single Issuer)	250,000	5 Years
Certificates of Deposit (Non-Negotiable)	90%	250,000	5 Years
Repurchase Agreements	10% (No More than 20% of a Single Issuer)	-	30 Days
United States Treasury Obligations	90% of Overall Portfolio for	-	5 Years
United States Agency Obligations	Any One Investment Type	-	5 Years
State of California and Other States-Issued Obligations	20% of Overall Portfolio for Any One Investment Type	-	3 Years
California Local Government-Issued Municipal Obligations	(No More than 5% of a Single Issuer)	-	3 Years
Medium-Term Notes	20%	-	5 Years

* Based on State Law Requirements or Investment Policy Requirements, Whichever is More Restrictive

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

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

Investments Authorized by Debt Agreements

As of June 30, 2024, the City had no investments from debt proceeds held by bond trustees.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on amortized cost basis. LAIF does not impose limits or restrictions on participant withdrawals, and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1.

Investment in Orange County Investment Pool (OCIP)

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

Investment in CEPPT Section 115 Pension Trust

The City established a trust fund with the California Employers' Pension Prefunding Trust Fund (CEPPT) to prefund required pension contributions to the City's defined benefit pension plan. Prefunding allows the City to reduce future costs by generating investment income which reduces future employer cash flow requirements necessary to offset annual costs.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2024 for each investment type:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Fiscal Year-End</u>	
			<u>AAA</u>	<u>Not Rated</u>
CEPPT	\$ 169,211		\$ -	\$ 169,211
LAIF	829,495	N/A	-	829,495
OCIP	8,358,628	N/A	-	8,358,628
Money Market Mutual Fund	15,954	AAA	15,954	-
Non-Negotiable Certificates of Deposit	<u>5,367,552</u>	N/A	-	<u>5,367,552</u>
Total	<u><u>\$ 14,740,840</u></u>		<u><u>\$ 15,954</u></u>	<u><u>\$ 14,724,886</u></u>

Custodial Credit Risk

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

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. If the City has invested more than 5% of its investments in any one issuer, it is exposed to credit risk, except for investments guaranteed by the U.S. government and investments in mutual funds and external investment pools. The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. During the fiscal year ended June 30, 2024, the City did not hold any investments in any one issuer (other than external investment pools) that represents 5% or more of total City's investments.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

<u>Investment Type</u>	<u>Remaining Maturity</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	
CEPPT	\$ 169,211	\$ -	\$ -	\$ 169,211
LAIF	829,495	-	-	829,495
OCIP	8,358,628	-	-	8,358,628
Money Market Mutual Fund	15,954	-	-	15,954
Non-Negotiable Certificates of Deposit	1,556,307	1,662,753	2,148,492	5,367,552
Total	<u>\$ 10,929,595</u>	<u>\$ 1,662,753</u>	<u>\$ 2,148,492</u>	<u>\$ 14,740,840</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

During the fiscal year ended June 30, 2024, the City did not hold any investments that were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Fair Value Measurements

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

The City's investments in CEPPT, LAIF and OCIP are not subject to the fair value measurement hierarchy. The City's investment in the money market mutual fund is categorized as Level 1 input in the fair value measurement hierarchy. The City's investments in the Non-Negotiable Certificates of Deposits are categorized as Level 2 inputs in the fair value measurement hierarchy. Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not being Depreciated:					
Land	\$ 6,914,741	\$ -	\$ -	\$ -	\$ 6,914,741
Construction in Progress	3,311,805	1,134,164	-	(3,839,030)	606,939
Total Capital Assets Not being Depreciated	10,226,546	1,134,164	-	(3,839,030)	7,521,680
Capital Assets being Depreciated:					
Building	2,563,250	-	-	3,430,961	5,994,211
Building Improvements	1,744,948	-	-	-	1,744,948
Furniture and Equipment	63,367	-	-	91,112	154,479
Infrastructure	37,904,374	553,509	-	316,957	38,774,840
Total Capital Assets being Depreciated	42,275,939	553,509	-	3,839,030	46,668,478
Less Accumulated Depreciation for:					
Building	833,055	106,968	-	-	940,023
Building Improvements	971,912	85,219	-	-	1,057,131
Furniture and Equipment	21,195	19,667	-	-	40,862
Infrastructure	21,480,358	1,920,130	-	-	23,400,488
Total Accumulated Depreciation	23,306,520	2,131,984	-	-	25,438,504
Net Total Capital Assets being Depreciated	18,969,419	(1,578,475)	-	3,839,030	21,229,974
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,195,965</u>	<u>\$ (444,311)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,751,654</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 211,854
Public Works	1,920,130
Total	<u>\$ 2,131,984</u>

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 CAPITAL ASSETS (CONTINUED)

The following construction commitments existed at June 30, 2024:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to Date as of June 30, 2024</u>	<u>Remaining Commitments</u>	<u>Federal Grants Fund</u>
El Toro Road & Moulton Parkway Water Quality: Phase 1	\$ 316,079	\$ 300,275	\$ 15,804	\$ 300,275
El Toro Road & Moulton Parkway Water Quality: Phase 2	123,070	-	123,070	-
	<u>\$ 439,149</u>	<u>\$ 300,275</u>	<u>\$ 138,874</u>	<u>\$ 300,275</u>

NOTE 5 COMPENSATED ABSENCES

The City's policies relating to compensated absences are described in Note 1 of the Notes to the Basic Financial Statements. Changes in compensated absences for the fiscal year ended June 30, 2024, were as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Governmental Activities: Compensated Absences	<u>\$ 122,607</u>	<u>\$ 79,796</u>	<u>\$ (66,009)</u>	<u>\$ 136,394</u>	<u>\$ 73,432</u>

NOTE 6 RISK MANAGEMENT

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 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 California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board of Directors operates through a nine-member Executive Committee.

CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 RISK MANAGEMENT (CONTINUED)

B. 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/>.

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.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 RISK MANAGEMENT (CONTINUED)

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

Workers' Compensation Program (Continued)

For fiscal year 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. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City property currently has all-risk property insurance protection in the amount of \$4,860,748. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

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

D. Adequacy of Protection

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 JOINT VENTURE

Orange County Fire Authority

In 1999, the City entered into a joint powers agreement that now includes the Cities of Aliso Viejo, Buena Park, Cypress, Dana Point, Garden Grove, Irvine, La Palma, Laguna Hills, Laguna Niguel, Lake Forest, Los Alamitos, Mission Viejo, Rancho Santa Margarita, San Clemente, Santa Ana, Stanton, San Juan Capistrano, Seal Beach, Tustin, Villa Park, Westminster, and Yorba Linda and the County of Orange to create the Orange County Fire Authority (Fire Authority). The purpose of the Fire Authority is to provide for mutual fire protection, prevention, and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services.

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

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

NOTE 8 DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided

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

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Plan	
	Miscellaneous	Miscellaneous PEPRA
Hire Date	Prior to January 1, 2013*	On or After January 1, 2013
Benefit Formula	2.000% at 55	2.000 at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 to 67	52 to 67
Monthly Benefits, as a Percentage of Eligible Compensation	1.426% to 2.418%	1.000% to 2.500%
Required Employee Contribution Rates	7.00%	8.00%
Required Employer Contribution Rates:		
Normal Cost Rate	12.97%	8.03%
Payment of Unfunded Liability	\$0	\$0

* Closed to new entrants except as allowed under applicable laws.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

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 fiscal 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 City to satisfy contribution requirements that are identified by the pension plan terms as Plan member contributions requirements are classified as Plan member contributions.

Contributions for the fiscal year ended June 30, 2024, included the normal cost rate of \$80,581 and additional discretionary payments of \$306,925 for a total of \$387,506.

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

The net pension liability for the City's Plan has been liquidated by funding from the General Fund. As of June 30, 2024, the City reported a net pension liability of \$215,628 for its proportionate share of the net pension liability of the Plan.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability (asset). 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, rolled forward to June 30, 2023, using standard update procedures. The City's proportionate share of the net pension liability (asset) was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's total proportionate share of the net pension liability (asset) for the Plan as of the measurement dates ended June 30, 2023 and 2022, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.00098 %
Proportion - June 30, 2023	0.00173
Change - Increase	0.00075 %

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the fiscal year ended June 30, 2024, the City recognized pension expense of \$305,483. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 387,506	\$ -
Differences Between Actual and Expected Experience	11,015	(1,709)
Change in Employer's Proportion	309,638	-
Differences Between Employer's Contributions and the Employer's Proportionate Share of Contribution	-	(117,540)
Net Differences Between Projected and Actual Earnings on Plan Investments	34,912	-
Changes in Assumptions	13,018	-
Total	\$ 756,089	\$ (119,249)

The \$387,506 reported as deferred outflows of resources represents contributions made after the measurement date of the net pension liability (asset) but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Amount
2025	\$ 141,045
2026	85,525
2027	21,764
2028	1,000
Total	\$ 249,334

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

For the measurement period ended June 30, 2023 (the measurement date), the total pension liability 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 actuarial methods and assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation Rate	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	(1)
Postretirement Benefit Increase	(2)

(1) 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 on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

(2) The less of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Long-Term Expected Rate of Return

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>
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)
Total	<u>100.00 %</u>	

* An expected inflation of 2.30% used for this period.

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.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

The following presents the City's proportionate share of the net pension liability (asset) of the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% point lower (5.90%) or 1% point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability (Asset)	\$ 753,040	\$ 215,628	\$ (226,709)

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled), are eligible for a CalPERS pension, and who meet the applicable statutory and CalPERS contract requirements. The benefits are available only to employees who retire from the City.

C. Contributions

The contribution requirements of plan members and the City are established and may be amended by the City and the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements and makes additional contributions to the City's OPEB Trust. For the year ended June 30, 2024, the City paid \$5,875 in contributions for postemployment healthcare benefits.

D. Employees Covered

At the June 30, 2023, measurement date, the following number of participants were covered by the benefit terms under the OPEB Plan:

Active Employees	8	
Inactive Employees Current Receiving Benefits*	3	
Inactive Employees Entitled to but Not Yet Receiving Benefits	-	
Total	11	

*Or Beneficiaries Currently Receiving Benefits

These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the OPEB Plan at a later date.

E. OPEB Trust

The City established an OPEB Trust to prefund future OPEB costs with a goal of maintaining an 80% funding status. Prefunding allows the City to reduce future costs by generating investment income which reduces future employer cash flow requirements necessary to offset annual costs. The value of the trust as of the June 30, 2023, measurement date was \$130,386. The value of the trust as of June 30, 2024, fiscal year end was \$138,502.

Due to the establishment of the OPEB Trust, the funded status is above 80%.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

F. The Long-Term Expected Rate of Return and Discount Rate

Long-Term Expected Rate of Return

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Trust's target asset allocation as of measurement date June 30, 2023, are summarized in the following table:

Asset Class:	Target Allocation CERBT- Strategy 3	Expected Real Rate of Return
Global Equity	23.00 %	4.56 %
Fixed Income	51.00	1.56
TIPS	9.00	(0.08)
Commodities	3.00	1.22
REITS	14.00	4.06
Assumed Long-Term Rate of Inflation		2.50
Expected Long-Term Rate of Return		5.25

Note: The long-term expected real rates of return are presented as geometric means.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.25%. This is the expected long-term rate of return on City assets using investment strategy 3 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

G. Change in the Net OPEB Liability (Asset)

	Change in Net OPEB Liability (Asset)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance - June 30, 2023*	\$ 145,047	\$ 128,398	\$ 16,649
Changes for the Year:			
Service Cost	8,756	-	8,756
Interest	7,925	-	7,925
Actual Versus Expected Experience	(10,938)	-	(10,938)
Assumption Changes	(7,236)	-	(7,236)
Contributions - Employer***	-	5,781	(5,781)
Net Investment Income	-	2,024	(2,024)
Benefit Payments***	(5,718)	(5,718)	-
Administrative Expense	-	(99)	99
Net Changes	<u>(7,211)</u>	<u>1,988</u>	<u>(9,199)</u>
Balance - June 30, 2024**	<u>\$ 137,836</u>	<u>\$ 130,386</u>	<u>\$ 7,450</u>

* Measurement Date June 30, 2022

** Measurement Date June 30, 2023

*** Includes \$318 Implied Subsidy Benefit Payments

The City's net OPEB liability has been liquidated by funding from the General Fund.

H. Sensitivity of the Net OPEB Liability (Asset) to Changes in Assumptions

The following presents the net OPEB liability (asset) of the OPEB Plan as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2023.

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net OPEB Liability (Asset)	<u>\$ 26,507</u>	<u>\$ 7,450</u>	<u>\$ (8,352)</u>

The following presents the net OPEB liability (asset) of the OPEB Plan if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2023.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Asset)	<u>\$ (11,556)</u>	<u>\$ 7,450</u>	<u>\$ 31,454</u>

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

I. Balances of Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the City recognized OPEB expense of \$8,530. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions Made		
Subsequent to the Measurement Date	\$ 5,875 *	\$ -
Differences Between Expected		
and Actual Experience	2,847	27,116
Changes of Assumptions	3,869	15,902
Net Difference Between Projected and Actual		
Earnings on OPEB Plan Investments	12,997	-
Total	\$ 25,588	\$ 43,018

* Includes \$5,544 Cash Benefit Payments Plus \$227 Implied Subsidy Payment in 2023-24 and Administrative Expenses of \$104.

The \$5,875 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2025	\$ (1,196)
2026	(1,030)
2027	970
2028	(4,326)
2029	(5,122)
Thereafter	(12,601)
Total	\$ (23,305)

J. Payable to the OPEB Plan

At June 30, 2024, the City had no outstanding amount of contributions to the OPEB plan for the year ended June 30, 2024.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

K. Net OPEB Liability (Asset)

The City's net OPEB liability was measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The total OPEB liability was measured as of June 30, 2023, using an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions	
Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Contribution Policy	Contribute to Maintain Plan at 80% Funded
Discount Rate and Long-Term Expected Rate of Return on Investments	5.25%
Inflation	2.50% Annually
Salary Increase	Aggregate - 2.75% Annually
Mortality, Disability, Termination, Retirement	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality Projected Fully Generational with Scale MP-2021
Medical Trend	Non-Medicare - 8.50% for 2025, Medicare (Non-Kaiser) - 7.50% for 2025, Medicare (Kaiser) - 6.25% for 2025. All decreasing to 3.45% in 2076.
PEMHCA Minimum Increases	3.50% Annually
Healthcare Participation for Future Retirees	50%

L. Changes Since June 30, 2022, Measurement Date

Change of Assumptions

As of June 30, 2023 measurement date, medical trend rates were increased and PEMHCA minimum increases changed from 4.00% to 3.50% annually.

**CITY OF LAGUNA WOODS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 CONTINGENCIES

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

The City is currently a party to various claims and legal proceedings. In management's opinion, the ultimate liabilities, if any, resulting from such claims and proceedings, will not materially affect the City's financial position.

NOTE 11 INTERFUND TRANSACTIONS

Current interfund balances as of June 30, 2024, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
		<u>Other Governmental Funds</u>
General Fund		<u>\$ 20</u>

The interfund balances at June 30, 2024, were the result of routine interfund transactions not cleared prior to the end of the fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year ended	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Measurement period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
City's proportion of the net pension liability	0.00173%	0.00098%	-0.00957%	-0.00017%	0.00015%
City's proportionate share of the net pension liability (asset)	\$ 215,628	\$ 113,760	\$ (517,735)	\$ (18,611)	\$ 15,529
City's covered payroll	\$ 776,765	\$ 737,293	\$ 744,400	\$ 622,969	\$ 662,081
City's proportionate share of the net pension liability as a percentage of covered payroll	27.76	15.43%	-69.55%	-2.99%	2.35%
City's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	76.21%	76.68%	88.29%	75.10%	75.26%
City's proportionate share of aggregate employer contributions	\$ 156,225	\$ 184,246	\$ 152,912	\$ 147,670	\$ 125,816
Fiscal year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability	0.00100%	0.00113%	0.00653%	0.00581%	0.00641%
City's proportionate share of the net pension liability (asset)	\$ 96,450	\$ 112,334	\$ 565,179	\$ 398,688	\$ 398,648
City's covered payroll	\$ 707,254	\$ 729,196	\$ 716,484	\$ 825,725	\$ 815,301
City's proportionate share of the net pension liability as a percentage of covered payroll	13.64%	15.41%	78.88%	48.28%	48.90%
City's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	75.26%	73.31%	74.06%	78.40%	83.03%
City's proportionate share of aggregate employer contributions	\$ 104,868	\$ 95,620	\$ 87,255	\$ 74,766	\$ 52,739

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2023 to June 30, 2024, there were no significant changes in assumptions.

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

Fiscal Year Ended	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution (actuarially determined)	\$ 80,581	\$ 80,089	\$ 71,127	\$ 72,897	\$ 58,783
Contributions in relation to the actuarially determined contributions	<u>(387,506)</u>	<u>(80,089)</u>	<u>(71,127)</u>	<u>(102,867)</u>	<u>(159,875)</u>
Contribution deficiency (excess)	<u>\$ (306,925)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,970)</u>	<u>\$ (101,092)</u>
Covered payroll	\$ 760,009	\$ 776,765	\$ 737,293	\$ 744,400	\$ 622,969
Contributions as a percentage of covered payroll	50.99%	10.31%	9.65%	13.82%	25.66%
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 63,730	\$ 62,659	\$ 545,363	\$ 6,231	\$ 79,169
Contributions in relation to the actuarially determined contributions	<u>(201,185)</u>	<u>(62,659)</u>	<u>(545,363)</u>	<u>(6,231)</u>	<u>(79,169)</u>
Contribution deficiency (excess)	<u>\$ (137,455)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 662,081	\$ 707,254	\$ 729,196	\$ 716,484	\$ 825,725
Contributions as a percentage of covered payroll	30.39%	8.86%	74.79%	0.87%	9.59%

Notes to Schedule:

Valuation Date June 30, 2021

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Valuation Method
Amortization Method

Entry Age Normal Cost Method

Varies by Date Established and Source. May be Level Dollar or Level Percent of Pay and May Include Direct Rate Smoothing.

Asset Valuation Method
Inflation

Market Value
2.30%

Salary Increases

Varies by Category, Entry Age, and Service

Payroll Growth

2.80%

Investment Rate of Return

6.80%, Net of Administrative Expenses

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board. Post-retirement mortality rates include 15 years of projected on-going mortality improvement using 80% of the Society of Actuaries' Scale MP-2020.

**CITY OF LAGUNA WOODS
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT
BENEFIT (OPEB) LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS²**

Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022
Total OPEB Liability:			
Service Cost	\$ 8,756	\$ 9,474	\$ 6,673
Interest on the Total OPEB Liability	7,925	7,149	8,669
Actual Versus Expected Experience	(10,938)	-	(25,763)
Assumption Changes	(7,236)	(9,927)	5,740
Benefit Payments (Includes Implied Subsidy)	(5,718)	(5,323)	(5,193)
Net Change in Total OPEB Liability	(7,211)	1,373	(9,874)
Total Beginning OPEB Liability	145,047	143,674	153,548
Total Ending OPEB Liability	<u>\$ 137,836</u>	<u>\$ 145,047</u>	<u>\$ 143,674</u>
Plan Fiduciary Net Position:			
Contributions - Employer	\$ 5,781	\$ 5,393	\$ 5,259
Net Investment Interest on the Total OPEB Liability	2,024	(15,482)	16,975
Benefit Payments (Includes Implied Subsidy)	(5,718)	(5,323)	(5,193)
Administrative Expense	(99)	(107)	(111)
Net Change in Plan Fiduciary Net Position	1,988	(15,519)	16,930
Total Beginning Plan Fiduciary Net Position	128,398	143,917	126,987
Total Ending Plan Fiduciary Net Position	<u>\$ 130,386</u>	<u>\$ 128,398</u>	<u>\$ 143,917</u>
Net OPEB Liability (Asset)	\$ 7,450	\$ 16,649	\$ (243)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.6 %	88.5 %	100.2 %
Covered Payroll	\$ 746,239	\$ 737,406	\$ 744,323
Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	1.0 %	2.3 %	(0.0)%

Notes:

Note 1 - The discount rate used was 5.25% net of administrative expense for the measurement period ended June 30, 2023.

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

CITY OF LAGUNA WOODS
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT
BENEFIT (OPEB) LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS²

Fiscal Year Ended	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability:				
Service Cost	\$ 6,563	\$ 13,574	\$ 13,179	\$ 12,795
Interest on the Total OPEB Liability	8,433	7,705	6,877	6,056
Actual Versus Expected Experience	-	7,437	-	-
Assumption Changes	(2,829)	62	-	-
Benefit Payments (Includes Implied Subsidy)	<u>(10,740)</u>	<u>(6,338)</u>	<u>(4,470)</u>	<u>(4,115)</u>
Net Change in Total OPEB Liability	1,427	22,440	15,586	14,736
Total Beginning OPEB Liability	<u>152,121</u>	<u>129,681</u>	<u>114,095</u>	<u>99,359</u>
Total Ending OPEB Liability	<u><u>\$ 153,548</u></u>	<u><u>\$ 152,121</u></u>	<u><u>\$ 129,681</u></u>	<u><u>\$ 114,095</u></u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 30,319	\$ 6,385	\$ 28,282	\$ 4,115
Net Investment Interest on the				
Total OPEB Liability	6,400	6,789	3,187	2,678
Benefit Payments (Includes Implied Subsidy)	(10,740)	(6,338)	(4,470)	(4,115)
Administrative Expense	<u>(100)</u>	<u>(67)</u>	<u>(124)</u>	<u>(34)</u>
Net Change in Plan Fiduciary Net Position	25,879	6,769	26,875	2,644
Total Beginning Plan Fiduciary Net Position	<u>101,108</u>	<u>94,339</u>	<u>67,464</u>	<u>64,820</u>
Total Ending Plan Fiduciary Net Position	<u><u>\$ 126,987</u></u>	<u><u>\$ 101,108</u></u>	<u><u>\$ 94,339</u></u>	<u><u>\$ 67,464</u></u>
Net OPEB Liability (Asset)	\$ 26,561	\$ 51,013	\$ 35,342	\$ 46,631
Plan Fiduciary Net Position as a				
Percentage of the Total OPEB Liability	82.7 %	66.5 %	72.7 %	59.1 %
Covered Payroll	\$ 626,673	\$ 684,801	\$ 702,326	\$ 690,005
Net OPEB Liability/(Asset) as a Percentage of Covered				
Payroll	4.2 %	7.4 %	5.0 %	6.8 %

Notes:

Note 1 - The discount rate used was 5.25% net of administrative expense for the measurement period ended June 30, 2023.

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

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

Note: This disclosure is not required. Funding is not based on actuarially determined contributions and contributions are neither statutorily nor contractually established.

**CITY OF LAGUNA WOODS
SUMMARY OF MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

GENERAL FUND

The General Fund is the primary operating fund of the City. The General Fund accounts for activities and services traditionally associated with governments, such as law enforcement services. The General Fund is used to account for revenue sources that are not legally restricted to expenditures for specified purposes, which are financed primarily through tax-generated revenues, and not required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The following funds have been classified as major funds. The budget-actual comparisons for these funds have been presented in the accompanying financial statements as Required Supplementary Information:

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

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

Federal Grants Fund – is used to account for the receipts and expenditures of Federal grants.

**CITY OF LAGUNA WOODS
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Tax	\$ 3,297,700	\$ 3,297,700	\$ 3,388,708	\$ 91,008
Property Transfer Tax	112,000	112,000	128,203	16,203
Sales Tax	1,196,000	1,196,000	1,103,571	(92,429)
Transient Occupancy Tax	604,000	604,000	598,188	(5,812)
Cannabis Business Tax	-	-	37,380	37,380
Franchise Fee	751,800	751,800	813,821	62,021
Charges for Services	814,400	814,400	885,158	70,758
Investment Income	352,000	352,000	616,901	264,901
Miscellaneous	207,700	207,700	368,298	160,598
Total Revenues	7,335,600	7,335,600	7,940,228	604,628
EXPENDITURES				
Current:				
City Council	19,007	19,007	18,193	814
Administrative Services	515,576	535,976	509,433	26,543
General Government	1,138,993	1,730,273	1,399,973	330,300
Public Safety	3,313,208	3,086,296	3,067,711	18,585
Public Works	365,224	370,062	369,200	862
Community Development	1,769,821	1,859,238	1,726,088	133,150
Capital Outlay	608,250	738,785	190,681	548,104
Total Expenditures	7,730,079	8,339,637	7,281,279	1,058,358
NET CHANGE IN FUND BALANCE	\$ (394,479)	\$ (1,004,037)	658,949	\$ 1,662,986
Fund Balance - Beginning of Year			10,904,182	
FUND BALANCE - END OF YEAR			\$ 11,563,131	

**CITY OF LAGUNA WOODS
BUDGETARY COMPARISON SCHEDULE – FUEL TAX
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 487,800	\$ 487,800	\$ 492,475	\$ 4,675
Investment Income	<u>5,000</u>	<u>5,000</u>	<u>19,580</u>	<u>14,580</u>
Total Revenues	492,800	492,800	512,055	19,255
 EXPENDITURES				
Current:				
Public Works	<u>395,000</u>	<u>429,570</u>	<u>378,271</u>	<u>51,299</u>
Total Expenditures	<u>395,000</u>	<u>429,570</u>	<u>378,271</u>	<u>51,299</u>
 NET CHANGE IN FUND BALANCE	<u><u>\$ 97,800</u></u>	<u><u>\$ 63,230</u></u>	133,784	<u><u>\$ 70,554</u></u>
 Fund Balance - Beginning of Year			<u>438,953</u>	
 FUND BALANCE - END OF YEAR			<u><u>\$ 572,737</u></u>	

**CITY OF LAGUNA WOODS
BUDGETARY COMPARISON SCHEDULE – MEASURE M
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 335,000	\$ 335,000	\$ 314,268	\$ (20,732)
Investment Income	<u>1,000</u>	<u>1,000</u>	<u>9,340</u>	<u>8,340</u>
Total Revenues	336,000	336,000	323,608	(12,392)
 EXPENDITURES				
Current:				
Public Works	<u>285,700</u>	<u>285,700</u>	<u>265,223</u>	<u>20,477</u>
Total Expenditures	<u>285,700</u>	<u>285,700</u>	<u>265,223</u>	<u>20,477</u>
 NET CHANGE IN FUND BALANCE	 <u><u>\$ 50,300</u></u>	 <u><u>\$ 50,300</u></u>	 58,385	 <u><u>\$ 8,085</u></u>
 Fund Balance - Beginning of Year			 <u>238,373</u>	
 FUND BALANCE - END OF YEAR			 <u><u>\$ 296,758</u></u>	

**CITY OF LAGUNA WOODS
BUDGETARY COMPARISON SCHEDULE – FEDERAL GRANTS
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,618,278	\$ 1,618,278	\$ 824,756	\$ (793,522)
EXPENDITURES				
Current:				
Capital Outlay	<u>719,145</u>	<u>1,726,015</u>	<u>824,756</u>	<u>901,259</u>
Total Expenditures	<u>719,145</u>	<u>1,726,015</u>	<u>824,756</u>	<u>901,259</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 899,133</u></u>	<u><u>\$ (107,737)</u></u>	-	<u><u>\$ 107,737</u></u>
Fund Balance - Beginning of Year			<u>-</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ -</u></u>	

**CITY OF LAGUNA WOODS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 BUDGETARY POLICY

The City Manager shall prepare and submit the proposed annual budget for all governmental funds to the City Council for its approval. The City Council reviews the proposed budget during a series of public meetings. The budget is legally enacted by means of a budget resolution passed by the City Council prior to July 1st of each fiscal year. Upon final adoption, the budget shall be in effect for the ensuring fiscal year.

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

Appropriations lapse at the end of the fiscal year except (1) unexpended appropriations for projects completed or underway at the end of the fiscal year as recommended by the City Manager and approved by the City Council, and (2) unexpended appropriations for capital improvement projects and nonoperating projects.

Budgeted amounts are as originally adopted, or as amended in accordance with prescribed procedures throughout the fiscal year. During the fiscal year, there were six supplemental appropriations approved by the City Council totaling \$776,230 and capital and other one-time projects budget carryovers totaling \$1,686,085.

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SUPPLEMENTARY INFORMATION

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**CITY OF LAGUNA WOODS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2024**

SPECIAL REVENUE FUNDS

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

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

Service Authority for Abandoned Vehicles Fund – is used to account for funds received through the now defunct Orange County Service Authority for Abandoned Vehicles and related expenditures.

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

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

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

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

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

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

State of California Grants Fund – is used to account for revenues received from various State funded grants.

Miscellaneous Special Revenue Fund – is used to account for monies received from settlements and miscellaneous grants restricted for a specific use.

**CITY OF LAGUNA WOODS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Special Revenue Funds			
	Road Repair and Accountability Act of 2017	Service Authority for Abandoned Vehicles	Supplemental Law Enforcement Program	Air Quality Improvement
ASSETS				
Cash and Investments	\$ 833,237	\$ 40,273	\$ 49,169	\$ 209,431
Receivables:				
Accounts	-	-	-	-
Due from Other Governments	79,861	-	-	55,871
Total Assets	\$ 913,098	\$ 40,273	\$ 49,169	\$ 265,302
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 14,675	\$ -
Unearned Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	-	-	14,675	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	-	-	-	5,871
FUND BALANCES				
Restricted for:				
Public Safety	-	40,273	34,494	-
Public Works	913,098	-	-	259,431
Community Services	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	913,098	40,273	34,494	259,431
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 913,098	\$ 40,273	\$ 49,169	\$ 265,302

**CITY OF LAGUNA WOODS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024**

Special Revenue Funds						
PEG/Cable Television	Senior Mobility	Community Development Block Grant	Civic Support	State of California Grants	Miscellaneous Special Revenue	Total Other Governmental Funds
\$ 67,634	\$ 215,522	\$ -	\$ 1,664	\$ 73,256	\$ 2,542	\$ 1,492,728
771	-	-	-	-	-	771
-	19,885	-	-	2,988	-	158,605
<u>\$ 68,405</u>	<u>\$ 235,407</u>	<u>\$ -</u>	<u>\$ 1,664</u>	<u>\$ 76,244</u>	<u>\$ 2,542</u>	<u>\$ 1,652,104</u>
\$ -	\$ 47,166	\$ -	\$ -	\$ 1,647	\$ -	\$ 63,488
-	-	-	-	73,633	2,451	76,084
-	-	-	20	-	-	20
-	47,166	-	20	75,280	2,451	139,592
-	-	-	-	2,988	-	8,859
-	-	-	-	-	-	74,767
-	-	-	-	-	-	1,172,529
68,405	188,241	-	1,644	-	91	258,381
-	-	-	-	(2,024)	-	(2,024)
<u>68,405</u>	<u>188,241</u>	<u>-</u>	<u>1,644</u>	<u>(2,024)</u>	<u>91</u>	<u>1,503,653</u>
<u>\$ 68,405</u>	<u>\$ 235,407</u>	<u>\$ -</u>	<u>\$ 1,664</u>	<u>\$ 76,244</u>	<u>\$ 2,542</u>	<u>\$ 1,652,104</u>

**CITY OF LAGUNA WOODS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	Special Revenue Funds			
	Road Repair and Accountability Act of 2017	Service Authority for Abandoned Vehicles	Supplemental Law Enforcement Program	Air Quality Improvement
REVENUES				
Intergovernmental	\$ 492,115	\$ -	\$ 186,159	\$ 73,443
Charges for Services	-	-	-	-
Investment Income	26,451	1,517	2,485	7,722
Total Revenues	<u>518,566</u>	<u>1,517</u>	<u>188,644</u>	<u>81,165</u>
EXPENDITURES				
Current:				
Public Safety	-	-	176,100	-
Community Development	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	244,732	-	-	10,711
Total Expenditures	<u>244,732</u>	<u>-</u>	<u>176,100</u>	<u>10,711</u>
NET CHANGE IN FUND BALANCES	273,834	1,517	12,544	70,454
Fund Balances - Beginning of Year	<u>639,264</u>	<u>38,756</u>	<u>21,950</u>	<u>188,977</u>
FUND BALANCES - END OF YEAR	<u>\$ 913,098</u>	<u>\$ 40,273</u>	<u>\$ 34,494</u>	<u>\$ 259,431</u>

**CITY OF LAGUNA WOODS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Special Revenue Funds							
PEG/Cable Television	Senior Mobility	Community Development Block Grant	Civic Support	State of California Grants	Miscellaneous Special Revenue	Total Other Governmental Funds	
\$ 14,336	\$ 124,808	\$ 459,265	\$ -	\$ 86,751	\$ -	\$ 1,436,877	
-	-	-	-	-	-	-	
2,352	13,679	-	2	551	76	54,835	
<u>16,688</u>	<u>138,487</u>	<u>459,265</u>	<u>2</u>	<u>87,302</u>	<u>76</u>	<u>1,491,712</u>	
-	-	-	-	-	-	176,100	
-	-	-	-	22,205	-	22,205	
5,540	377,600	-	48,652	-	-	431,792	
-	-	416,793	-	-	-	672,236	
<u>5,540</u>	<u>377,600</u>	<u>416,793</u>	<u>48,652</u>	<u>22,205</u>	<u>-</u>	<u>1,302,333</u>	
11,148	(239,113)	42,472	(48,650)	65,097	76	189,379	
<u>57,257</u>	<u>427,354</u>	<u>(42,472)</u>	<u>50,294</u>	<u>(67,121)</u>	<u>15</u>	<u>1,314,274</u>	
<u>\$ 68,405</u>	<u>\$ 188,241</u>	<u>\$ -</u>	<u>\$ 1,644</u>	<u>\$ (2,024)</u>	<u>\$ 91</u>	<u>\$ 1,503,653</u>	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 430,300	\$ 430,300	\$ 492,115	\$ 61,815
Investment Income	5,000	5,000	26,451	21,451
Total Revenues	<u>435,300</u>	<u>435,300</u>	<u>518,566</u>	<u>83,266</u>
EXPENDITURES				
Current:				
Capital Outlay	<u>325,821</u>	<u>325,821</u>	<u>244,732</u>	<u>81,089</u>
NET CHANGE IN FUND BALANCE	<u>\$ 109,479</u>	<u>\$ 109,479</u>	273,834	<u>\$ 164,355</u>
Fund Balance - Beginning of Year			<u>639,264</u>	
FUND BALANCE - END OF YEAR			<u>\$ 913,098</u>	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SERVICE AUTHORITY FOR ABANDONED VEHICLES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ 1,517	\$ 1,517
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	1,517	<u>\$ 1,517</u>
Fund Balance - Beginning of Year			<u>38,756</u>	
FUND BALANCE - END OF YEAR			<u>\$ 40,273</u>	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT PROGRAM SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 167,800	\$ 167,800	\$ 186,159	\$ 18,359
Investment Income	-	-	2,485	2,485
Total Revenues	<u>167,800</u>	<u>167,800</u>	<u>188,644</u>	<u>20,844</u>
EXPENDITURES				
Current:				
Public Safety	<u>176,100</u>	<u>176,100</u>	<u>176,100</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (8,300)</u></u>	<u><u>\$ (8,300)</u></u>	12,544	<u><u>\$ 20,844</u></u>
Fund Balance - Beginning of Year			<u>21,950</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 34,494</u></u>	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 73,443	\$ 3,443
Investment Income	2,000	2,000	7,722	5,722
Total Revenues	<u>72,000</u>	<u>72,000</u>	<u>81,165</u>	<u>9,165</u>
 EXPENDITURES				
Current:				
Capital Outlay	<u>-</u>	<u>10,711</u>	<u>10,711</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	 <u><u>\$ 72,000</u></u>	 <u><u>\$ 61,289</u></u>	 70,454	 <u><u>\$ 9,165</u></u>
 Fund Balance - Beginning of Year			 <u>188,977</u>	
 FUND BALANCE - END OF YEAR			 <u><u>\$ 259,431</u></u>	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
PEG/CABLE TELEVISION SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 18,400	\$ 18,400	\$ 14,336	\$ (4,064)
Investment Income	-	-	2,352	2,352
Total Revenues	18,400	18,400	16,688	(1,712)
EXPENDITURES				
Current:				
Community Services	15,000	15,000	5,540	9,460
Total Expenditures	15,000	15,000	5,540	9,460
NET CHANGE IN FUND BALANCE	\$ 3,400	\$ 3,400	11,148	\$ 7,748
Fund Balance - Beginning of Year			57,257	
FUND BALANCE - END OF YEAR			\$ 68,405	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SENIOR MOBILITY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 132,700	\$ 132,700	\$ 124,808	\$ (7,892)
Charges for Services	8,000	8,000	-	(8,000)
Investment Income	-	-	13,679	13,679
Total Revenues	<u>140,700</u>	<u>140,700</u>	<u>138,487</u>	<u>(2,213)</u>
EXPENDITURES				
Current:				
Community Services	<u>207,000</u>	<u>377,600</u>	<u>377,600</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (66,300)</u>	<u>\$ (236,900)</u>	(239,113)	<u>\$ (2,213)</u>
Fund Balance - Beginning of Year			<u>427,354</u>	
FUND BALANCE - END OF YEAR			<u>\$ 188,241</u>	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 459,265	\$ (40,735)
EXPENDITURES				
Current:				
Capital Outlay	<u>150,000</u>	<u>457,528</u>	<u>416,793</u>	<u>40,735</u>
NET CHANGE IN FUND BALANCE	<u>\$ 350,000</u>	<u>\$ 42,472</u>	42,472	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>(42,472)</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CIVIC SUPPORT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ 2	\$ 2
EXPENDITURES				
Current:				
Community Services	<u>48,810</u>	<u>48,810</u>	<u>48,652</u>	<u>158</u>
NET CHANGE IN FUND BALANCE	<u>\$ (48,810)</u>	<u>\$ (48,810)</u>	(48,650)	<u>\$ 160</u>
Fund Balance - Beginning of Year			<u>50,294</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 1,644</u></u>	

**CITY OF LAGUNA WOODS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
STATE OF CALIFORNIA GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 239,800	\$ 261,506	\$ 86,751	\$ (174,755)
Investment Income	-	-	551	551
Total Revenues	239,800	261,506	87,302	(174,204)
 EXPENDITURES				
Current:				
Public Works	-	188,048	-	188,048
Community Development	-	134,430	22,205	112,225
Total Expenditures	-	322,478	22,205	300,273
 NET CHANGE IN FUND BALANCE	\$ 239,800	\$ (60,972)	65,097	\$ 126,069
 Fund Balance - Beginning of Year			(67,121)	
 FUND BALANCE - END OF YEAR			\$ (2,024)	

**CITY OF LAGUNA WOODS
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 MISCELLANEOUS SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ 76	\$ 76
NET CHANGE IN FUND BALANCE	\$ -	\$ -	76	\$ 76
Fund Balance - Beginning of Year			15	
FUND BALANCE - END OF YEAR			\$ 91	

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STATISTICAL SECTION

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**CITY OF LAGUNA WOODS
DESCRIPTION OF STATISTICAL SECTION CONTENTS
YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

This part of the City of Laguna Woods' (the City'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 say about the government's overall financial health.

CONTENTS	PAGE
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.	96
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	106
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.	120
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	125

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

	Fiscal Year Ended June 30			
	2015	2016	2017 as restated	2018
Governmental activities:				
Net investment in capital assets	\$ 35,331,456	\$ 33,783,628	\$ 32,095,973	\$ 31,748,757
Restricted	1,464,214	1,587,683	1,371,195	1,236,152
Unrestricted	9,399,679	8,898,481	9,734,782	9,936,816
Total governmental activities net position	<u>\$ 46,195,349</u>	<u>\$ 44,269,792</u>	<u>\$ 43,201,950</u>	<u>\$ 42,921,725</u>

Note:

The City has no business-type activities.

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

Source: City of Laguna Woods, Administrative Services Department

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

Fiscal Year Ended June 30

2019 as restated	2020	2021	2022	2023	2024
\$ 30,950,071	\$ 29,989,812	\$ 28,888,636	\$ 28,816,105	\$ 29,195,965	\$ 28,497,896
1,410,529	1,412,618	1,500,199	1,660,570	2,104,483	2,255,587
10,032,809	10,363,509	10,360,579	11,329,413	11,159,858	11,937,681
<u>\$ 42,393,409</u>	<u>\$ 41,765,939</u>	<u>\$ 40,749,414</u>	<u>\$ 41,806,088</u>	<u>\$ 42,460,306</u>	<u>\$ 42,691,164</u>

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

	Fiscal Year Ended June 30			
	2015	2016	2017	2018
Expenses:				
Governmental activities:				
General government	\$ 1,378,555	\$ 1,503,279	\$ 1,433,890	\$ 1,331,112
Public safety	1,623,288	2,606,312	2,667,582	2,668,100
Public works	2,588,172	2,654,039	2,440,923	4,064,453
Community development	1,102,273	1,107,156	948,873	963,362
Community services	346,288	487,854	429,479	265,384
Total governmental activities expenses	<u>7,038,576</u>	<u>8,358,640</u>	<u>7,920,747</u>	<u>9,292,411</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	150,814	90,343	200,896	252,305
Public safety	25,810	5,851	-	-
Public works	699,984	730,203	694,316	647,008
Community development	-	-	-	-
Community services	-	-	-	110,898
Operating grants and contributions	1,419,207	1,176,753	782,456	694,918
Capital grants and contributions	10,376,299	205,231	209,447	2,552,084
Total governmental activities program revenues	<u>12,672,114</u>	<u>2,208,381</u>	<u>1,887,115</u>	<u>4,257,213</u>
Net revenues (expenses)	<u>\$ 5,633,538</u>	<u>\$ (6,150,259)</u>	<u>\$ (6,033,632)</u>	<u>\$ (5,035,198)</u>

Note:

The City has no business-type activities.

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

Source: City of Laguna Woods, Administrative Services Department

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

Fiscal Year Ended June 30

2019	2020	2021	2022	2023	2024
\$ 1,418,877	\$ 1,545,011	\$ 1,494,081	\$ 1,571,631	\$ 2,225,468	\$ 2,073,872
2,871,995	2,939,686	3,285,021	3,111,571	3,032,788	3,243,811
2,643,054	2,721,017	2,702,402	3,029,400	2,806,116	2,932,824
1,082,897	999,614	1,279,526	1,426,588	1,506,228	1,748,293
171,965	98,971	108,003	38,214	33,867	431,792
<u>8,188,788</u>	<u>8,304,299</u>	<u>8,869,033</u>	<u>9,177,404</u>	<u>9,604,467</u>	<u>10,430,592</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
759,261	671,039	684,139	815,005	891,684	885,158
76,814	39,436	14,508	11,644	7,993	-
243,617	365,823	678,773	440,392	489,508	370,981
787,767	453,524	441,547	1,801,285	1,700,585	2,047,932
<u>1,867,459</u>	<u>1,529,822</u>	<u>1,818,967</u>	<u>3,068,326</u>	<u>3,089,770</u>	<u>3,304,071</u>
<u>\$ (6,321,329)</u>	<u>\$ (6,774,477)</u>	<u>\$ (7,050,066)</u>	<u>\$ (6,109,078)</u>	<u>\$ (6,514,697)</u>	<u>\$ (7,126,521)</u>

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

	Fiscal Year Ended June 30			
	2015	2016	2017	2018
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 308,786	\$ 328,168	\$ 428,265	\$ 378,862
Property taxes in lieu of VLF	1,803,982	984,031	2,062,919	2,194,558
Sales taxes	908,621	475,926	888,817	896,503
Transient occupancy taxes	452,293	1,949,418	487,391	484,470
Franchise fees	604,739	626,027	662,027	672,266
Other taxes	-	-	-	-
Investment (loss)/income	26,810	44,394	73,727	128,314
Miscellaneous income	102,609	-	-	-
Total governmental activities	<u>4,207,840</u>	<u>4,407,964</u>	<u>4,603,146</u>	<u>4,754,973</u>
Net program revenues/(expenses)	<u>5,633,538</u>	<u>(6,150,259)</u>	<u>(6,033,632)</u>	<u>(5,035,198)</u>
Changes in net position:				
Governmental activities	<u>\$ 9,841,378</u>	<u>\$ (1,742,295)</u>	<u>\$ (1,430,486)</u>	<u>\$ (280,225)</u>

Note:

The City has no business-type activities.

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

Source: City of Laguna Woods, Administrative Services Department

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

Fiscal Year Ended June 30

2019	2020	2021	2022	2023	2024
\$ 369,893	\$ 391,860	\$ 441,865	\$ 463,648	\$ 456,118	\$ 492,528
2,345,270	2,461,271	2,731,915	2,723,038	2,826,902	3,024,383
901,697	957,549	1,010,418	1,156,470	1,189,614	1,103,571
483,729	349,660	254,371	465,867	581,921	598,188
701,646	699,250	667,091	675,107	707,653	813,821
457,347	654,199	662,104	725,811	847,881	529,855
291,825	264,171	45,062	(188,885)	246,154	700,656
483,278	369,047	220,715	1,144,696	312,672	394,377
<u>6,034,685</u>	<u>6,147,007</u>	<u>6,033,541</u>	<u>7,165,752</u>	<u>7,168,915</u>	<u>7,657,379</u>
<u>(6,321,329)</u>	<u>(6,774,477)</u>	<u>(7,050,066)</u>	<u>(6,109,078)</u>	<u>(6,514,697)</u>	<u>(7,126,521)</u>
<u>\$ (286,644)</u>	<u>\$ (627,470)</u>	<u>\$ (1,016,525)</u>	<u>\$ 1,056,674</u>	<u>\$ 654,218</u>	<u>\$ 530,858</u>

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

	Fiscal Year Ended June 30			
	2015	2016	2017	2018
General fund:				
Nonspendable	\$ -	\$ 66,466	\$ 75,761	\$ 57,001
Restricted	-	602	-	3,980
Committed	-	-	-	-
Assigned	1,728,998	679,260	285,734	1,010,054
Unassigned	8,348,147	8,861,873	9,293,180	8,868,233
Total general fund	<u>\$ 10,077,145</u>	<u>\$ 9,608,201</u>	<u>\$ 9,654,675</u>	<u>\$ 9,939,268</u>
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	1,464,214	1,746,561	1,371,195	1,232,172
Unassigned	(486,915)	(338,715)	(114,932)	(175,762)
Total all other governmental funds	<u>\$ 977,299</u>	<u>\$ 1,407,846</u>	<u>\$ 1,256,263</u>	<u>\$ 1,056,410</u>

Notes:

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

Source: City of Laguna Woods, Administrative Services Department

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

Fiscal Year Ended June 30

2019	2020	2021	2022	2023	2024
\$ 74,655	\$ 12,412	\$ 10,019	\$ 15,597	\$ 20,510	\$ 22,210
-	2,431	2,687	3,310	3,832	173,580
-	-	-	-	-	58,333
419,823	3,023,550	3,128,900	3,128,900	3,206,250	3,667,800
9,358,299	7,089,455	7,109,867	7,169,390	7,673,590	7,641,208
<u>\$ 9,852,777</u>	<u>\$ 10,127,848</u>	<u>\$ 10,251,473</u>	<u>\$ 10,317,197</u>	<u>\$ 10,904,182</u>	<u>\$ 11,563,131</u>
\$ -	\$ -	\$ 2,710	\$ 1,626	\$ 542	\$ -
1,410,529	1,410,187	1,497,512	1,657,260	2,100,651	2,375,172
-	-	(45,337)	(126,906)	(109,593)	(2,024)
<u>\$ 1,410,529</u>	<u>\$ 1,410,187</u>	<u>\$ 1,454,885</u>	<u>\$ 1,531,980</u>	<u>\$ 1,991,600</u>	<u>\$ 2,373,148</u>

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

	Fiscal Year Ended June 30			
	2015	2016	2017	2018
Revenues:				
Taxes and assessments	\$ 4,005,500	\$ 4,094,673	\$ 4,185,064	\$ 4,402,360
Intergovernmental	1,769,480	1,011,982	750,304	1,351,583
Franchise fees	604,739	539,107	748,947	672,266
Charges for services	699,984	730,203	694,316	647,008
Fines and forfeitures	25,810	5,851	-	-
Investment (loss)/income	24,300	46,905	73,728	128,314
Miscellaneous	150,814	192,950	186,300	251,566
Total revenues	7,280,627	6,621,671	6,638,659	7,453,097
Expenditures				
Current:				
General government	1,259,342	1,519,438	1,860,609	1,234,039
Public safety	1,637,906	2,621,018	2,667,582	2,668,100
Public works	885,016	899,623	785,903	2,184,451
Community development	1,102,273	1,107,156	948,873	1,016,383
Community services	343,903	489,051	429,479	265,384
Capital outlay	-	-	51,322	-
Total expenditures	5,228,440	6,636,286	6,743,768	7,368,357
Excess (deficiency) of revenues over (under) expenditures	2,052,187	(14,615)	(105,109)	84,740
Other financing sources (uses):				
Transfers in	-	27,528	882,275	5,000
Transfers out	-	(27,528)	(882,275)	(5,000)
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 2,052,187	\$ (14,615)	\$ (105,109)	\$ 84,740

Source: City of Laguna Woods, Administrative Services Department

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

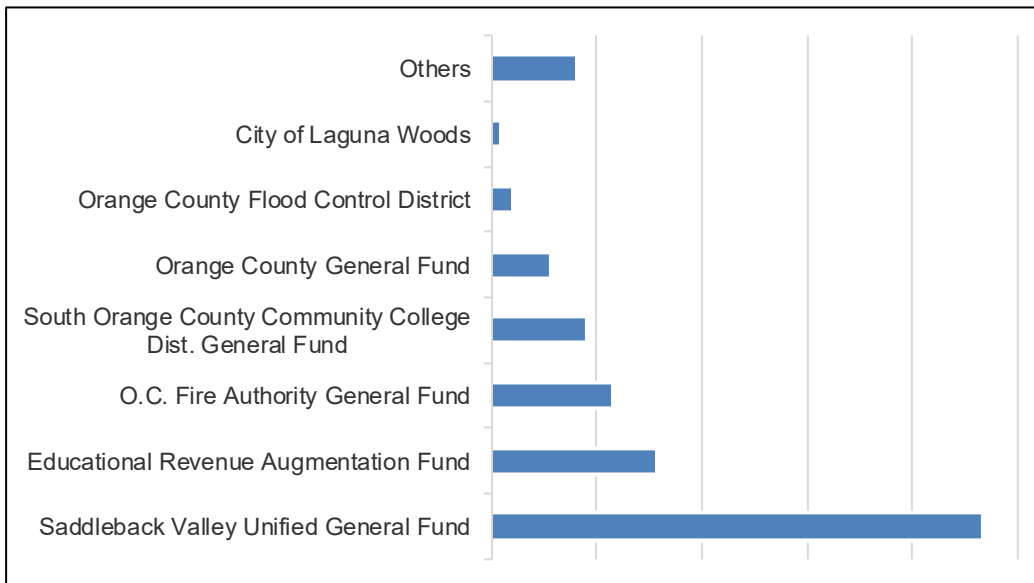
Fiscal Year Ended June 30

2019	2020	2021	2022	2023	2024
\$ 4,709,062	\$ 4,814,539	\$ 5,100,673	\$ 5,534,834	\$ 5,902,436	\$ 5,256,050
982,268	744,677	1,120,320	2,142,514	2,194,476	3,068,376
701,646	699,250	667,091	675,107	707,653	813,821
836,075	710,475	697,421	826,649	899,677	885,158
-	-	-	-	-	-
291,825	369,047	45,061	(188,885)	312,672	700,656
510,730	274,016	220,717	241,526	312,560	368,298
<u>8,031,606</u>	<u>7,612,004</u>	<u>7,851,283</u>	<u>9,231,745</u>	<u>10,329,474</u>	<u>11,092,359</u>
1,462,734	1,432,577	1,298,242	1,416,577	1,381,529	1,927,599
2,871,995	2,939,686	3,285,021	3,111,571	3,032,788	3,243,811
880,889	932,761	875,189	1,183,635	922,941	1,012,694
1,082,897	999,614	1,279,526	1,426,588	1,506,228	1,748,293
171,965	98,971	108,003	38,214	33,867	431,792
1,293,498	933,666	836,979	1,912,341	2,405,516	1,687,673
<u>7,763,978</u>	<u>7,337,275</u>	<u>7,682,960</u>	<u>9,088,926</u>	<u>9,282,869</u>	<u>10,051,862</u>
<u>267,628</u>	<u>274,729</u>	<u>168,323</u>	<u>142,819</u>	<u>1,046,605</u>	<u>1,040,497</u>
14,915	-	-	-	-	-
(14,915)	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 267,628</u>	<u>\$ 274,729</u>	<u>\$ 168,323</u>	<u>\$ 142,819</u>	<u>\$ 1,046,605</u>	<u>\$ 1,040,497</u>

**CITY OF LAGUNA WOODS
PROPERTY TAX DOLLAR BREAKDOWN
YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

Tax Rate Area	Annual Tax Increment
Saddleback Valley Unified General Fund	\$0.4668
Educational Revenue Augmentation Fund	\$0.1584
O.C. Fire Authority General Fund	\$0.1157
South Orange County Community College Dist. General Fund	\$0.0912
Orange County General Fund	\$0.0573
Orange County Flood Control District	\$0.0204
Others:	
Orange County Public Library	\$0.0172
O.C. Dept. of Education General Fund	\$0.0168
Aliso Viejo City CSA #4 RO (in 99-06r)	\$0.0162
O.C. Harbors Beaches and Parks CSA 26	\$0.0157
El Toro Water District - General Fund	\$0.0110
Laguna Woods General Fund	\$0.0088
Orange County Transit Authority	\$0.0029
Orange County Vector Control District	\$0.0012
Orange County Cemetery Fund - General	\$0.0005
Total Annual Tax Increment (ATI)	\$1.0000

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



Source: Orange County Assessor - FY 2023-24 Annual Tax Increment Tables
HdL, Coren & Cone

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Direct Rates										
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Tax Rates (2)										
Capistrano										
Union	0.00900	0.00845	0.00843	0.00800	0.00786	0.00745	0.00756	0.00727	0.00691	0.00633
Laguna Beach										
Unified	0.01461	0.01396	0.01371	0.01287	0.01285	0.01266	0.01012	0.01018	0.00971	0.00883
Metropolitan										
Water Dist.	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Saddleback										
Valley										
Unified	<u>0.02806</u>	<u>0.03008</u>	<u>0.02688</u>	<u>0.02365</u>	<u>0.02392</u>	<u>0.02295</u>	<u>0.02336</u>	<u>0.02200</u>	<u>0.02227</u>	<u>0.02037</u>
Total Direct and Overlapping Tax Rates	<u>1.05517</u>	<u>1.05599</u>	<u>1.05252</u>	<u>1.04802</u>	<u>1.04813</u>	<u>1.04656</u>	<u>1.04454</u>	<u>1.04295</u>	<u>1.04239</u>	<u>1.03903</u>
City's Share of 1% Levy Per Prop 13 (3)	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879	0.00879
Total Direct Rate (4)	0.00879	0.00879	0.00879	0.00879	0.00877	0.00877	0.00912	0.00879	0.00880	0.00880
Redevelopment Rate (5)										

Notes:

(1) In 1978, California voters passed Proposition 13, which set the property tax rate at a 1.00% fixed amount. This 100% is shared by all taxing agencies within which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners within the City.

(3) The City's share of the 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The Educational Revenue Augmentation Funds (ERAF) portion of the City's Levy has been subtracted where known.

(4) Total Direct Rate is the weighted average of all individual direct rates applied to the City and excludes revenues derived from aircraft. Beginning in the fiscal year ended June 30, 2014, the Total Direct Rate no longer includes revenue generated from former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during the fiscal year ended June 30, 2013. For purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

(5) The City of Laguna Woods never established a redevelopment agency.

Source: Orange County Assessor - 2014-15 through 2023-24 Tax Rate Table
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
OVERLAPPING DEBT
YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

	Total Debt 6/30/2015	Percent Applicable to City (1)	City's Share of Debt 6/30/15
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	\$ 110,420,000	0.105%	\$ 115,941
Capistrano Unified School District School Facilities Improvement District No. 1	32,516,818	0.049%	15,933
Laguna Beach Unified School District	27,325,000	0.859%	234,722
Saddleback Valley Unified School District	122,240,000	6.887%	8,418,669
City of Laguna Woods	-	100%	-
			\$ 8,785,265
OVERLAPPING GENERAL FUND DEBT			
Orange County General Fund Obligations	\$ 98,389,000	0.515%	\$ 506,703
Orange County Pension Obligation Bonds	366,854,623	0.515%	1,889,301
Orange County Board of Education Certificates of Participation	15,190,000	0.515%	78,229
Capistrano Unified School District General Fund Obligations	16,805,000	0.033%	5,546
Moulton-Niguel Water District General Fund Obligations	77,825,000	0.002%	1,557
Municipal Water District of Orange County Certificates of Participation	5,360,000	0.616%	33,018
			\$ 2,514,354
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 11,299,619
COMBINED TOTAL DEBT			\$ 11,299,619 (2)

Fiscal Year 2014-15 Assessed Valuation: \$2,424,735,877

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Direct and Overlapping Tax and Assessment Debt	0.36%
Combined Total Debt	0.47%

Notes:

- (1) 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.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: Orange County Assessor and Auditor-Controller - Combined FY 2014-15 Lien Date Tax Rolls
California Municipal Statistics

**CITY OF LAGUNA WOODS
OVERLAPPING DEBT
YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

	Total Debt 6/30/2024	Percent Applicable to City (1)	City's Share of Debt 6/30/24
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	\$ 18,210,000	0.104%	\$ 18,938
Capistrano Unified School District School Facilities Improvement District No. 1	6,712,860	0.053%	3,558
Laguna Beach Unified School District	9,940,000	0.820%	81,508
Saddleback Valley Unified School District	74,370,000	7.034%	5,231,186
City of Laguna Woods	-	100%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 5,335,190
OVERLAPPING GENERAL FUND DEBT			
Orange County General Fund Obligations	\$ 440,382,000	0.524%	\$ 2,307,617
Orange County Board of Education Certificates of Participation	10,030,000	0.524%	52,557
Capistrano Unified School District General Fund Obligations	19,365,000	0.037%	7,165
Moulton-Niguel Water District General Fund Obligations	48,605,000	0.001%	486
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 2,367,825
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 7,703,015
COMBINED TOTAL DEBT			\$ 7,703,015 (2)

Fiscal Year 2023-24 Assessed Valuation: \$4,035,598,142

Debt to Assessed Valuation Ratios:

Direct Debt	0.00%
Direct and Overlapping Tax and Assessment Debt	0.13%
Combined Total Debt	0.19%

Notes:

- (1) 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.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: Orange County Assessor and Auditor-Controller - Combined FY 2023-24 Lien Date Tax Rolls
California Municipal Statistics

**CITY OF LAGUNA WOODS
TOP TEN PROPERTY TAXPAYERS
PRINCIPAL PROPERTY OWNERS BASED ON NET VALUES
YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Owner	Secured			Unsecured		
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV
1) United Laguna Hills Mutual*	91	\$539,756,383	22.50%	95	\$1,149,329	4.33%
2) Federal National Mortgage Association*	12	\$97,834,735	4.08%			
3) Majorca Avenida Trust*	3	\$38,344,248	1.60%			
4) Avalon Regency LLC*	1	\$36,066,941	1.50%	1	\$658,991	2.48%
5) Behringer Harvard San Sebastian*	134	\$35,963,344	1.50%			
6) Kosha Mahmodieh *	1	\$30,584,154	1.27%			
7) Avalon Las Palmas LLC*	2	\$28,416,377	1.18%	1	\$604,777	2.28%
8) Raintree Realty LLC *	3	\$24,760,697	1.03%			
9) Anthony J Devito*	1	\$23,812,846	0.99%			
10) 24300 El Toro LP*	1	\$17,737,930	0.74%			
Top Ten Total	249	\$873,277,655	36.40%	97	\$2,413,097	9.10%
City Total		\$2,398,940,722			\$26,520,067	

Owner	Combined		Primary Use and Primary Agency
	Value	% of Net AV	
1) United Laguna Hills Mutual*	\$540,905,712	22.30%	R
2) Federal National Mortgage Association*	\$97,834,735	4.03%	R
3) Majorca Avenida Trust *	\$38,344,248	1.58%	R
4) Avalon Regency LLC*	\$36,725,932	1.51%	C
5) Behringer Harvard San Sebastian*	\$35,963,344	1.48%	R
6) Kosha Mahmodieh *	\$30,584,154	1.26%	R
7) Avalon Las Palmas LLC*	\$29,021,154	1.20%	C
8) Raintree Realty LLC *	\$24,760,697	1.02%	C
9) Anthony J Devito*	\$23,812,846	0.98%	R
10) 24300 El Toro LP*	\$17,737,930	0.73%	C
Top Ten Total	\$875,690,752	36.10%	
City Total	\$2,425,460,789		

R = Residential

C = Commercial

I = Institutional

AV = Assessed Value

*Pending Appeals on Parcels

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

Source: Orange County Assessor - FY 2014-15 Combined Tax Rolls and the SBE Non Unitary Tax Roll
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
TOP TEN PROPERTY TAXPAYERS
PRINCIPAL PROPERTY OWNERS BASED ON NET VALUES
YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

Owner	Secured			Unsecured		
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV
1) United Laguna Hills Mutual*	100	\$1,240,423,298	31.07%	59	\$3,336,648	7.53%
2) Welltower Victory II Landlord LP*	3	\$100,095,521	2.51%			
3) Behringer Harvard San Sebastian LP*	134	\$65,618,402	1.64%			
4) Susan Teitel	1	\$31,425,528	0.79%			
5) Raintree Realty LLC	3	\$30,434,736	0.76%			
6) Brian C Holmes	1	\$24,072,449	0.60%			
7) Dianne McCulloch Revocable Living Trust	1	\$21,200,602	0.53%			
8) 24300 El Toro LP	1	\$20,899,923	0.52%			
9) Federal National Mortgage Asso	1	\$20,192,636	0.51%			
10) Hal Joseph Armstrong	1	\$17,647,623	0.44%			
Top Ten Total	246	\$1,572,010,718	39.38%	59	\$3,336,648	7.53%
City Total		\$3,992,084,700			\$44,289,511	

Owner	Combined		Primary Use and Primary Agency
	Value	% of Net AV	
1) United Laguna Hills Mutual*	\$1,243,759,946	30.81%	R
2) Welltower Victory II Landlord LP*	\$100,095,521	2.48%	C
3) Behringer Harvard San Sebastian LP*	\$65,618,402	1.63%	R
4) Susan Teitel	\$31,425,528	0.78%	R
5) Raintree Realty LLC	\$30,434,736	0.75%	C
6) Brian C Holmes	\$24,072,449	0.60%	R
7) Dianne McCulloch Revocable Living Trust	\$21,200,602	0.53%	R
8) 24300 El Toro LP	\$20,899,923	0.52%	C
9) Federal National Mortgage Asso	\$20,192,636	0.50%	R
10) Hal Joseph Armstrong	\$17,647,623	0.44%	R
Top Ten Total	\$1,575,347,366	39.03%	
City Total	\$4,036,374,211		

R = Residential

C = Commercial

I = Institutional

AV = Assessed Value

*Pending Appeals on Parcels

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

Source: Orange County Assessor - FY 2023-24 Combined Tax Rolls and the SBE Non Unitary Tax Roll
HdL, Coren & Cone

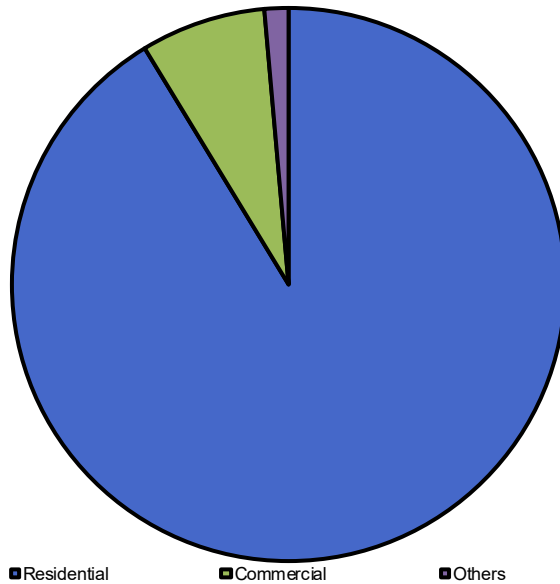
**CITY OF LAGUNA WOODS
PROPERTY USE CATEGORY SUMMARY
BASIC PROPERTY VALUE TABLE
YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

Category	Secured				
	Parcels	Assessed Value	% of AV	Net Taxable Value	% of Net AV
Residential	6,612	\$3,687,899,506	90.7%	\$3,683,222,632	91.3%
Commercial	43	\$305,744,165	7.5%	\$291,636,107	7.3%
Industrial	3	\$13,589,107	0.3%	\$13,589,107	0.3%
Agricultural	1	\$90,155	0.0%	\$90,155	0.0%
Vacant	5	\$1,534,761	0.0%	\$1,534,761	0.0%
Exempt	252	\$8,966,315	0.2%	\$0	0.0%
Cross Reference (1)	[37]	\$7,133,087	0.2%	\$2,011,938	0.0%
Unsecured (1)	[280]	\$43,926,985	1.1%	\$44,289,511	1.1%
Totals	6,916	\$4,068,884,081	100.0%	\$4,036,374,211	100.0%

Note:

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

NET TAXABLE VALUE



Source: Orange County Assessor - FY 2023-24 Combined Tax Rolls
HdL, Coren & Cone

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

Fiscal Year Ended June 30,	Taxes Levied Excluding VLF Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percent of Levy		Amount (1) & (2)	Percent of Levy
2015	457,287	(1,322)	-0.29%	1,322	-	0.00%
2016	295,957	231,501	78.22%	1,870	233,371	78.85%
2017	253,757	243,608	96.00%	2,309	245,917	96.91%
2018	269,934	260,584	96.54%	2,142	262,726	97.33%
2019	286,443	278,728	97.31%	2,147	280,875	98.06%
2020	298,789	291,321	97.50%	2,327	293,648	98.28%
2021	330,529	325,269	98.41%	3,168	328,437	99.37%
2022	331,676	326,411	98.41%	3,306	329,717	99.41%
2023	350,568	345,763	98.63%	2,865	348,628	99.45%
2024	368,040	362,518	98.50%	3,543	366,061	99.46%

Notes:

- (1) "Collections in Subsequent Years" includes the total amount of delinquent taxes collected in each fiscal year. The Orange County Auditor-Controller does not provide detailed information regarding the levy year to which delinquent tax collections pertain.
- (2) Total collections in any year may exceed 100% due to collection reporting per Note 1 above and the fact that delinquent tax penalties collected are included in total reported collections.

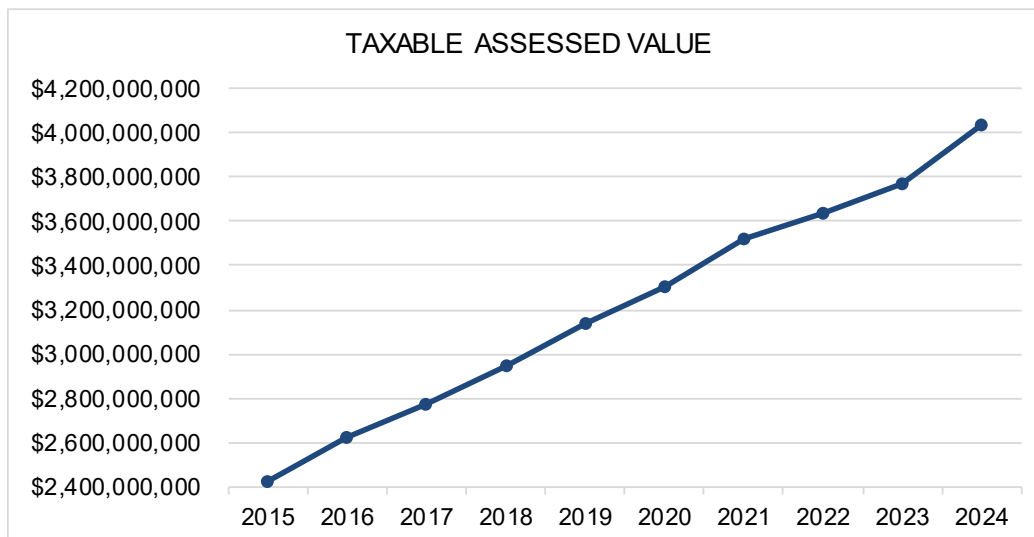
Source: Orange County Auditor-Controller, "Tax Ledger - Detail" Report as of fiscal year-end.
 FY 2016-17 and prior, compiled by the Orange County Auditor-Controller
 FY 2017-18 and subsequent, compiled by Administrative Services from reports by the Orange
 County Auditor-Controller

CITY OF LAGUNA WOODS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Secured	Unsecured	Taxable Assessed Value	Percentage Change
2015	2,398,940,722	26,520,067	2,425,460,789	8.45%
2016	2,598,081,332	22,267,774	2,620,349,106	8.04%
2017	2,746,863,438	24,143,207	2,771,006,645	5.75%
2018	2,918,362,456	31,733,582	2,950,096,038	6.46%
2019	3,109,429,786	31,988,341	3,141,418,127	6.49%
2020	3,279,488,113	27,619,975	3,307,108,088	5.27%
2021	3,492,306,467	30,854,929	3,523,161,396	6.53%
2022	3,606,612,896	26,892,871	3,633,505,767	3.13%
2023	3,742,834,567	29,059,852	3,771,894,419	7.06%
2024	3,992,084,700	44,289,511	4,036,374,211	7.01%

Note:

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



Source: Orange County Assessor - 2014-15 through 2023-24 Combined Tax Rolls
HdL, Coren & Cone

**CITY OF LAGUNA WOODS
TOP 25 SALES TAX PRODUCERS
CALENDAR YEAR 2014
(UNAUDITED)**

<u>Business Name*</u>	<u>Business Category</u>
19 Restaurant & Lounge	Casual Dining
Adapt 2 It	Medical/Biotech
Aqua Aerobic Systems	Drugs/Chemicals
Carls Jr	Quick-Service Restaurants
CVS Pharmacy	Drug Stores
Golden Rain Foundation	Government/Social Org.
Home Depot	Building Materials
Hometown Buffet	Casual Dining
Jack in the Box	Quick-Service Restaurants
Mobil	Service Stations
Mothers Market	Grocery Stores
Moulton Mini Market	Service Stations
Officemax	Office Supplies/Furniture
Okon Dental Lab	Medical/Biotech
Olive Garden	Casual Dining
Papa John's	Quick-Service Restaurants
Rite Aid	Drug Stores
Saddleback Golf Cars	Boats/Motorcycles
SCH Enterprises	Transportation-Non-Auto
Stage 21 Bikes	Sporting Goods/Bike Stores
Starbucks	Quick-Service Restaurants
Stater Bros	Grocery Stores
Tomo Sushi	Casual Dining
Valvoline Instant Oil Change	Auto Repair Shops
Vons	Grocery Stores

Percent of Calendar Year Total Paid by Top 25 Accounts = 94.54%
 * Firms Listed Alphabetically
 (Period: January 2014 through December 2014)

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

**CITY OF LAGUNA WOODS
TOP 25 SALES TAX PRODUCERS
CALENDAR YEAR 2023
(UNAUDITED)**

<u>Business Name*</u>	<u>Business Category</u>
19 Restaurant & Lounge	Casual Dining
Adapt 2 It	Medical/Biotech
Aldi	Grocery Stores
Arco	Service Stations
Cart Mart	Boats/Motorcycles
CVS Pharmacy	Drug Stores
Dollar Tree	Variety Stores
Flowerful	Florist Shops
Golden Rain Foundation	Government/Social Org.
Home Depot	Building Materials
Laguna Café & Spirits	Casual Dining
McCormick & Son Mortuaries	Morticians and Undertakers
Mobil	Service Stations
Mother's Market & Kitchen	Grocery Stores
Moulton Parkway Auto Spa	Service Stations
Okon Dental Lab	Medical/Biotech
Olive Garden	Casual Dining
PrestineHydro	Medical/Biotech
Rite Aid	Drug Stores
Sabrosada	Quick-Service Restaurants
Saddleback Golf Cars	Boats/Motorcycles
Starbucks	Quick-Service Restaurants
Stater Bros	Grocery Stores
Tomo Sushi	Casual Dining
Trident Society	Morticians and Undertakers

Percent of Calendar Year Total Paid by Top 25 Accounts = 95.76%
 * Firms Listed Alphabetically
 (Period: January 2023 thru December 2023)

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Eating and Drinking Places	\$ 11,542	\$ 12,449	\$ 11,416	\$ 11,450
Other Retail Stores	65,375	65,418	62,957	61,778
All Other Outlets	<u>5,910</u>	<u>4,423</u>	<u>5,207</u>	<u>5,121</u>
 Total sales	 <u>\$ 82,827</u>	 <u>\$ 82,290</u>	 <u>\$ 79,579</u>	 <u>\$ 78,350</u>

Notes:

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

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

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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 12,225	\$ 12,192	\$ 10,125	\$ 14,036	\$ 14,700	\$ 13,269
66,030	63,930	63,436	70,403	76,902	75,909
5,294	6,011	5,320	7,938	26,635	22,672
<u>\$ 83,548</u>	<u>\$ 82,133</u>	<u>\$ 78,881</u>	<u>\$ 92,376</u>	<u>\$ 118,236</u>	<u>\$ 111,850</u>

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

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	Median Age (2)
2014	16,575	639,480	38,581	5.60%	75.7
2015	16,213	610,005	37,624	4.50%	74.5
2016	16,319	631,062	38,670	4.10%	74.9
2017	16,597	643,075	38,746	2.60%	75.5
2018	16,518	657,531	39,806	2.20%	75.3
2019	16,243	663,431	40,844	1.80%	75.4
2020	16,036	687,979	42,902	6.80%	75.6
2021	17,514	720,986	41,166	5.70%	75.3
2022	17,450	852,761	48,868	4.00%	74.5
2023	17,148	922,818	53,814	4.50%	75.1

Notes:

(1) Population: California State Department of Finance

(2) Income and Age Data: US Census Bureau, most recent American Community Survey

(3) Unemployment: California Employment Development Department

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

**CITY OF LAGUNA WOODS
PRINCIPAL EMPLOYERS
CALENDAR YEAR 2023, AND 2014
(UNAUDITED)**

2023		
Employer	Estimated Number of Employees	Percent of Total Employment
Laguna Woods Village	1,000	27.78%
Professional Community Management	173	4.81%
Aldi, Inc.	42	1.17%
Laguna Woods Mutual No. Fifty	40	1.11%
Village Management Services, Inc.	33	0.92%

2014		
Employer	Estimated Number of Employees	Percent of Total Employment
Laguna Woods Village	1,000	41.67%
Professional Community Management	134	5.58%
State Bros. Markets, Inc.	80	3.33%
Rainbow Realty Corporation	55	2.29%
OCB Restaurant Company, LLC	49	2.04%

Notes:

Calendar year 2023 represents the current completed calendar year.

"Total Employment" as used above represents the total employment of all employers located within City limits per the State of California Employment Development Department.

Sources: Center for Demographic Research - 2014 and 2024 Orange County Progress Report
Buzzfile Media, 2023
California Employment Development Dept.
Center for Demographic Research, CSUF

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

Category	Fiscal Year Ended June 30			
	2015	2016	2017	2018
Residential	\$2,171,362,601	\$2,364,906,778	\$2,504,594,671	\$2,646,289,901
Commercial	215,235,603	219,510,257	228,050,908	257,688,478
Industrial	10,184,717	11,418,127	11,592,252	11,824,096
Agricultural	76,520	78,048	79,238	80,822
Vacant	1,480,370	1,509,945	1,216,836	1,241,171
Cross Reference	600,911	658,177	1,329,533	1,237,988
Unsecured	26,520,067	22,267,774	24,143,207	31,733,582
Exempt (1)	[7,460,756]	[7,609,792]	[7,725,834]	[7,882,362]
Totals	\$2,425,460,789	\$2,620,349,106	\$2,771,006,645	\$2,950,096,038
Total Direct Rate	0.00879	0.00879	0.00879	0.00879

Notes:

(1) Exempt values are not included in totals.

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

Source: Orange County Assessor - FY 2014/15 through FY 2023/24 Combined Tax Rolls
 HdL, Coren & Cone

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

Fiscal Year Ended June 30

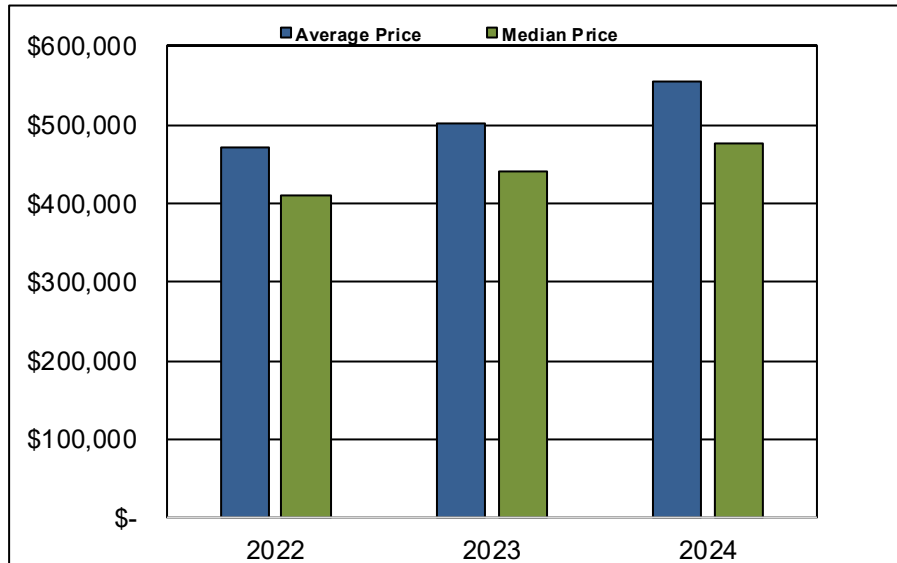
2019	2020	2021	2022	2023	2024
\$2,828,785,756	\$2,996,653,316	\$3,203,193,602	\$3,305,163,263	\$3,439,798,810	\$3,683,222,632
265,232,204	266,841,745	272,452,847	284,383,434	285,921,900	291,636,107
12,425,513	12,674,022	12,927,501	13,061,428	13,322,655	13,589,107
-	-	-	86,655	88,388	90,155
1,348,431	1,375,397	1,402,902	1,328,848	1,355,423	1,534,761
1,637,882	1,943,633	2,329,615	2,589,268	2,347,391	2,011,938
31,988,341	27,619,975	30,854,929	26,892,871	29,059,852	44,289,511
[8,039,999]	[8,198,736]	[8,362,701]	[8,449,331]	[8,628,749]	[8,966,315]
<u>\$3,141,418,127</u>	<u>\$3,307,108,088</u>	<u>\$3,523,161,396</u>	<u>\$3,633,505,767</u>	<u>\$3,711,894,419</u>	<u>\$4,036,374,211</u>
<u>0.00877</u>	<u>0.00877</u>	<u>0.00912</u>	<u>0.00879</u>	<u>0.00880</u>	<u>0.00880</u>

CITY OF LAGUNA WOODS
SALES VALUE HISTORY – SINGLE FAMILY RESIDENTIAL FULL VALUE SALES
JANUARY 1, 2022, THROUGH AUGUST 31, 2024
 (UNAUDITED)

Calendar Year	Full Value Sales	Average Price	Median Price	Median % Change
2022	473	\$ 469,853	\$ 410,000	
2023	427	\$ 500,674	\$ 440,000	7.32%
2024	253	\$ 555,172	\$ 475,000	2.44%

Note:

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



Source: County of Orange Clerk-Recorder as of July 31, 2024.
 HdL, Coren & Cone

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

Function	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government (1)	3.00	2.19	2.45	2.45	2.45	3.00	3.00	3.00	3.67	4.33
Administrative services	3.48	4.00	3.95	4.00	4.00	2.60	2.60	2.60	2.60	2.60
Community services (2)	1.00	0.42	-	-	-	-	-	-	-	-
Community development	1.00	0.38	1.00	1.00	1.00	1.00	2.00	2.00	2.00	1.33
Public safety (3)	-	-	-	-	-	-	-	-	-	-
Public works	-	0.63	1.00	1.00	1.00	2.00	1.00	1.00	1.00	1.00
Total	8.48	7.62	8.40	8.45	8.45	8.60	8.60	8.60	9.27	9.27

Notes:

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

Source: City of Laguna Woods, Administrative Services Department

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

Function	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police: (4)										
Activity initiated by:										
Assigned	2,852	2,835	2,682	2,525	2,587	2,421	2,300	2,080	2,175	-
Observed	387	683	957	636	723	1,158	1,790	1,855	1,561	-
Total Calls Handled	3,239	3,518	3,639	3,161	3,310	3,579	4,090	3,935	3,736	-
Calls for Service:										
Not Dispatched	-	-	-	-	-	-	-	-	-	2,671
Dispatched	-	-	-	-	-	-	-	-	-	1,701
Other	-	-	-	-	-	-	-	-	-	480
Total Calls Handled	-	-	-	-	-	-	-	-	-	4,852
Arrests:										
Part 1 Crimes	119	160	146	125	131	160	150	106	136	-
Part 2 Crimes	90	78	86	109	132	213	180	177	125	-
Arrests:										
Felony	-	-	-	-	-	-	-	-	-	13
Misdemeanor	-	-	-	-	-	-	-	-	-	25
Fire: (1)										
Number of calls answered	4,847	5,321	5,636	5,333	5,342	5,390	3,868	5,548	5,706	5,918
Community Development: (2)										
Building permits issued	-	-	-	-	-	-	-	2,938	2,355	2,455
Inspections conducted	-	-	-	-	-	-	-	5,938	6,696	8,416
Public works: (3)										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-

Notes:

- (1) The number of fire calls answered included incidents dispatched by the Orange County Fire Authority with ambulance response only. In fiscal year 2022-23 there were 401 such responses and in fiscal year 2023-24 there were 381. A new reporting system was implemented in fiscal year 2020-21 causing a decrease in the number of calls. This also caused a change in the policies and procedures around how incidents are "closed out".
- (2) Fiscal year 2022 was the first year information was presented, therefore only three years are shown.
- (3) The City currently tracks resurfaced areas in total, and not by year. As of June 30, 2024, there were 0.39 total square miles of streets that had been resurfaced.
- (4) In fiscal year 2023-24, the FBI Uniform Crime Reporting (UCR) stats changed to the National Incident Based Reporting System (NIBRS). Unlike the UCR stats the data collected would be pertaining to one offense, NIBRS captures details on each single crime incident as well as separate offenses within the same incident. NIBRS also does not categorize crimes as Part 1 or Part 2 crimes.

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

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

Function	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police: (1)	-	-	-	-	-	-	-	-	-	-
Fire: (2)	-	-	-	-	-	-	-	-	-	-
Public works:										
Street (miles) (4)	5	5	5	5	5	5	5	5	5	5
Streetlights	221	221	221	221	221	221	221	221	224	224
Traffic signals	14	14	14	14	14	14	14	14	14	14
Parks and recreation:										
Parks	3	3	3	3	3	3	3	3	3	3
Water: (3)	-	-	-	-	-	-	-	-	-	-

Notes:

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

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

(3) The City does not provide water services.

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

Source: City of Laguna Woods, Administrative Services Department



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