

**CITY OF LAKE FOREST, CALIFORNIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2021**

**Prepared by:**

**Finance Department**

**Kevin R. Shirah**  
**Director of Finance/City Treasurer**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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**Mayor**  
Scott Voigts

**Mayor Pro Tem**  
Robert Pequeño

**Council Members**  
Doug Cirbo  
Neeki Moatazedi  
Mark Tetterer

December 22, 2021

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Lake Forest:

**City Manager**  
Debra DeBruhl Rose

The City of Lake Forest Annual Comprehensive Financial Report “ACFR” for the fiscal year ended June 30, 2021, is submitted herewith; this report was prepared by the auditors and the Finance Department.

This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with generally accepted accounting principles (“GAAP”). Because the cost of internal controls should not outweigh the benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by CLA (CliftonLarsonAllen LLP), a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending June 30, 2021, 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 (“clean”) opinion that the City’s financial statements for the fiscal year ended June 30, 2021, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

As a recipient of Federal, State, and County financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluations by management. Under the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the City met the criteria for periodic evaluation and, therefore, was required to have a single audit performed for fiscal year ended June 30, 2021.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should



be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors Report.

### **Profile of the Government**

The City of Lake Forest ("City"), incorporated on December 20, 1991, in southern Orange County, California, in the area commonly referred to as the Saddleback Valley. It currently occupies 16.6 square miles and serves a population of 84,538. It is the County's 31<sup>st</sup> city and the 2<sup>nd</sup> largest city within the Saddleback Valley. The City is empowered by state statute to extend its corporate limits by annexation, which it has done twice in the City's history.

The City has operated under the council-manager form of government since 1991. Policy making and legislative authority are vested in a City Council consisting of the mayor and four council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Council members serve four-year staggered terms. The mayor serves a one-year term and is selected for the position annually by the City Council as a whole. As of the 2020 election, the City holds district-based elections, with voters electing a member of the Council from within their district. The City is divided into five City Council districts.

Lake Forest is a "contract city," primarily utilizing agreements with other governmental entities and private firms to provide traditional municipal services to the community. Through this process, the City provides a full range of services, including police protection; the construction and maintenance of highways, streets, and other infrastructure; recreational and cultural activities; and, building and safety, land use planning, and zoning control services. The City is financially accountable for the Lake Forest Housing Authority, which is reported separately within the City's financial statements. The County continues to provide library services, independent of the City. Fire services are provided by a joint powers authority of which the City is a member. Additional information regarding these legally separate entities can be found in the notes to the basic financial statements.

The City's budget serves as the foundation for the City's financial planning and control. In 2021 the City transitioned to a two-year operating budget. All City departments are required to submit requests for appropriation to the City Manager in February on a biennial basis. The City Manager uses these requests as the starting point for developing a proposed budget. After a series of study sessions with Department Directors, the City Manager formally presents this proposed budget to the City Council for review in May of odd-numbered years preceding the commencement of the two-year budget cycle. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget on or around June 30, the close of the fiscal year. The adopted budget is prepared by fund, function, and department. The City Manager may transfer resources within and between departments and/or capital projects provided overall appropriations are not increased; and Council notification is required. All other changes to the budget require special approval from the City Council.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

## Local Economy

The health of the general economy of the area has recovered more rapidly than originally expected at the onset of the Covid-19 global pandemic. At the time of the development of the Fiscal Year 2020-21 budget, the City forecasted a challenging economic environment due to the pandemic. Due to immediate constraints on social activities, impacts to transient occupancy tax (TOT) and sales tax revenues were anticipated to be the most negatively impacted. Although California reopened its economy in mid-June and dropped several COVID related restrictions, hotel occupancy and TOT has not resumed to pre-pandemic levels presumably due to a lack of business travelers. Sales tax has fared much better than originally anticipated and finished the year with pre-pandemic growth which is expected to continue with this trajectory. The City's overall revenues have remained stable during this uncertain period.

Major industries located in the City include internationally known brand manufacturers of scientific and medical instruments, sunglasses and sports-related goggles, communication systems, hand and power tools, as well as financial institutions, real estate, and insurance companies. Included in a broad retail base are major national chain restaurants, general merchandise, home improvement and specialty stores, situated within various separate shopping centers.

Major sources of employment from industries and companies located within the City's boundaries include sales, office, and administrative support services (31.3%); professional and related occupations (21.16%); management, business and financial operations (25.09%). In addition, companies contributing to the City's tax base are well diversified among general consumer goods, business and industry, restaurants, hotels, and autos/transportation.

During the last ten years, the unemployment rate peaked at 11.8% in 2020 due to the impacts of the COVID-19 pandemic. Unemployment remains at historically high levels but is improving as the pandemic adjusts and the labor force fluctuates. The unemployment rate stood at 5.5% at the end of July 2021 compared to 9.7% of the prior July showing major improvement for the City.

During the past ten years, the City's operating expenditure increases in the General Fund were primarily due to park additions, new neighborhoods, expansion of services, and street maintenance requirements as the City has matured. In the City's major cost centers, expenditures related to police services and public works account for the largest percentage of those increases. The City has contracted police protection services with the County of Orange since incorporation, and the contract represents approximately 43.1% of the General Fund operating budget. Public Works cost increases have also been attributed to the Council's dedication to infrastructure and landscape maintenance and an increase from 19 to 31 public parks over the past ten years. Other functions in the City have increased in scope and budget on a lesser scale. A reduction of 5% in expenditures was programmed in the Fiscal Year 2020-21 budget.

During the same ten-year period, the City's General Fund operating revenues have grown, with the largest components being property taxes, sales tax, transient occupancy taxes, franchise fees, and motor vehicle in lieu fees (a majority of which are now backfilled from the State). Although a reduction of 10% in revenues was programmed into the Fiscal Year 2020-21 budget, the City's economy held stable and the budget was adjusted accordingly.

## Long-Term Financial Planning

Unassigned fund balance in the General Fund of \$63.7 million exceeds the Target Reserve Level of the Risk Based Reserve Policy of \$52.3 million.

Every two years, the City's Seven-Year Strategic Business Plan ("Plan") is updated and approved by the Council. In the current Plan, the Council is now focused on three clear long-range goals:

1. A livable city that is well planned, attractive and safe.
2. A city that is engaged, informed and technologically current.
3. A city government that is fiscally sustainable and well-run with committed staff.

The current plan includes a variety of projects such as an in-depth redistricting process based on the 2020 US Census, adoption of an asset management plan and implementation of new enterprise system. Additionally, the plan bolsters existing efforts such as improving neighborhood watch programs and partnerships with the Orange County Sheriff's Department as well as establishing a new emergency management plan.

Over the next several years, new residential neighborhoods will be completed, and the City will transition from a developing community to a "maintenance city." This will require a continued focus on strategic investments in infrastructure. Infrastructure will continue to be prioritized, with added investment in keeping up the condition of our streets and the continued efforts to revitalize many of the City's parks.

## Relevant Financial Policies

The Financial Management and Budgetary Policy was adopted on October 20, 2020, and establishes guidance for the following components of governance and financial functions:

- Long-Range Financial Planning and Budget
- Capital Planning
- Risk Based Reserves
- Fund Balance Management
- Revenues and Expenditures
- User Fees
- Accounting, Auditing and Financial Reporting
- Cash Management, Investments, And Banking Regulations

## Major Initiatives

The City will continue its fiscally conservative approach to budgeting ongoing operations and capital improvement projects. While there is economic uncertainty associated with the ongoing and future effects of the pandemic, the City will continue to proactively take steps to protect the fiscal health of the community and work towards continuing to reopen public facilities in the new fiscal year. The City will develop a plan to utilize the allocated federal funds provided through the American Rescue Plan Act (ARPA). The City will also continue investing in the quality of life of our community.

***New Neighborhoods:*** The upcoming years will see sustained progress in the development of new master planned communities in Lake Forest. Construction of new homes in the northeastern area of the Portola Center project will continue. The Teresina

(approximately 85 new homes), and Serrano Summit (approximately 537 new homes) communities are moving forward. In addition, the Nakase Nursery project, now named the Meadows, will result in the construction of 541 new homes that will add to the City's high-quality housing stock.

**Capital Improvement Plan:** The 2021-23 budget cycle for the 2021-2028 Capital Improvement Plan (CIP) includes twenty-five proposed projects, totaling \$19.4 million. These projects are designed to improve safety, traffic flow, median and parkway landscaping, and maintain the roadway network. Other projects include school crosswalk safety enhancements, signal synchronization projects with neighboring cities, traffic modeling to support the General Plan update, street asphalt resurfacing, and sidewalk rehabilitation. Also included in the CIP are numerous playground repairs and enhancements, including Park Gazebo repairs and playground resurfacing.

**Economic Development:** In the upcoming year, the City will continue efforts to assist the business community to recover from the economic impacts of COVID-19 through the continued implementation of the 2020-2022 Economic Development Action Plan. The City will facilitate business activity by providing enhanced opportunities for businesses to serve customers while protecting their health and safety. The City will also provide a direct source of funding to mitigate the economic impacts experienced by the business community. The City will continue its commitment to facilitating business growth with enhanced business seminars, communication, outreach, and networking initiatives incorporated in the annual Business Development and Attraction Work Plan as well as its partnership with the Lake Forest Chamber of Commerce. As re-opening efforts continue to expand, the City and the Chamber will begin to transition programming as the State and County modify their health orders.

**Community Services and Recreation:** Over the next fiscal year, the City will work to transition back to normalized business operations and continue implementing programming for the new Community Center, Performing Arts Venue, and Senior Center. Staff will also advance design efforts associated with the renovation of neighborhood parks which represents the City's continued reinvestment into the quality of life for our residents.

**Community Development:** The City will continue building toward the future by implementing the comprehensive update to the General Plan. Serving as the foundational policy document for the City's long-term physical development, the General Plan Update includes proposed land use changes guided by the City Council's policy direction. These changes will help sustain the City's future economic growth, attract quality jobs, and blend housing opportunities with the new retail economy. The Community Development Department will work with Economic Development to leverage the reinvestment opportunities created by the General Plan to attract new retail and housing opportunities in a way that is consistent with the community's character.

**Public Information and Information Technology:** The City will continue using technology to communicate and increase engagement with residents. During the next fiscal year, the City will begin broadcasting meetings on cable television and continue to create multi-channeled campaigns on key issues such as emergency preparedness, traffic, crime prevention, and key public projects. The Public Information division will also continue growing the City's social media presence and providing accurate and timely information to residents. As the City celebrates its 30th Anniversary in December 2021,

staff will continue its public relations campaign to honor and celebrate Lake Forest's thirty years of cityhood. Lastly, the City will continue leveraging new technologies provided by the Civic Center Campus which will help support the operations of all City departments.

**Public Safety:** The City will continue prioritizing public safety through the Neighborhood Watch program, updating the Emergency Plan, and promoting crime prevention through the "Don't Make it Easy" program. In the coming year, the City will continue developing the Community Emergency Response Team and host basic training classes that ensure residents have the tools and training necessary to handle emergency situations. The Orange County Sheriff's Department will continue its enforcement and community safety programs to maintain the City's low crime rate and high quality of life.

The Fiscal Year 2021-2023 Budget is balanced and reflects appropriate measures to ensure prudent care of the City's finances while maintaining high quality service levels to the community. During the year, the City will carefully monitor developments at the Federal, State, and County levels that could affect municipal operations and its ability to fund programs and services. For more information on department objectives and initiatives for the upcoming fiscal year, please see the department detail portion of the budget.

#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its comprehensive annual financial report for the Fiscal Year ended June 30, 2020. This was the twenty-seventh consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the City's entire management team and staff of the Finance Department. The dedicated efforts of the Finance Department are demonstrated in the preparation of the final financial documents are reflected in the quality of this report. Credit also must be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully Submitted,



Debra Rose  
City Manager



Kevin R. Shirah  
Director of Finance/City Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Lake Forest  
California**

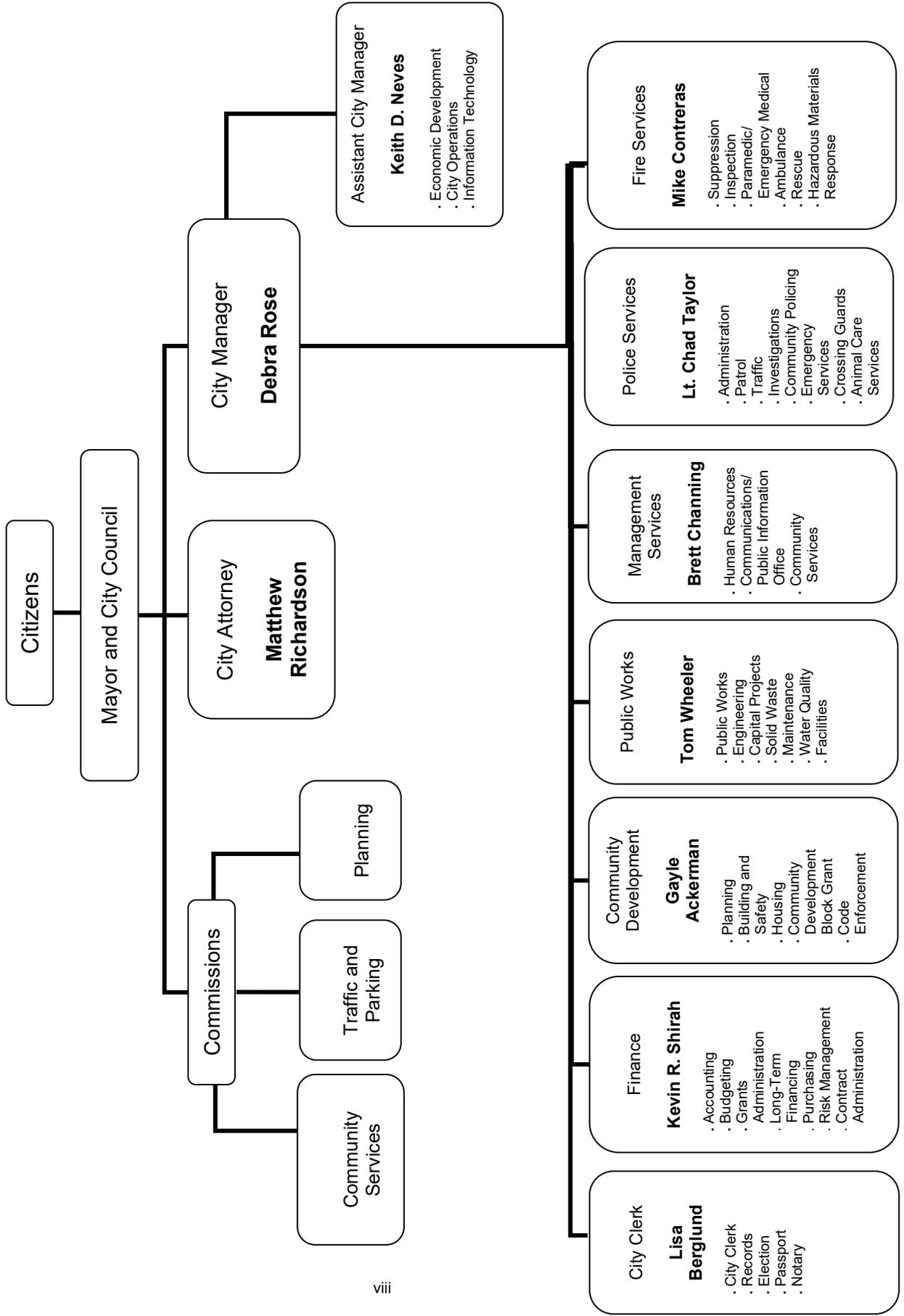
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# ORGANIZATIONAL CHART



# City of Lake Forest

## City Officials

### City Council

Scott Voigts, Mayor  
Robert Pequeño, Mayor Pro Tem  
Doug Cirbo, Council Member  
Neeki Moatazedi, Council Member  
Mark Tettemer, Council Member

### City Manager

Debra Rose

Gayle Ackerman, Director of Community Development  
Brett Channing, Deputy City Manager  
Mike Contreras, Division Chief - Fire Services  
Lisa Berglund, City Clerk  
Keith D. Neves, Assistant City Manager  
Matthew Richardson, City Attorney  
Kevin R. Shirah, Director of Finance/City Treasurer  
Lieutenant Chad Taylor, Chief of Police Services  
Tom Wheeler, Director of Public Works/City Engineer

Prepared by the Finance Department

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Lake Forest  
Lake Forest, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lake Forest (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lake Forest as of June 30, 2021, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

As discussed in Note 1D to the financial statements, the City implemented GASB 84, *Fiduciary Funds* in the fiscal year ended June 30, 2021. This resulted in the removal of the OPEB trust from the financial statements as a fiduciary fund.

As discussed in Note 6 to the financial statements, the Total Other Postemployment Benefits (OPEB) Liability is calculated by the actuary using estimates and actuarial techniques under actuarial standards of practice in the actuarial valuation as of June 30, 2020. The actuary applied Section 3.7.7(c)(4) of Actuarial Standard of Practice No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefit payments.

Our opinions are not modified with respect to these matters.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions regarding the defined benefit pension plan, the schedule of changes in the net OPEB liability and related ratios and the General Fund and major special revenue fund budgetary comparison schedules, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedules (supplementary information) and statistical section, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and City Council  
City of Lake Forest

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
December 22, 2021

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**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

As management of the City of Lake Forest ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage the readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal and the accompanying basic financial statements.

**Financial Highlights**

Government-Wide

- Assets plus deferred outflows of the City exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$495 million (net position). Of this amount, \$73.7 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$24.2 million. This increase is attributable to revenues being in excess of expenses.
- Total revenues from all sources were \$86.5 million as compared to the cost for all City programs of \$62.3 million.

Further discussion of changes in net position, revenues, and expenses is included in the Government-wide Financial Analysis section.

Fund Based

- Total governmental fund balances were \$130.9 million. Nonspendable were \$0.7 million, restricted were \$56.6 million, assigned were \$9.9 million, and unassigned were \$63.7 million.
- Total governmental fund balances increased by \$33.4 million. This increase is attributable to an excess of revenues as compared to expenditures.
- Total governmental revenues from all sources were \$86.9 million as compared to expenditures of \$54.3 million.

Further discussion of revenues and expenditures is included in the Financial Analysis of the Government's Funds section.

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**Overview of the Financial Statements**

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

*Government-wide financial statements.* These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. In time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Lake Forest Housing Authority (Housing Authority) and the Rancho Cañada Financing Authority (Financing Authority) for which the City are financially accountable. The Housing and Financing Authorities are presented as other governmental funds. The Housing and Financing Authorities function for all practical purposes as departments of the City, and therefore, have been included as an integral part of the primary government. The City does not account for any of its services on a business-type activity basis.

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

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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

The City maintains seventeen individual governmental 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 General, Opportunities Study Area Capital Projects and Measure M, which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts a two-year operating appropriated budget for all governmental funds. A budgetary comparison statement has been provided for each of the funds with appropriated budgets to demonstrate compliance with these budgets.

The *Private-Purpose Trust Fund* is used to account for the activities of the Successor Agency to the Lake Forest Redevelopment Agency.

*Custodial Funds* are used to account for assets for which the City acts solely in a custodial capacity. This includes collection of fees imposed by and distributed to other organizations.

*Notes to basic financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The combining statements referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$495 million at the close of the most recent fiscal year. By far, the largest portion of the City's net position (73.6%) reflects its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment).

**Table 1**  
Net Position  
(in millions)

	Governmental Activities	
	2021	2020
Current and other assets	\$ 138.2	\$ 110.6
Capital assets	364.6	371.7
Total assets	502.8	482.3
Deferred outflows of resources:		
Deferred amount from pension plans	1.3	1.5
Current and other liabilities	6.6	11.3
Non-current liabilities	2.1	1.3
Total liabilities	8.7	12.6
Deferred inflows of resources:		
Deferred amount from pension plans	0.4	0.4
Net position:		
Net investment in capital assets	364.5	369.5
Restricted	56.8	33.5
Unrestricted	73.7	67.7
Total net position	\$ 495.0	\$ 470.7

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

An additional portion of the City's net position (11.5%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$73.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$24.2 million during the current fiscal year. Key elements of the increase are as follows:

Total revenues were \$86.5 million as compared to prior year revenues of \$76.1 million and material variances from prior year are described below.

- Capital grants and contributions increased by \$9.6 million, primarily due to decrease in development fees collected in the Opportunity Study Area.
- Property taxes increased by \$1.0 million, primarily attributable to the new residential housing development in recent years.
- Sales taxes increased by \$1.6 million, primarily attributable to an increase in receipt of sales taxes.
- Investment income decreased by \$1.5 million, primarily attributable to the lower rate of return of investments.

Total costs for all City programs were \$62.3 million as compared to prior year costs of \$64.6 million and material variances from prior year are described below.

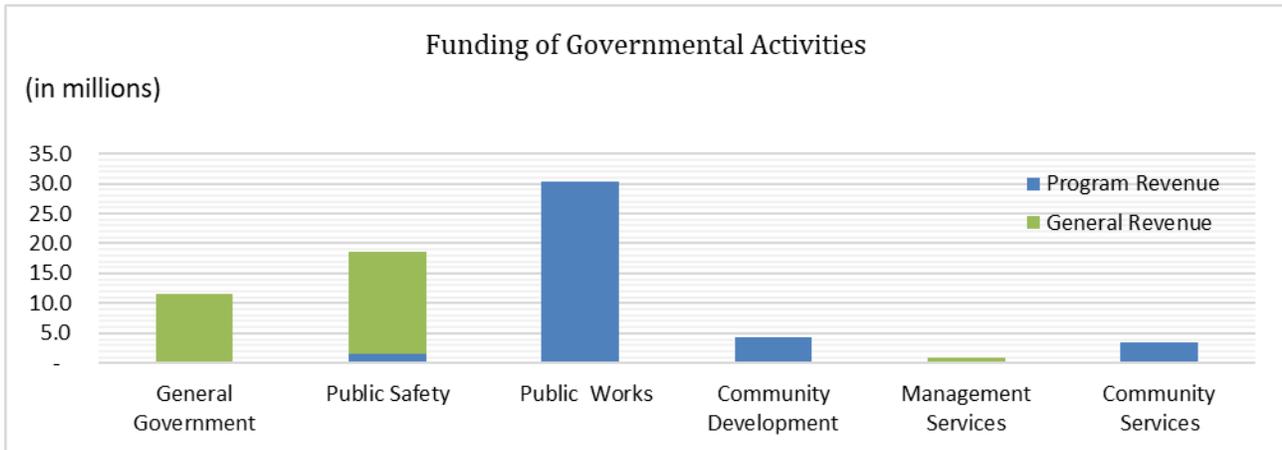
- Public Works costs decreased by \$2.7 million, due to a decrease in road maintenance projects.

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

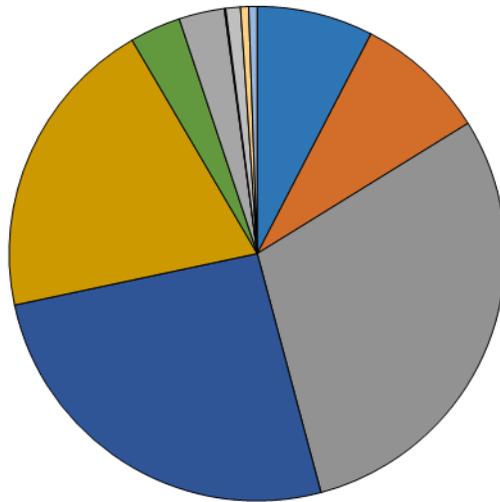
**Table 2**  
Changes in Net Position  
(in millions)

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 6.6	\$ 7.2
Operating grants and contributions	7.4	7.2
Capital grants and contributions	25.7	16.1
General revenues:		
Taxes:		
Property taxes	22.3	21.4
Transient occupancy taxes	2.8	2.9
Franchise taxes	2.6	2.4
Other taxes	0.1	0.1
Intergovernmental - sales tax	17.2	15.6
Investment income	0.8	2.3
Insurance proceeds	-	0.3
Gain on sale of capital assets	0.5	-
Other	0.5	0.7
Total revenues	<u>86.5</u>	<u>76.2</u>
Expenses:		
General government	11.6	7.6
Public safety	18.7	18.5
Public works	25.6	28.3
Community development	3.7	4.3
Management services	1.0	2.2
Community services	1.7	3.7
Interest on long-term liabilities	-	-
Total expenses:	<u>62.3</u>	<u>64.6</u>
Change in net position	24.2	11.6
Net position at beginning of year, as restated	<u>470.8</u>	<u>459.1</u>
Net position at end of year	<u>\$ 495.0</u>	<u>\$ 470.7</u>

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**



**Revenues by Source - Governmental Activities**



- Charges for services
- Operating Grants and Contributions
- Capital Grants and Contributions
- Property taxes
- Sales taxes
- Transient occupancy taxes
- Franchise taxes
- Other taxes
- Investment income
- Insurance Proceeds
- Other

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**Financial Analysis of the Government'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.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$130.9 million, An increase of \$33.4 million in comparison with the prior year. Of this amount, \$0.7 million is nonspendable, \$56.6 million is for a variety of restricted purposes, \$9.9 million is assigned to be used for specific purposes through the City Council budgetary actions, and \$63.7 million is unassigned which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$63.7 million, while total fund balance reached \$76 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund operating expenditures. Unassigned fund balance represents 137% of total General Fund expenditures, while total fund balance represents 163% of that same amount.

Fund balance in the City's General Fund increased \$6.7 million during the current fiscal year. Key factors in this increase are as follows:

- Revenues increased by \$.9 million. Taxes increased by \$1 million, primarily attributable to residential development. Licenses and Permits revenues increased by \$.1 million due to an increase in building permit issuances in the Opportunity Study Area. Sales tax increased by \$1.7 million due to increased receipt of sales tax due. Investment income decreased by \$1.3 million due to a lower rate of return on investments. The remaining portion is related to smaller fluctuations in other revenue accounts.
- Expenditures decreased by \$2.2 million. Public Safety costs increased by \$1.9 million, primarily attributable public safety response to the COVID-19 pandemic. Public Works costs decreased by \$1.3 million, due to response measures of the pandemic. Community Services decreased by \$2 million, due to a decrease in programming in light of the COVID-19 pandemic. Capital Outlay in the General Fund for road totaled \$3.6 million during the year and were for mainly attributable road maintenance projects. The remaining portion is related to smaller variances in various expenditure accounts in other departments.

The City has two other major funds, the Opportunities Study Area Capital Projects Fund, and the Measure M Fund.

The Opportunities Study Area Capital Projects Fund is primarily composed of developer contributed funds to incur costs for public facilities related to future development. This fund ended the year with an increase in fund balance of \$18.2 million. Revenues increased by \$8.8 million, attributable to the active negotiated developer agreements.

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

The Measure M Special Revenue Fund is used to account for the City's share of sales tax increase authorized by Orange County's Measure "M." The monies are legally restricted for the acquisition, construction, and improvement of public streets as well as for the Senior Mobility Program. This fund ended the year with a decrease in fund balance of \$.8 million. Expenditures increased by \$2.2 million due to street repaving and slurry seal, as well as senior transportation costs.

**General Fund Budgetary Highlights**

Revenues

The difference between original and final amended budgeted revenues was an increase of \$3.9 million. The most notable mid-year revenue adjustments included an increase in Sales Taxes (\$2.1 million), increase in Licenses and Permits (\$0.8 million), and increase in Charges for Services (\$.3 million).

Actual revenues were greater than budgeted amounts by \$3.4 million. Tax revenues were more than budget by \$1.3 million, due to an overall increase in residential development. Sales tax revenues were more than budget by \$1.5 million, from an increase in receipt of sales. Investment income was less than budget by \$0.1 million.

Expenditures

The difference between original and final amended budgeted expenditures was \$7.6 million. The most notable adjustments were \$8 million increase to Capital Outlay and \$.7 million increase to Community Services. The remaining adjustments related to smaller variances in various expenditure accounts in other departments.

Total expenditures were under budgeted amounts by \$13.3 million primarily attributable to Capital Outlay, Public Safety, Public Works, and City Manager expenditure savings of anticipated costs within the departments during the year. The remaining portion related to smaller variances in various expenditure accounts in other departments.

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**Capital Assets**

The City's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$364.6 million, net of accumulated depreciation.

Major capital asset events during the current fiscal year included the following:

- Construction in progress costs decreased by \$3.6 million, while Park Improvements increased by \$6.1 million.

**City of Lake Forest - Capital Assets**

(net of depreciation)

(in millions)

	Governmental Activities	
	2021	2020
Land	\$ 120.6	\$ 120.9
Machinery and equipment	0.2	0.6
Buildings and improvements	94.0	97.1
Construction in progress	1.5	5.1
Improvements other than buildings	29.1	30.1
Infrastructure:		
Streets	59.3	61.7
Curbs, gutters, and sidewalks	21.1	22.0
Storm drain system	10.3	10.8
Traffic signal system	3.5	3.8
Medians	9.6	10.2
Park improvements	15.4	9.3
TOTAL	\$ 364.6	\$ 371.6

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

**CITY OF LAKE FOREST  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**Long-Term Liabilities**

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$2.1 million, an increase of \$0.8 million from the prior fiscal year. Total long-term debt outstanding represents the compensated absences, net pension liability and net OPEB liability.

**City of Lake Forest - Long-Term Liabilities**  
(in millions)

	2021	2020
Net OPEB liability	1.2	0.5
Net pension liability	.4	-
Compensated absences	0.9	0.8
Total	\$ 2.5	\$ 1.3

Additional information on the City's long-term liabilities, net OPEB liabilities, and net pension liabilities can be found in Notes 6, 7, and 13, respectively, in the Financial Section of this report.

**Economic Factors and Next Year's Budgets and Rates**

The June 30, 2021, unemployment rate for the City was 5.5% as compared to the rate of 9.7% one year ago. The City's rate compares favorably to the State's unemployment rate of 7.6% and the national average rate of 5.4%.

The City's Fiscal Year 2021-23 Operating Budget takes into account the historical trends of property, hotel, and sales taxes as well as negative impacts of the ongoing COVID-19 pandemic. The Operating Budget will be fully reviewed at mid-year to assess any changes to revenue as additional information is available of the impacts of the pandemic.

General Fund operating expenditures have been projected to remain relatively stable for the next five years. The City's General Fund is balanced in the Operating Budget for Fiscal Years 2021-23 and all reserves are fully funded.

All of these factors were considered in preparing the City's Budget for Fiscal Years 2021-23.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Lake Forest's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Lake Forest, 100 Civic Center Drive, Lake Forest, California 92630.

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**CITY OF LAKE FOREST  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 126,361,194
Receivables:	
Taxes	1,343,762
Accounts	798,928
Interest	139,871
Grants	279,471
Loans	2,052,551
Notes	100,000
Due from Other Governments	4,719,335
Prepaid Items	729,906
Restricted Cash with Fiscal Agent	1,638,794
Capital Assets:	
Not Being Depreciated	122,050,629
Being Depreciated, Net	<u>242,580,533</u>
Total Assets	<u>502,794,974</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Amount from Pension Plans	908,933
Deferred Amount from OPEB	<u>435,934</u>
Total Deferred Outflows of Resources	<u>1,344,867</u>
<b>LIABILITIES</b>	
Accounts Payable	4,521,911
Accrued Salaries and Benefits	389,666
Retentions Payable	152,297
Deposits Payable	1,222,878
Unearned Revenue	287,100
Noncurrent Liabilities:	
Due within One Year	466,600
Due in more than One Year	446,813
Net Pension Liability - Due in more than One Year	423,887
Net OPEB Liability - Due in more than One Year	<u>788,853</u>
Total Liabilities	<u>8,700,005</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Amount from Pension Plans	299,658
Deferred Amount from OPEB	<u>121,472</u>
Total Deferred Inflows of Resources	<u>421,130</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	364,478,865
Restricted:	
Low- and Moderate-Income Housing	8,002,054
Community Development	1,989,651
Public Safety	358,010
Public Works	41,440,080
Community Services	3,392,793
Pension Benefits	1,638,794
Unrestricted	<u>73,718,459</u>
Total Net Position	<u>\$ 495,018,706</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

<b>FUNCTIONS/ PROGRAMS</b>	Program Revenues				Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities: General					
Government	\$ 11,572,488	\$ 26,831	\$ -	\$ -	\$ (11,545,657)
Public Safety	18,692,435	351,282	1,273,490	-	(17,067,663)
Public Works	25,618,790	1,783,741	5,445,481	23,060,993	4,671,425
Community Development	3,782,269	3,662,837	628,605	-	509,173
Management Services	968,139	-	-	-	(968,139)
Community Services	1,687,425	739,802	76,321	2,642,812	1,771,510
	<u>1,687,425</u>	<u>739,802</u>	<u>76,321</u>	<u>2,642,812</u>	<u>1,771,510</u>
 Total Governmental Activities	 <u>\$ 62,321,546</u>	 <u>\$ 6,564,493</u>	 <u>\$ 7,423,897</u>	 <u>\$ 25,703,805</u>	 <u>(22,629,351)</u>
 <b>GENERAL REVENUES</b>					
Taxes:					
Property Tax, Levied for General Purpose					22,325,072
Transient Occupancy Tax					2,883,787
Franchise Tax					2,566,677
Other Taxes					74,782
Unrestricted Intergovernmental - Sales Tax					17,241,510
Investment Income					829,264
Gain on sale of capital assets					454,896
Other					475,004
Total General Revenues					<u>46,850,992</u>
 <b>CHANGE IN NET POSITION</b>					
					24,221,641
Net Position - Beginning of Year					<u>470,797,065</u>
 <b>NET POSITION - END OF YEAR</b>					<u>\$ 495,018,706</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General	Special Revenue Fund Measure M
<b>ASSETS</b>		
Cash and Investments	\$ 73,307,689	\$ 1,358,622
Cash and Investments with Fiscal Agents	1,638,794	-
Receivables:		
Taxes	1,343,762	-
Accounts	798,397	-
Interest	139,871	-
Grants	13,610	-
Loans	-	-
Notes	-	-
Due from Other Governments	3,782,649	622,385
Prepaid Items	729,906	-
	<b>\$ 81,754,678</b>	<b>\$ 1,981,007</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,295,365	\$ 852,308
Accrued Salaries and Benefits	389,666	-
Retentions Payable	38,719	88,946
Deposits Payable	1,222,878	-
Unearned Revenues	287,100	-
Total Liabilities	5,233,728	941,254
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenues	516,977	53,238
Total Deferred Inflows of Resources	516,977	53,238
<b>FUND BALANCES</b>		
Nonspendable	729,906	-
Restricted	1,638,794	986,515
Assigned	9,933,798	-
Unassigned	63,701,475	-
Total Fund Balances	76,003,973	986,515
	<b>\$ 81,754,678</b>	<b>\$ 1,981,007</b>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<b>\$ 81,754,678</b>	<b>\$ 1,981,007</b>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST  
BALANCE SHEET (CONTINUED)  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>Capital Projects fund Opportunities Study Area</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Investments	\$ 19,042,375	\$ 32,652,508	\$ 126,361,194
Cash and Investments with Fiscal Agents	-	-	1,638,794
Receivables:			
Taxes	-	-	1,343,762
Accounts	-	531	798,928
Interest	-	-	139,871
Grants	-	265,861	279,471
Loans	-	2,052,551	2,052,551
Notes	-	100,000	100,000
Due from Other Governments	-	314,301	4,719,335
Prepaid Items	-	-	729,906
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 19,042,375</u>	<u>\$ 35,385,752</u>	<u>\$ 138,163,812</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 9,692	\$ 364,546	\$ 4,521,911
Accrued Salaries and Benefits	-	-	389,666
Retentions Payable	-	24,632	152,297
Deposits Payable	-	-	1,222,878
Unearned Revenues	-	-	287,100
Total Liabilities	<u>9,692</u>	<u>389,178</u>	<u>6,573,852</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues	<u>-</u>	<u>100,000</u>	<u>670,215</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>100,000</u>	<u>670,215</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	729,906
Restricted	19,032,683	34,896,574	56,554,566
Assigned	-	-	9,933,798
Unassigned	-	-	63,701,475
Total Fund Balances	<u>19,032,683</u>	<u>34,896,574</u>	<u>130,919,745</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,042,375</u>	<u>\$ 35,385,752</u>	<u>\$ 138,163,812</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

Fund Balances - Total Governmental Funds \$ 130,919,745

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

Capital assets net of depreciation have not been included as financial resources in governmental funds.

Capital Assets	\$ 526,872,393	
Accumulated Depreciation	<u>(162,241,231)</u>	
Total		364,631,162

Long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources, unavailable revenues, in the fund financial statements.

670,215

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities consist of the following:

Compensated Absences	(913,413)
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The net pension liability applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position, as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred Outflows of Resources related to Pension	908,933	
Deferred Inflows of Resources related to Pension	(299,658)	
Net Pension Liability	<u>(423,887)</u>	
Total		185,388

The net OPEB liability applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the statement of net position, as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred Outflows of Resources related to OPEB	435,934	
Deferred Inflows of Resources related to OPEB	(121,472)	
Net OPEB Liability	<u>(788,853)</u>	
Total		<u>(474,391)</u>

Net Position of Governmental Activities	<u><u>\$ 495,018,706</u></u>
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See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	General	Special Revenue Fund Measure M
<b>REVENUES</b>		
Taxes	\$ 27,799,188	\$ -
Licenses and Permits	2,467,593	-
Intergovernmental	555,290	-
Intergovernmental - Sales Tax	17,241,510	1,786,290
Charges for Services	3,415,512	1,446
Developer Contributions	332,120	-
Fines and Forfeitures	370,443	-
Investment Income	496,614	11,834
Other	625,726	-
Total Revenues	53,303,996	1,799,570
<b>EXPENDITURES</b>		
Current:		
General Government	6,598,978	-
Public Safety	18,501,410	-
Public Works	11,980,531	-
Community Development	3,222,640	-
Management Services	940,529	-
Community Services	1,674,283	8,735
Capital Outlay	3,636,475	2,538,737
Total Expenditures	46,554,846	2,547,472
<b>EXCESS (DEFICIT) OF REVENUES (UNDER) EXPENDITURES</b>	6,749,150	(747,902)
<b>OTHER FINANCING SOURCES</b>		
Proceeds from sale of capital assets	-	-
Total Other Financing Sources	-	-
<b>NET CHANGE IN FUND BALANCES</b>	6,749,150	(747,902)
Fund Balances - Beginning of Year	69,254,823	1,734,417
<b>FUND BALANCES - END OF YEAR</b>	\$ 76,003,973	\$ 986,515

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	Capital <u>Projects fund</u> Opportunities Study Area	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 27,799,188
Licenses and Permits	-	-	2,467,593
Intergovernmental	-	5,380,629	5,935,919
Intergovernmental - Sales Tax	-	-	19,027,800
Charges for Services	-	6,254	3,423,212
Developer Contributions	18,435,499	7,268,306	26,035,925
Fines and Forfeitures	-	-	370,443
Investment Income	-	179,929	688,377
Other	491,782	55,476	1,172,984
Total Revenues	<u>18,927,281</u>	<u>12,890,594</u>	<u>86,921,441</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	6,598,978
Public Safety	-	125,000	18,626,410
Public Works	-	1,921,378	13,901,909
Community Development	-	559,629	3,782,269
Management Services	-	-	940,529
Community Services	-	-	1,683,018
Capital Outlay	756,807	1,798,496	8,730,515
Total Expenditures	<u>756,807</u>	<u>4,404,503</u>	<u>54,263,628</u>
<b>EXCESS (DEFICIT) OF REVENUES (UNDER) EXPENDITURES</b>	18,170,474	8,486,091	32,657,813
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of capital assets	-	780,896	780,896
Total Other Financing Sources	<u>-</u>	<u>780,896</u>	<u>780,896</u>
<b>NET CHANGE IN FUND BALANCES</b>	18,170,474	9,266,987	33,438,709
Fund Balances - Beginning of Year	<u>862,209</u>	<u>25,629,587</u>	<u>97,481,036</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 19,032,683</u>	<u>\$ 34,896,574</u>	<u>\$ 130,919,745</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 33,438,709

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 their estimated useful lives as depreciation expense or allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Depreciation	\$ (12,162,289)	
Capital Outlay, Net of Disposals	<u>5,071,271</u>	(7,091,018)

Some revenues reported in the statement of activities are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds. (833,150)

Compensated absences reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net change is reported on the statement of activities. (69,089)

Pension expenditures reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. (1,094,297)

OPEB expenditures reported in the governmental funds includes the insurance premiums paid. In the statement of activities, OPEB expense includes the change in the net OPEB liability and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources. (129,514)

Change in Net Position of Governmental Activities \$ 24,221,641

**CITY OF LAKE FOREST  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2021**

	<u>Successor Agency to Lake Forest Redevelopment Agency Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash and Investments	\$ 598,288	\$ 118,131
<b>LIABILITIES</b>		
Current Liabilities:		
Interest Payable	18,902	-
Total Current Liabilities	<u>18,902</u>	<u>-</u>
Long-Term Liabilities:		
Due within One Year	325,000	-
Due in more than One Year	5,090,000	-
Total Long-Term Liabilities	<u>5,415,000</u>	<u>-</u>
Total Liabilities	<u>5,433,902</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for other governments	-	118,131
Unrestricted	<u>(4,835,614)</u>	<u>118,131</u>
Total Net Position	<u>\$ (4,835,614)</u>	<u>\$ 236,262</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2021**

	Successor Agency to Lake Forest Redevelopment Agency Private-Purpose Trust Fund	<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Taxes	\$ 550,324	\$ -
Fees	-	3,408,221
Investment Income	2,783	-
Total Additions	<u>553,107</u>	<u>3,408,221</u>
<b>DEDUCTIONS</b>		
Interest and Fiscal Charges	231,860	-
Payments to Organizations	-	3,633,297
Administrative Expense	5,000	-
Total Deductions	<u>236,860</u>	<u>3,633,297</u>
<b>CHANGE IN NET POSITION</b>	316,247	(225,076)
Net Position - Beginning of Year, as restated	<u>(5,151,861)</u>	<u>343,207</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ (4,835,614)</u>	<u>\$ 118,131</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Lake Forest (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 governmental accounting and financial reporting principles. The following is a summary of the significant policies.

**A. Description of the Reporting Entity**

This report includes all fund types of the City (the primary government), the Lake Forest Housing Authority (the Housing Authority), and the Rancho Cañada Financing Authority (the Financing Authority). The Authorities meet the definition of a “component unit,” and are presented on a “blended” basis, as if they are part of the primary government. Although they are legally separate entities, the governing board of the Housing and Financing Authorities is composed of the same membership as the City Council. The City may impose its will on the Housing and Financing Authorities, including the ability to appoint, hire, reassign, or dismiss management. There is also a financial benefit/burden relationship between the City and the Housing and Financing Authorities.

The City was incorporated on December 20, 1991, under the laws of the state of California and enjoys all the rights and privileges pertaining to “General Law” cities. The City operates under a council-manager form of government and currently provides public safety, planning, building, code enforcement, engineering, street maintenance, street lighting, parks, recreation, and general administrative services.

The Housing Authority was established by the City Council in February 2011 and is partly responsible for the administration of providing affordable housing in the City. The activity of the Housing Authority is reported in the Special Revenue Fund.

The Financing Authority was established pursuant to the Rancho Cañada Financing Authority Joint Exercise of Powers Agreement, dated as of September 15, 1998, by and between the City and the Financing Authority, under the provision of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The board of directors of the Financing Authority is composed of the five members in connection with the acquisition, construction, and improvement of public capital improvements, working capital requirements, or insurance programs of the members. The activity of the Financing Authority is reported in the Debt Service Fund.

Separate financial statements for the Housing Authority can be obtained from the City of Lake Forest Finance Department located at City Hall, 100 Civic Center Drive, Lake Forest, CA 92630. The Financing Authority does not issue separate financial statements.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include a single column for the governmental activities of the primary government. The City has no business-type activities. 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*, as are the fiduciary funds. 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. *Accrual 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories:

1. Charges for services
2. Operating grants and contributions
3. Capital grants and contributions

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

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Government-Wide Financial Statements (Continued)

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

Certain eliminations have been made in regard to interfund transfers, payables, and receivables. All internal balances in the statement of net position have been eliminated. Interfund services provided and used, if any, are not eliminated in the consolidation process.

Fund Financial Statements

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

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

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available*. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 90 days, except for property taxes, which is 60 days.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Governmental Funds (Continued)

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

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

Noncurrent portions of long-term receivables between governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect fund balance, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *another financing source*, rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Fiduciary Funds

Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The City's fiduciary funds are accounted for using the economic resources measurement focus and accrual basis of accounting. The private-purpose trust fund accounts for the assets held by the City for the Successor Agency to the Lake Forest Redevelopment Agency. The City uses custodial funds to account for the collection and disbursement of funds for Orange County road construction programs, the State of California Strong Motion Instrumentation Program, and the State of California Building Standards Commission's green building standards program.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Fund Classifications**

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Measure M Special Revenue Fund

The Measure M Special Revenue Fund is used to account for the City's share of the sales tax increase authorized by Orange County's Measure "M." The monies are legally restricted for the acquisition, construction, and improvement of public streets and for the Senior Mobility Program.

The Opportunities Study Area Capital Projects Fund

The Opportunities Study Area Capital Projects Fund is used to account for costs to design and construct a sports park, recreation center, meeting facility and a civic center. This fund is currently funded by developer impact fees to construct these facilities.

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

*Special Revenue Funds* are used to account for proceeds of specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

*Capital Projects Funds* are used to account for resources restricted or assigned for capital improvements.

The *Private-Purpose Trust Fund* is used to account for the activities of the Successor Agency to the Lake Forest Redevelopment Agency.

*Custodial Funds* are used to account for assets for which the City acts solely in a custodial capacity. This includes collection of fees imposed by and distributed to other organizations.

**D. New Accounting Pronouncements**

GASB 84

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. New Accounting Pronouncements (Continued)**

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The City adopted this standard in the current fiscal year. Implementation of GASB 84 resulted in the removal of the previously reported OPEB trust that no longer qualifies as a fiduciary fund of the City.

**E. Investments**

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

**F. Prepaid Items**

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

**G. Property Taxes**

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

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Property Taxes (Continued)**

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 a.m. on the first day of January proceeding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period from July 1 to June 30.

All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10. Unsecured personal property taxes become due on January 1 each year and are delinquent, if unpaid, on August 31.

**H. Capital Assets**

Capital assets, which include land, machinery, and equipment (furniture, vehicles, computers, etc.), and infrastructure assets (street systems, storm drains, traffic signals, etc.) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at acquisition value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful life of the assets as follows:

Buildings and Improvements	10 to 30 Years
Improvements other than Buildings	10 to 50 Years
Computers	3 Years
Machinery and Equipment	5 Years
Vehicles	5 Years
Furniture	7 Years
Infrastructure:	
Traffic Signals	25 Years
Median Improvements	25 Years
Street System - Arterial	35 Years
Street System - Residential	50 Years
Storm Drains	50 Years

**CITY OF LAKE FOREST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and 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 outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions and OPEB for differences between actual and expected experiences. 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 and OPEB through the plans.
- Deferred outflows 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 provided with OPEB through the plan.
- Deferred outflows related to pensions for the changes in the employer's proportion and differences between employer contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plan.
- Deferred outflows related to pensions resulting from the differences between projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the statement of net position and 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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from unavailable revenues, which are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources, which are reimbursements, investment income, notes receivable, and grants receivable collections. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to OPEB for differences between actual and expected experiences. 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 OPEB through the plan.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Deferred Outflows/Inflows of Resources (Continued)**

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred inflows related to pensions for the changes in the employer's proportion and differences between employer contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plan.

**J. Compensated Absences**

An employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances. The employee's entitlement to these balances is attributable to services already rendered, and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

**K. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) 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.

**L. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Use of Estimates**

The preparation of the 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments at June 30, 2021, consist of the following:

	Government Wide Statement of Net Position	Fiduciary Statement of Net Position	Total
Cash and Investments	\$ 126,361,194	\$ 716,419	\$ 127,077,613
Restricted:			
Cash and Investments Held by Trust	1,638,794	-	1,638,794
Total Cash and Investments	<u>\$ 127,999,988</u>	<u>\$ 716,419</u>	<u>\$ 128,716,407</u>

Cash and investments consist of cash on hand, deposits, and investments as noted below:

Cash in Hand	\$ 2,250
Deposits with Financial Institutions	21,309,134
Investments	<u>107,405,023</u>
Total Cash and Investments	<u>\$ 128,716,407</u>

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by fiscal agent that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy. This table does not address investments of the employer contributions to the pension trust that is governed by the trust agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	No	5 Years	None	None
U.S. Treasury Obligations	Yes	5 Years	None	None
U.S. Agency Securities	Yes	5 Years	None	70%
Banker's Acceptances	Yes	180 Days	20%	5%
Commercial Paper	Yes	270 Days	25%	5%
Negotiable Certificates of Deposit	Yes	5 Years	30%	None
Nonnegotiable Certificates of Deposit	Yes	5 Years	30%	None
Repurchase Agreements	Yes	92 Days	10%	None
Reverse Repurchase Agreements	No	92 Days	20% of Base Value	None
Medium-Term Notes	No	5 Years	30%	\$1 Million
Money Market Mutual Funds	Yes	None	10%	None
Mortgage Pass-Through Securities	No	5 Years	20%	None
County Pooled Investment Funds	Yes	None	None	None
California Asset Management Program	Yes	None	30%	None
State Investment Pool (LAIF)	Yes	None	\$50 Million	None
JPA Pools (Other Investment Pools)	Yes	None	30%	None

\* Based on state law requirements or investment policy requirements, whichever are more restrictive. The City may not invest in items that are permitted by the state but not permitted by the City's investment policy.

**Disclosures Relating to Interest Rate Risk**

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

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Interest Rate Risk (Continued)**

The City monitors the interest rate risk inherent in its portfolio by measuring the weighted-average maturity of its portfolio. The City has no specific limitations with respect to this metric.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table:

<u>Investment Type</u>	<u>Total</u>	<u>Weighted-Average Maturity (in Years)</u>
U.S. Government Sponsored Agency Securities:		
Federal Home Loan Bank (FHLB)	\$ 3,046,250	0.45
Federal Home Loan Mortgage Corporation (FHLMC)	2,025,160	0.95
State Investment Pool	50,000,585	0.93
Orange County Investment Pool	41,231,763	N/A
California Asset Management Program	3,919	N/A
Money Market Mutual Funds	9,458,552	N/A
Pension Trust - PARS Pooled Trust	1,638,794	N/A
Total	<u>\$ 107,405,023</u>	

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Credit Risk (Continued)**

Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and Standard & Poor's or Moody's actual rating as of year-end for each investment type:

<u>Investment Type</u>	<u>Total as of June 30, 2021</u>	<u>Minimum Legal Rating</u>	<u>AAA (Aaa)</u>	<u>AA+ (Aaa)</u>	<u>Not Rated</u>
U.S. Government					
Sponsored Agency					
Securities:					
FHLB	\$ 3,046,250	N/A	\$ 3,046,250	\$ -	\$ -
FHLMC	2,025,160	N/A	2,025,160	-	-
State Investment Pool	50,000,585	N/A	-	-	50,000,585
Orange County					
Investment Pool	41,231,763	N/A	-	-	41,231,763
California Asset					
Management					
Program	3,919	N/A	3,919	-	-
Money Market Mutual					
Funds	9,458,552	A	9,458,552	-	-
PARS Pooled Trusts:					
Pension Trust	1,638,794	N/A	-	-	1,638,794
Total	<u>\$ 107,405,023</u>		<u>\$ 14,533,881</u>	<u>\$ -</u>	<u>\$ 92,871,142</u>

**Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2021, there are no investments in any one issuer that represent 5% or more of the City's total investments.

**Custodial Credit Risk**

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

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk (Continued)**

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2021, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation or collateralized as required under California law.

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF.

**California Asset Management Program**

The City invests in this investment trust, California Asset Management Program (CAMP), which is similar to a money market mutual fund. The fund invests primarily in certificates of deposit, commercial paper, and US Government and Agency obligations. The City is a voluntary participant in the investment trust.

The CAMP Cash Reserve Portfolio (the Pool) is exempt from registration with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940 but operates in a manner consistent with SEC Rule 2a-7, "Money Market Funds," of that Act. Accordingly, the Pool meets the definition of a "2a-7 like pool" set forth in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. While the Pool itself is exempt from SEC registration, the Pool's investment advisor and administrator, PFM Asset Management LLC, is registered with the SEC as an investment advisor under the Investment Advisers Act of 1940. PFM Asset Management LLC has filed with the California Department of Corporations, as well as various other states, as an investment advisor under state securities laws.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**California Asset Management Program (Continued)**

In addition, the Pool also meets the definition of “Municipal Fund Security” outlined by Municipal Securities Rulemaking Board (MSRB) Rule 0-12; therefore, contacts with prospective investors relating to shares of the Pool are conducted through PFM Asset Management LLC’s wholly owned subsidiary, PFMAM, Inc., a broker/dealer that is registered with the SEC and MSRB and is a member of the National Association of Securities Dealers. The Pool also files an income tax return annually with the Internal Revenue Service, though the net income of the Pool is generally exempt from federal income tax.

**Orange County Investment Pool**

The City is a voluntary participant in the County Treasurer’s Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated and is not registered with the SEC. The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP at June 30, 2021, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the OCIP, refer to the County of Orange Annual Comprehensive Financial Report.

**Pension Trust**

The City established a trust account with the Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City’s defined benefit pension plan. The pension trust fund’s specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City.

The City-approved guidelines are as follows:

Risk Tolerance:           Moderate High

Risk Management:       The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk.

Investment Objective: To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.

Strategic Ranges:       0% to 20% Cash  
                                  40% to 60% Fixed Income  
                                  40% to 60% Equity

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**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 relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The City had the following recurring fair value measurements as of June 30, 2021:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
United States Government				
Sponsored Agency Securities:				
FHLB	\$ -	\$ 3,046,250	\$ -	\$ 3,046,250
FHLMC	-	2,025,160	-	2,025,160
Total Leveled Investments	<u>\$ -</u>	<u>\$ 5,071,410</u>	<u>\$ -</u>	<u>5,071,410</u>
State Investment Pool (LAIF)*				50,000,585
Orange County Investment Pool (OCIP)*				41,231,763
California Asset Management Program (CAMP)*				3,919
Money Market Mutual Funds*				9,458,552
Pension Trust*				1,638,794
Total Investment Portfolio				<u>\$ 107,405,023</u>

\* Not subject to fair value hierarchy.

**NOTE 3 NOTE RECEIVABLE**

In the fiscal year ended June 30, 2016, the City sold property to a nonprofit corporation that resulted in a note receivable of \$100,000 due to the Authority. The note is secured by a deed of trust in the name of the Authority and bears interest equal to the LAIF rate. Principal payments are made in 50 equal annual installments of \$2,000, together with any unpaid interest that has accrued at the time of each payment. Each annual payment shall be due and payable commencing on the fifth anniversary of the project completion date and on that same date each year until the balance of the principal and accrued interest is paid in full. However, if the borrower is in full compliance with the regulatory agreement during the 12 months preceding a payment, the interest accrued during that 12-month period shall be forgiven by the City. The balance of this note as of June 30, 2021, is \$100,000.

Housing loans receivable of \$214,145 and \$1,838,406 in the Housing Authority Special Revenue Fund and Community Development Block Grant Special Revenue Fund, respectively, consist of various low-interest home loans made to low-income families.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, is as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 120,901,809	\$ -	\$ (326,000)	\$ 120,575,809
Construction in Progress	5,140,942	1,238,593	(4,904,715)	1,474,820
Total Capital Assets, Not Being Depreciated	<u>126,042,751</u>	<u>1,238,593</u>	<u>(5,230,715)</u>	<u>122,050,629</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	99,664,702	751,330	-	100,416,032
Improvements other than Buildings	36,969,358	368,804	-	37,338,162
Machinery and Equipment	4,484,600	9,986	-	4,494,586
Infrastructure	254,639,711	7,933,273	-	262,572,984
Total Capital Assets, Being Depreciated	<u>395,758,371</u>	<u>9,063,393</u>	<u>-</u>	<u>404,821,764</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,523,111)	(3,907,175)	-	(6,430,286)
Improvements other than Buildings	(6,865,957)	(1,335,615)	-	(8,201,572)
Machinery and Equipment	(3,853,067)	(477,967)	-	(4,331,034)
Infrastructure	(136,836,807)	(6,441,532)	-	(143,278,339)
Total Accumulated Depreciation	<u>(150,078,942)</u>	<u>(12,162,289)</u>	<u>-</u>	<u>(162,241,231)</u>
Total Capital Assets, Being Depreciated, Net	<u>245,679,429</u>	<u>(3,098,896)</u>	<u>-</u>	<u>242,580,533</u>
Capital Assets, Net	<u>\$ 371,722,180</u>	<u>\$ (1,860,303)</u>	<u>\$ (5,230,715)</u>	<u>\$ 364,631,162</u>

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	\$ 3,680,610
Public Safety	66,025
Public Works, Including Depreciation of Infrastructure Assets	8,383,637
Management Services	27,610
Community Services	4,407
Total Depreciation Expense - Governmental Activities	\$ 12,162,289

**Construction Commitments**

Significant construction contracts as of June 30, 2021, consisted of the following:

	Commitment
Slurry Seal Project	\$ 210,775
Packer Place Storm Drain Improvements	69,720
Neighborhood Park Renovations	1,264,273
Total	\$ 1,544,768

The City's encumbered appropriations lapse at year-end and therefore do not represent commitments.

**NOTE 5 LONG-TERM LIABILITIES**

The change in the City's long-term liabilities during the year ended June 30, 2021, consisted of the following:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021	Due within One Year	Due in more than One Year
Compensated Absences	\$ 844,324	\$ 535,728	\$ (466,639)	\$ 913,413	\$ 466,600	\$ 446,813

**Compensated Absences**

The City's policies relating to employee leave benefits are described in Note 1.K. This liability will be paid in future years from future resources primarily from the General Fund. As of June 30, 2021, the outstanding balance was \$913,413.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**A. General Information about the OPEB Plan**

Plan Description

In connection with the retirement benefits for employees described in Note 12, the City contributes to an agent multiple-employer defined benefit plan to provide postemployment health-care benefits through the California Public Employees Medical and Hospital Care Act (PEMHCA). These benefits are available to employees who retire with the City with at least five years of service with a minimum retirement age of 50 years. The retiree is entitled to participate in the City-sponsored medical plan, and the City contributes up to \$115 per month toward the premium for employee only coverage under the City sponsored medical plans. The Plan does not issue a publicly available financial report.

The City has established a trust with Public Agency Retirement Services (PARS) to provide additional funding for the OPEB Plan. The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request.

Employees Covered

As of measurement date June 30, 2020, the following current and former employees were covered by the benefit terms under the plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	12
Active Employees	<u>61</u>
Total Plan Participants	<u><u>73</u></u>

Contributions

Benefit provisions and contribution requirements of plan members and the City are established and may be amended by the City, the City's City Council and/or the employee associations. The plan does not require employee contributions. Administrative costs of this plan are financed through investment earnings. The contributions to the OPEB Plan are generally made from the general fund. The OPEB liability for governmental activities is primarily liquidated from the general fund. For fiscal year ended June 30, 2021, the City did not make any contributions.

Accounting for the Plan

The other postemployment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the OPEB Plan.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**A. General Information about the OPEB Plan (Continued)**

Method Used to Value Investments

Investments are reported at fair value, which is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

Fiduciary Net Position with PARS Trust

The PARS OPEB Trust (Trust) contains assets of 167 member agencies as of June 30, 2020. The Trust invests in various investment securities including U.S. Treasury Obligations, U.S. Government Agency Issues, Corporate Debt Issues, Foreign Debt Issues, Municipal Debt Issues, Money Market Mutual Funds, Equity Mutual Funds, Fixed Income Mutual Funds, Domestic Common Stocks, and Foreign Stocks.

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust manages exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations. Investments in the Trust mature as of June 30, 2020, as follows: 1% in one year or less, 5% in two to five years, 8% in five to ten years, 9% in more than 10 years.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust investments are rated by Standard and Poor's or Moody's as of June 30, 2020, as follows: 3% are rated AAA; 1% are AA+, AA, or AA-; 4% are A+, A, A-; 5% are BBB+, BBB, or BBB-; 5% are exempt from ratings, and 82% are not rated.

Concentration of credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. At June 30, 2020, the Trust had no investments concentrated in one issuer (other than mutual funds, U.S. Treasury obligations, and corporate debt securities) that exceeded 5% of the Trust's investments.

All of the Trust's cash deposits as of June 30, 2020 of \$55,301,635, which includes the balances of all 167 member agencies, are federally insured for up to \$250,000 by the Federal Deposit Insurance Corporation. Deposits in excess of the federally insured amount are subject to custodial credit risk, which is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**B. Total OPEB Liability**

The City's net OPEB liability is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2020 using an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 using standard update procedures.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Market Value Projected to Fiscal Year-End 2020
Actuarial Assumptions:	
Discount Rate	2.70%
Long-Term Expected Rate of Return on Investments	6.00%
Inflation	2.75%
Payroll	2.75%
Health-Care Trend Rates	4% Per Year
Mortality	2017 CalPERS Retiree Mortality for Miscellaneous
Mortality	Employees

The City holds the presumption that the CalPERS medical plan and its premium structure are sustainable over the measurement period, even if other groups or active participants cease to participate and has selected to incorporate that opinion as an assumption in its valuation. The actuary incorporated this assumption and has applied the 3.7.7(c)(4) exception and performed the valuation based on the direct premium rates charged by CalPERS without regard to adjustments for age, thereby resulting in no liability due to an implied rate subsidy.

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

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**B. Total OPEB Liability (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
PARS OPEB Trust:		
All U.S. Domestic Stock	60.000%	7.795%
Long-Term Corporate Bonds	40.000%	5.295%
Total	<u>100.000%</u>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 2.70%. The discount rate is a blended rate equivalent to discounting all expected future benefits payments that is expected to be funded by assets held in the OPEB Trust at the expected long-term rate of return with all other payments discounted using the 20-year index of yields on high-grade municipal bonds. The City used historic 34 year real rates of return for each asset class along with assumed long-term inflation assumption. The expected investment return was offset by investment expenses of 25 basis points. The City used the Bond Buyer 20 Index at June 30, 2020 and rounded the rate resulting in a rate of 2.20%.

**C. Changes in the Net OPEB Liability**

The changes in the net OPEB liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2019 (Measurement Date)	\$ 990,856	\$ 533,036	\$ 457,820
Changes in the Year:			
Service Cost	88,328	-	88,328
Interest on the Total OPEB Liability	38,927	-	38,927
Differences Between Actual and Expected Experience	(1,120)	-	(1,120)
Changes in Assumptions	222,172	-	222,172
Changes in Benefit Terms	-	-	-
Contributions - Employer	-	-	-
Net Investment Income	-	20,094	(20,094)
Benefit Payments	(20,153)	(20,153)	-
Administrative Expenses	-	(2,820)	2,820
Net Changes	<u>328,154</u>	<u>(2,879)</u>	<u>331,033</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 1,319,010</u>	<u>\$ 530,157</u>	<u>\$ 788,853</u>

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**C. Changes in the Net OPEB Liability (Continued)**

Change of Assumptions

In fiscal year 2020-2021, the financial reporting discount rate changed from 3.80% to 2.7%.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (1.70%) or one percentage point higher (3.70%) than the current discount rate:

	<u>One Percent Decrease (1.70%)</u>	<u>Discount Rate (2.70%)</u>	<u>One Percent Increase (3.70%)</u>
Net OPEB Liability	\$ 1,034,128	\$ 788,853	\$ 584,161

Sensitivity of the Net OPEB Liability to Changes in Health-Care Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical trend rates that are one-percentage point lower (3.00%) or one percentage point higher (5.00%) than the current health-care trend rate:

	<u>One Percent Decrease (3.0%)</u>	<u>Health-Care Trend Rate (4.0%)</u>	<u>One Percent Increase (5.0%)</u>
Net OPEB Liability	\$ 549,741	\$ 788,853	\$ 1,123,446

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$129,514. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ -	\$ -
Differences Between Actual and Expected Experience	-	(121,472)
Changes in Assumptions	434,212	-
Differences Between Projected and Actual Earnings	1,722	-
Total	\$ 435,934	\$ (121,472)

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

Year Ending June 30,	Amount
2022	\$ 30,732
2023	30,730
2024	33,280
2025	33,992
2026	31,753
Thereafter	153,975
Total	\$ 314,462

**E. Payable to the OPEB Plan**

At June 30, 2021, the City had no outstanding amount of contributions to the OPEB Plan required for the year ended June 30, 2021.

**NOTE 7 RISK MANAGEMENT**

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

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 RISK MANAGEMENT (CONTINUED)**

**Self-Insurance Programs of the Authority**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs 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 \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sublimit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverages is available on the following 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 \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2020-21, 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 as part of a reinsurance policy, and Employer's liability losses from \$5 million to \$10 million are pooled among members.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 RISK MANAGEMENT (CONTINUED)**

**Purchased Insurance**

Pollution Legal Liability Insurance

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

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$38,252,463. There is a \$10,000 deductible per occurrence except for nonemergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City property currently has earthquake protection in the amount of \$10,388,567. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$3,000,000 with a \$25,000 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant User Liability Insurance

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

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2020-21.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES**

**Net Position Classifications**

The City's net position at June 30, 2021, is tabulated below, followed by explanations as to the nature and purpose of each classification.

Net Investment in Capital Assets:	
Capital Assets, Not Being Depreciated	\$ 122,050,629
Depreciable Capital Assets, Net	242,580,533
Less: Retention Payable	<u>(152,297)</u>
Net Investment in Capital Assets	364,478,865
Restricted Net Position:	
Low and Moderate-Income Housing	8,002,054
Community Development	1,989,651
Public Safety	358,010
Public Works	41,440,080
Community Services	3,392,793
Pension Benefits	<u>1,638,794</u>
Total Restricted Net Position	56,821,382
Unrestricted Net Position	<u>73,718,459</u>
Total Net Position	<u><u>\$ 495,018,706</u></u>

**Net Investment in Capital Assets**

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation on these assets and related long-term debt and capital related payable used to acquire the assets reduces this category.

**Restricted Net Position**

This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position**

This category represents the net position of the City that is not restricted for any project or other purpose.

**Net Position Flow Assumption**

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

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

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES  
(CONTINUED)**

**Governmental Fund Balance Classifications**

The City's governmental fund balances at June 30, 2021, are tabulated below, followed by explanations as to the nature and purpose of each classification.

	General Fund	Measure M Special Revenue Fund	Opportunities Study Area Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$ 729,906	\$ -	\$ -	\$ -	\$ 729,906
Restricted for:					
Street Maintenance	-	840,745	-	3,848,405	4,689,150
Air Quality	-	-	-	537,765	537,765
Grant Programs	-	145,770	-	2,410,180	2,555,950
Housing Programs	-	-	-	7,902,054	7,902,054
Capital Projects	-	-	19,032,683	20,198,170	39,230,853
Pension Benefits	1,638,794	-	-	-	1,638,794
Assigned for:					
Infrastructure	5,189,908	-	-	-	5,189,908
Neighborhood Park Improvement	4,743,890	-	-	-	4,743,890
Unassigned	63,701,475	-	-	-	63,701,475
Total	<u>\$ 76,003,973</u>	<u>\$ 986,515</u>	<u>\$ 19,032,683</u>	<u>\$ 34,896,574</u>	<u>\$ 130,919,745</u>

**Nonspendable Fund Balance**

This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted Fund Balance**

This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

**Committed Fund Balance**

This classification includes amounts that have been limited to specific purposes as defined in the City's Municipal Code or through adoption of an ordinance by the City Council, the highest level of decision-making authority of the City. These commitments may be changed or lifted but only by the same formal action that was used to impose the constraint originally. City Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be subsequently determined.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES  
(CONTINUED)**

**Governmental Fund Balance Classifications (Continued)**

Assigned Fund Balance

This classification includes amounts that are intended to be used by the City for specific purposes through the City Council budgetary actions but do not meet the criteria to be classified as restricted or committed. Intent is expressed by the City Council. The City Council has not delegated the authority to assign amounts.

Unassigned Fund Balance

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

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

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

**NOTE 9 OPERATING LEASES**

The City leases equipment under noncancelable operating leases, which consists of monthly lease payments of \$1,297. The copier equipment lease expires in December 2024 and postage equipment lease expires May 2024. Equipment lease expense for the year ended June 30, 2021, was \$15,562.

The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 15,562
2023	15,562
2024	15,277
2025	6,069
Total	<u>\$ 52,470</u>

**CITY OF LAKE FOREST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 10 JOINT VENTURE**

In January 1995, the City of Lake Forest entered into a joint powers agreement with cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, and Yorba Linda and the County of Orange (the County) to create the Orange County Fire Authority (Fire Authority). Since the creation of the Fire Authority, the cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita, Westminster, Garden Grove and Santa Ana joined the Fire Authority and City as members eligible for fire protection services. Effective July 1, 2020, City of Placentia withdrew its membership from the Fire Authority. The purpose of the Fire Authority is to provide for mutual fire protection, prevention, and suppression services and related and incidental services, including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Fire Authority's governing board consists of one representative from each city and two from the County. The operations of the Fire Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for the cities of Stanton, Tustin, San Clemente, Buena Park, Seal Beach, Garden Grove and Santa Ana.

The County pays all structural fire fees it collects to the Fire Authority. The cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, and Seal Beach are considered "cash contract cities" and, accordingly, make cash contributions based on the Fire Authority's annual budget. No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2021. Upon dissolution of the Fire Authority, all surplus money and property of the Fire Authority will be conveyed or distributed to each member in proportion to all funds provided to the Fire Authority by that member or by the County on behalf of that member during its membership.

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

**NOTE 11 DEFERRED COMPENSATION PLANS**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The plan is available to all employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held for the exclusive benefit of the plan participants and their beneficiaries and the assets shall not be diverted for any other purpose. Each participant directs the investments in their respective accounts, and the City has no liability for any losses that may be incurred. Pursuant to federal legislation, the Section 457 plan assets were placed in trust for the exclusive benefit of all employees and their beneficiaries and are not available to the creditors of the City. For this reason, the assets and related liabilities of the plan have been removed from the financial records of the City and are not included in the accompanying financial statements.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 PENSION PLAN**

**A. Defined Benefit Plan**

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plan (the Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by the 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's website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. 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 nonindustrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

Plan provisions and benefits in effect at the June 30, 2020 measurement date are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	Five Years of Service	Five Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 to 63	52 to 67
Monthly Benefits, as a Percentage of Eligible Compensation	1.426% to 2.418%	1.0% to 2.50%
Required Employee Contribution Rates	7.000%	6.250%
Required Employer Contribution Rates:		
Normal Cost Rate	10.221%	6.985%
Payment of Unfunded Liability	\$ -	\$ 2,117

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 PENSION PLAN (CONTINUED)**

**A. Defined Benefit Plan (Continued)**

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's annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

Contributions for the fiscal year ended June 30, 2021, included \$41,561 for the UAL and \$586,555 for the normal cost rate resulting in a total amount paid of \$628,116.

The pension liability for governmental activities is primarily liquidated from the general fund.

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

As of June 30, 2021, the City reported a net pension liability of \$423,887 for its proportionate share of the net pension liability of all Plans.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, 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, 2019, rolled forward to June 30, 2020, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2019 and 2020, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2019	(0.00741)%
Proportion - June 30, 2020	0.01005%
Change	0.00751%

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 PENSION PLAN (CONTINUED)**

**A. Defined Benefit Plan (Continued)**

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

For the year ended June 30, 2021, the City recognized pension expense of \$1,722,409. At June 30, 2021, 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	\$ 628,116	\$ -
Differences Between Actual and Expected Experience	21,845	-
Change in Assumptions	-	(3,023)
Change in Employer's Proportion and Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	246,380	(296,635)
Net Differences between Projected and Actual Earnings on Plan Investments	12,592	-
Total	\$ 908,933	\$ (299,658)

An amount of \$628,116 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 123,280
2023	(104,210)
2024	(43,949)
2025	6,038
2026	-
Thereafter	-
Total	\$ (18,841)

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 PENSION PLAN (CONTINUED)**

**A. Defined Benefit Plan (Continued)**

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

Actuarial Assumptions

The total pension liability for the June 30, 2020, measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
Postretirement Benefit Increase	The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

Long-Term Expected Rate of Return

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

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 PENSION PLAN (CONTINUED)**

**A. Defined Benefit Plan (Continued)**

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

Long-Term Expected Rate of Return (Continued)

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

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

<u>Asset Class*</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10**</u>	<u>Real Return Years 11+***</u>
Global Equity	50.00 %	4.80 %	5.98 %
Fixed Income	28.00 %	1.00%	2.62%
Inflation Assets	0.00 %	0.77%	1.81%
Private Equity	8.00 %	6.30%	7.23%
Real Assets	13.00 %	3.75%	4.93%
Liquidity	1.00 %	0.00%	0.92%
Total	<u>100.00 %</u>		

\* In the CalPERS ACFR, fixed income is included in global debt securities; liquidity is included in short term investments; inflation assets are included in both global equity securities and global debt securities.

\*\* An expected inflation of 2.0% was used for this period.

\*\*\* An expected inflation of 2.92% was used for this period.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 PENSION PLAN (CONTINUED)**

**A. Defined Benefit Plan (Continued)**

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

Discount Rate

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

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 for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 5,018,458
Current Discount Rate	7.15%
Net Pension Liability	\$ 423,887
1% Increase	8.15%
Net Pension Liability (Asset)	\$ (3,372,461)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2021, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 PENSION PLAN (CONTINUED)**

**B. Defined Contribution Plan**

The Omnibus Budget Reconciliation Act of 1990 mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992, be covered by Social Security or an alternate plan. In accordance with this federal law, the City provides pension benefits for all part-time, seasonal, and temporary employees through the City of Lake Forest Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings.

Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6.2% by the employee and 1.3% by the City. All part-time, seasonal, or temporary employees are immediately eligible to participate in the plan from the date of employment and all contributions are fully vested. The contribution requirements are established by federal statutes and may be amended by the federal government.

For the year ended June 30, 2021, the City's payroll covered by the plan was \$227,187. Contributions to the plan totaled \$17,039, with employee contributions in the amount of \$14,086 (6.2% of current covered payroll) and City contributions in the amount of \$2,953 (1.3% of current covered payroll).

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

**Litigation**

The City is involved as a defendant in various legal proceedings. While it is not feasible to predict or determine the outcome in these cases, it is the opinion of the City that the outcome will have no material adverse effect on the financial position of the City.

**Federal and State Grants**

The City has received state and federal funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that required reimbursements, if any, will not be material.

**CITY OF LAKE FOREST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 14 SUCCESSOR AGENCY DISCLOSURES**

The assets and liabilities of the former redevelopment agency were transferred to the Successor Agency to the Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former redevelopment agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these transactions are as follows:

**Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021	Due within One Year	Due in more than One Year
Other Debt:						
2004 Certificates of Participation	\$ 5,725,000	\$ -	\$ (310,000)	\$ 5,415,000	\$ 325,000	\$ 5,090,000

**2004 Certificates of Participation**

On March 1, 2004, the Financing Authority issued \$9,505,000 in Certificates of Participation to partially finance the El Toro Road Traffic and Landscape Improvement Project. Interest is payable beginning June 1, 2004, and semiannually on each June 1 and December 1. The interest rate of this debt at the date of issue ranges from 2.80% to 4.25%. The certificates mature serially beginning December 1, 2004, through December 1, 2033. The outstanding balance at June 30, 2021, was \$5,415,000.

The Certificates of Participation utilize an asset transfer structure, whereby, concurrent with the above debt issuance, the City entered into a lease agreement with the Rancho Cañada Financing Authority with respect to Concourse Park, Pittsford Park, Rimgate Park, and Lake Forest Golf and Practice Center (collectively, the Leased Property). The City will sublease the Leased Property to the Authority, and the Authority will sublease the Leased Property to the City. The City is obligated to pay lease payments under the lease agreement from any legally available monies, including transfers from the Redevelopment Agency. The lease payments are calculated to be an amount sufficient to pay all principal and interest represented by the Certificates of Participation when due.

Annual debt service requirements to maturity for these Certificates of Participation are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 325,000	\$ 220,323	\$ 545,323
2023	335,000	207,123	542,123
2024	350,000	193,248	543,248
2025	365,000	178,590	543,590
2026	380,000	163,128	543,128
2027 to 2031	2,145,000	556,875	2,701,875
2032 to 2034	1,515,000	98,281	1,613,281
Total	<u>\$ 5,415,000</u>	<u>\$ 1,617,568</u>	<u>\$ 7,032,568</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF LAKE FOREST  
SCHEDULE OF PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY (ASSET)  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	Miscellaneous		
	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018
Plan's Proportion of the Net Pension Liability	0.01005 %	(0.00741)%	(0.00917)%
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$ 423,887	\$ (296,877)	\$ (883,666)
Plan's Covered Payroll	6,782,362	6,393,650	5,957,084
Plan's Proportionate Share of the Net Pension Liability (Asset) Percentage of Covered Payroll	6.25 %	(4.64)%	(14.83)%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	98.77 %	75.26 %	75.26 %
Plan's Proportionate Share of Aggregate Employer Contributions	1,523,671	1,347,538	1,163,795

**NOTES TO SCHEDULE**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From Fiscal Year June 30, 2015, to June 30, 2016:

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

From Fiscal Year June 30, 2016, to June 30, 2017:

There were no changes in assumptions.

From Fiscal Year June 30, 2017, to June 30, 2018:

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

From Fiscal Year June 30, 2018, to June 30, 2019:

There were no significant changes in assumptions.

From Fiscal Year June 30, 2019, to June 30, 2020:

There were no changes in assumptions.

\* Fiscal year 2015 was the first year of implementation; therefore, only seven years are shown.

*See accompanying Note to Required Supplementary Information.*

**CITY OF LAKE FOREST  
SCHEDULE OF PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY (ASSET) (CONTINUED)  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	Miscellaneous			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.02021 %	0.01521 %	0.05317 %	0.05683 %
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,003,930	\$ 1,315,948	\$ 3,649,775	\$ 3,536,521
Plan's Covered Payroll	6,123,728	5,714,410	5,368,494	5,321,851
Plan's Proportionate Share of the Net Pension Liability (Asset) Percentage of Covered Payroll	32.72 %	23.03 %	67.99 %	66.45 %
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.31 %	74.06 %	78.40 %	79.82 %
Plan's Proportionate Share of Aggregate Employer Contributions	958,574	845,984	658,027	467,868

*See accompanying Note to Required Supplementary Information.*

**CITY OF LAKE FOREST  
SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	Miscellaneous		
	June 30, 2021	June 30, 2020	June 30, 2019
Contractually Required Contribution (Actuarially Determined)	\$ 628,116	\$ 637,268	\$ 561,053
Contributions in Relation to the Actuarially Determined Contributions	<u>(628,116)</u>	<u>(637,268)</u>	<u>(561,053)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,847,203	\$ 6,782,362	\$ 6,393,650
Contributions as a Percentage of Covered Payroll	10.74%	9.40%	8.78%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value
Inflation	2.625%	2.625%	2.75%
Salary Increases	(2)	(2)	(2)
Investment Rate of Return	7.25% (3)	7.25% (3)	7.375% (3)
Retirement Age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

- (1) Level of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 years (2%@55) and 52 years (2%@62)
- (5) Mortality assumptions are based on monthly rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\* Fiscal year 2015 was the first year of implementation; therefore, only seven years are shown.

See accompanying Note to Required Supplementary Information.

**CITY OF CITY OF LAKE FOREST  
SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	Miscellaneous			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	\$ 509,038	\$ 522,439	\$ 607,438	\$ 600,646
Contributions in Relation to the Actuarially Determined Contributions	<u>(2,965,383)</u>	<u>(522,439)</u>	<u>(4,328,303)</u>	<u>(600,646)</u>
Contribution Deficiency (Excess)	<u>\$ (2,456,345)</u>	<u>\$ -</u>	<u>\$ (3,720,865)</u>	<u>\$ -</u>
Covered Payroll	\$ 5,957,084	\$ 6,123,728	\$ 5,714,410	\$ 5,368,494
Contributions as a Percentage of Covered Payroll	49.78%	8.53%	75.74%	11.19%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)
Investment Rate of Return	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)

- (1) Level of payroll, closed  
(2) Depending on age, service, and type of employment  
(3) Net of pension plan investment expense, including inflation  
(4) 50 years (2%@55) and 52 years (2%@62)  
(5) Mortality assumptions are based on monthly rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\* Fiscal year 2015 was the first year of implementation; therefore, only seven years are shown.

**CITY OF LAKE FOREST  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

Fiscal Year End	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability:</b>				
Service Cost	\$ 88,328	\$ 62,082	\$ 41,280	\$ 40,175
Interest on Total OPEB Liability	38,927	40,575	29,933	37,110
Differences Between Actual and Expected Experience	(1,120)	(142,818)	-	-
Changes In Assumptions	222,172	105,362	192,537	-
Benefit Payments, Including Refunds	(20,153)	(19,518)	(21,242)	(12,270)
Net Change in Total OPEB Liability	<u>328,154</u>	<u>45,683</u>	<u>242,508</u>	<u>65,015</u>
Total OPEB Liability - Beginning of Year	<u>990,856</u>	<u>945,173</u>	<u>702,665</u>	<u>637,650</u>
Total OPEB Liability - End of Year (a)	1,319,010	990,856	945,173	702,665
<b>Plan Fiduciary Net Position:</b>				
Contributions - Employer	-	-	-	49,125
Net Investment Income	20,094	34,120	32,331	(1,222)
Benefit Payments	(20,153)	(19,518)	(21,242)	(12,270)
Administrative Expenses	(2,820)	(1,293)	-	-
Net Change in Plan Fiduciary Net Position	(2,879)	13,309	11,089	35,633
Plan Fiduciary Net Position - Beginning of Year	<u>533,036</u>	<u>519,727</u>	<u>508,638</u>	<u>473,005</u>
Plan Fiduciary Net Position - End of Year (b)	<u>530,157</u>	<u>533,036</u>	<u>519,727</u>	<u>508,638</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 788,853</u>	<u>\$ 457,820</u>	<u>\$ 425,446</u>	<u>\$ 194,027</u>
Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability	40.19%	53.80%	54.99%	72.39%
Covered - Employee Payroll	\$ 6,782,362	\$ 6,393,650	\$ 5,957,084	\$ 6,123,728
Net OPEB Liability as a Percentage of Covered-Employee Payroll	11.63%	7.16%	7.14%	3.17%

**NOTES TO SCHEDULE**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From Fiscal Year June 30, 2018, to June 30, 2019:

The Discount Rate was changed from 5.7% To 4.2%.

From Fiscal Year June 30, 2019, to June 30, 2020:

The Discount Rate was changed from 4.2% To 3.8%.

From Fiscal Year June 30, 2019, to June 30, 2020:

The Discount Rate was changed from 3.8% To 2.7%.

\* Fiscal Year 2018 was the first year of implementation and therefore only four years are shown.

See accompanying Note to Required Supplementary Information.

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 26,201,000	\$ 26,500,000	\$ 27,799,188	\$ 1,299,188
Licenses and Permits	1,654,000	2,504,000	2,467,593	(36,407)
Intergovernmental	467,600	777,600	555,290	(222,310)
Intergovernmental - Sales Tax	13,650,000	15,750,000	17,241,510	1,491,510
Charges for Services	2,647,500	2,952,500	3,415,512	463,012
Developer Contributions	190,000	190,000	332,120	142,120
Fines and Forfeitures	410,000	410,000	370,443	(39,557)
Investment Income	600,000	600,000	496,614	(103,386)
Other	230,000	230,000	625,726	395,726
Total Revenues	<u>46,050,100</u>	<u>49,914,100</u>	<u>53,303,996</u>	<u>3,389,896</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
City Council	56,600	56,600	51,605	4,995
City Manager	2,855,950	2,932,350	2,542,364	389,986
City Attorney	1,286,000	1,286,000	1,103,952	182,048
City Clerk	703,050	641,750	574,478	67,272
Finance	2,933,650	2,687,150	2,326,579	360,571
Public Safety:				
Police Services	19,631,900	19,737,700	18,501,410	1,236,290
Public Works	12,564,600	12,518,300	11,980,531	537,769
Community Development	2,984,900	3,539,900	3,222,640	317,260
Management Services	1,091,000	1,031,000	940,529	90,471
Community Services	2,435,050	1,712,150	1,674,283	37,867
Capital Outlay	5,669,010	13,718,470	3,636,475	10,081,995
Total Expenditures	<u>52,211,710</u>	<u>59,861,370</u>	<u>46,554,846</u>	<u>13,306,524</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(6,161,610)	(9,947,270)	6,749,150	16,696,420
Fund Balance - Beginning of Year	<u>69,254,823</u>	<u>69,254,823</u>	<u>69,254,823</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 63,093,213</u></u>	<u><u>\$ 59,307,553</u></u>	<u><u>\$ 76,003,973</u></u>	<u><u>\$ 16,696,420</u></u>

See accompanying Note to Required Supplementary Information.

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
MEASURE M SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,629,225	\$ 1,682,463	\$ 1,786,290	\$ 103,827
Charges for Services	125,000	12,500	1,446	(11,054)
Investment Income	8,100	8,100	11,834	3,734
Total Revenues	<u>1,762,325</u>	<u>1,703,063</u>	<u>1,799,570</u>	<u>96,507</u>
<b>EXPENDITURES</b>				
Current:				
General Government	254,800	254,800	-	254,800
Community Services	90,000	90,000	8,735	81,265
Capital Outlay	<u>1,576,064</u>	<u>3,017,064</u>	<u>2,538,737</u>	<u>478,327</u>
Total Expenditures	<u>1,920,864</u>	<u>3,361,864</u>	<u>2,547,472</u>	<u>814,392</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(158,539)	(1,658,801)	(747,902)	910,899
Fund Balance - Beginning of Year	<u>1,734,417</u>	<u>1,734,417</u>	<u>1,734,417</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,575,878</u>	<u>\$ 75,616</u>	<u>\$ 986,515</u>	<u>\$ 910,899</u>

See accompanying Note to Required Supplementary Information.

**CITY OF LAKE FOREST  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**BUDGETARY POLICY AND CONTROL**

Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General, Special Revenue, Debt Service, and Capital Projects.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a department. The City Manager is authorized to transfer appropriations within and between departments/projects provided there is no net increase in total appropriations at the department level.

Budgeted amounts presented are as originally adopted and as further amended by the City Council.

The City did not adopt a budget for City Facilities Replacement Capital Projects Funds.

Continuing Appropriations

The unexpended and unencumbered appropriations, which are available and recommended for continuation to the following fiscal year, are approved by the City Council for carryover. Encumbered appropriations lapse at year-end but are recommended to the City Council for carryover.

**SUPPLEMENTARY INFORMATION**

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**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
OPPORTUNITIES STUDY AREA CAPITAL PROJECTS FUND – MAJOR FUND  
YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Developer Contributions	\$ 8,795,000	\$ 18,435,499	\$ 9,640,499
Other	-	491,782	491,782
Total Revenues	<u>8,795,000</u>	<u>18,927,281</u>	<u>10,132,281</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>1,039,804</u>	<u>756,807</u>	<u>282,997</u>
Total Expenditures	<u>1,039,804</u>	<u>756,807</u>	<u>282,997</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	7,755,196	18,170,474	10,415,278
Fund Balance - Beginning of Year	<u>862,209</u>	<u>862,209</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 8,617,405</u></u>	<u><u>\$ 19,032,683</u></u>	<u><u>\$ 10,415,278</u></u>

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**CITY OF LAKE FOREST, CALIFORNIA  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2021**

**SPECIAL REVENUE FUNDS**

**Air Quality Improvement Fund**

This fund is used to account for the City's share of vehicle registration fees collected under AB2766 that the State of California has allocated to address air quality concerns in Southern California. These monies are to be used to fund programs to reduce air pollution from mobile sources such as cars, trucks, and buses.

**Supplemental Law Enforcement Grant Fund**

This fund is used to account for revenue and expenditures of the State funded Supplemental Law Enforcement Program.

**Housing Authority Fund**

This fund is used to account for revenue and expenditures of a portion of the affordable housing administration in the City.

**AB 939 Fund**

This fund is used to account for revenue and expenditures from the City's franchise hauler for the purpose of general recycling activities under AB 939.

**Beverage Recycling Fund**

This fund is used to account for revenue and expenditures related to grant funding received from the California State Department of Conservation for the purpose of implementing and supporting beverage recycling programs within the City.

**Community Development Block Grant Fund**

This fund is used to account for receipts and expenditures made under the federal Community Development Block Grant program.

**Gas Tax Special Revenue Fund**

This fund is used to account for revenue and expenditures of money appropriated under Streets and Highways Code Sections 2105, 2106, 2107, 2107.5 and Proposition 1B of the State of California. These funds are earmarked for maintenance, rehabilitation, or improvement of public streets.

**CASP Program Special Revenue Fund**

This fund is used to account for certified access specialist program (CASP) under AB 1379.

**Coronavirus Aid, Relief, and Economic Security ("CARES") Act Assistance Special Revenue Fund**

This fund is used to account for revenues and expenditures made for the CARES Act funds received from the County and State to respond to COVID-19 pandemic.

**CITY OF LAKE FOREST, CALIFORNIA  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2021**

**CAPITAL PROJECTS FUNDS**

**Lake Forest Transportation Mitigation Fund**

This fund is used to account for developer impact fees to improve specific intersections City-wide.

**Park Development Fund**

This fund is used to account for developer impact fees and other funds received by the City for the specific purpose of constructing new parks or renovating existing parks.

**Affordable Housing Fund**

This fund is used to account for developer impact fees for affordable housing purposes and related capital projects.

**Foothill Circulation Phasing Plan (FCPP) Fund**

This fund is used to accumulate financial resources for the purpose of providing funds for acquisitioned construction of roads, bridges and intersection improvement as outlined by the Foothill Circulation Phasing Plan adopted by the County of Orange.

**Meadows Traffic Improvement Fund**

This fund is used to account for developer impact fees to improve specific intersections.

**CITY OF LAKE FOREST  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	Special Revenue Fund			
	Air Quality Improvement	Supplemental Law Enforcement Grant	Housing Authority	AB 939
<b>ASSETS</b>				
Cash and Investments	\$ 530,305	\$ 279,147	\$ 1,142,657	\$ 3,819
Receivables:				
Accounts	-	-	-	-
Grants	-	78,863	-	-
Loans	-	-	214,145	-
Notes	-	-	100,000	-
Due from Other Governments	28,126	-	-	-
<b>Total Assets</b>	<b><u>\$ 558,431</u></b>	<b><u>\$ 358,010</u></b>	<b><u>\$ 1,456,802</u></b>	<b><u>\$ 3,819</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 20,666	\$ -	\$ 3,849	\$ -
Retentions Payable	-	-	-	-
<b>Total Liabilities</b>	<b><u>20,666</u></b>	<b><u>-</u></b>	<b><u>3,849</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues	-	-	100,000	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>100,000</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>				
Restricted	537,765	358,010	1,352,953	3,819
<b>Total Fund Balances</b>	<b><u>537,765</u></b>	<b><u>358,010</u></b>	<b><u>1,352,953</u></b>	<b><u>3,819</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 558,431</u></b>	<b><u>\$ 358,010</u></b>	<b><u>\$ 1,456,802</u></b>	<b><u>\$ 3,819</u></b>

**CITY OF LAKE FOREST  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2021**

	Special Revenue Funds				
	Beverage Recycling	Community Development Block Grant	Gas Tax	CASP Program	CARES Act Assistance
<b>ASSETS</b>					
Cash and Investments	\$ 59,499	\$ 150,029	\$ 3,667,363	\$ 18,874	\$ -
Receivables:					
Accounts	-	-	531	-	-
Grants	-	186,998	-	-	-
Loans	-	1,838,406	-	-	-
Notes	-	-	-	-	-
Due from Other Governments	-	-	286,175	-	-
<b>Total Assets</b>	<b>\$ 59,499</b>	<b>\$ 2,175,433</b>	<b>\$ 3,954,069</b>	<b>\$ 18,874</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 798	\$ 204,504	\$ 102,032	\$ 152	\$ -
Retentions Payable	-	-	3,632	-	-
<b>Total Liabilities</b>	<b>798</b>	<b>204,504</b>	<b>105,664</b>	<b>152</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted	58,701	1,970,929	3,848,405	18,722	-
<b>Total Fund Balances</b>	<b>58,701</b>	<b>1,970,929</b>	<b>3,848,405</b>	<b>18,722</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 59,499</b>	<b>\$ 2,175,433</b>	<b>\$ 3,954,069</b>	<b>\$ 18,874</b>	<b>\$ -</b>

**CITY OF LAKE FOREST  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2021**

	Capital Projects Funds					Total Other Governmental Funds
	Lake Forest Transportation Mitigation	Park Development	Affordable Housing	FCPP	Meadows Traffic Improvement	
<b>ASSETS</b>						
Cash and Investments	\$ 10,420,313	\$ 3,251,094	\$ 6,549,101	\$ 6,580,307	\$ -	\$ 32,652,508
Receivables:						
Accounts	-		-	-	-	531
Grants	-	-	-	-	-	265,861
Loans	-	-	-	-	-	2,052,551
Notes	-	-	-	-	-	100,000
Due from Other Governments	-	-	-	-	-	314,301
<b>Total Assets</b>	<b>\$ 10,420,313</b>	<b>\$ 3,251,094</b>	<b>\$ 6,549,101</b>	<b>\$ 6,580,307</b>	<b>\$ -</b>	<b>\$ 35,385,752</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 14,732	\$ 4,071	\$ -	\$ 13,742	\$ -	\$ 364,546
Retentions Payable	-	21,000	-	-	-	24,632
<b>Total Liabilities</b>	<b>14,732</b>	<b>25,071</b>	<b>-</b>	<b>13,742</b>	<b>-</b>	<b>389,178</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenues	-	-	-	-	-	100,000
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>FUND BALANCES</b>						
Restricted	10,405,581	3,226,023	6,549,101	6,566,565	-	34,896,574
<b>Total Fund Balances</b>	<b>10,405,581</b>	<b>3,226,023</b>	<b>6,549,101</b>	<b>6,566,565</b>	<b>-</b>	<b>34,896,574</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,420,313</b>	<b>\$ 3,251,094</b>	<b>\$ 6,549,101</b>	<b>\$ 6,580,307</b>	<b>\$ -</b>	<b>\$ 35,385,752</b>

**CITY OF LAKE FOREST  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES – OTHER GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2021**

	Air Quality Improvement	Supplemental Law Enforcement Grant	Housing Authority	AB 939
<b>REVENUES</b>				
Intergovernmental	\$ 110,614	\$ 207,551	\$ -	\$ -
Charges for Services	-	-	-	-
Developer Contributions	-	-	-	-
Investment Income	3,952	-	6,703	-
Other	-	-	9,180	45,557
Total Revenues	<u>114,566</u>	<u>207,551</u>	<u>15,883</u>	<u>45,557</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	125,000	-	-
Public Works	38,294	-	-	44,800
Community Development	-	-	69,402	-
Capital Outlay	204,446	-	-	-
Total Expenditures	<u>242,740</u>	<u>125,000</u>	<u>69,402</u>	<u>44,800</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(128,174)	82,551	(53,519)	757
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of property	-	-	780,896	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>780,896</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(128,174)	82,551	727,377	757
Fund Balances - Beginning of Year	<u>665,939</u>	<u>275,459</u>	<u>625,576</u>	<u>3,062</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 537,765</u>	<u>\$ 358,010</u>	<u>\$ 1,352,953</u>	<u>\$ 3,819</u>

**CITY OF LAKE FOREST  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds				
	Beverage Recycling	Community Development Block Grant	Gas Tax	CASP Program	CARES Act Assistance
<b>REVENUES</b>					
Intergovernmental	\$ 21,061	\$ 569,417	\$ 3,426,048	\$ -	\$ 1,045,938
Charges for Services	-	-	-	6,254	-
Developer Contributions	-	-	-	-	-
Investment Income	-	-	21,880	-	-
Other	-	-	739	-	-
Total Revenues	21,061	569,417	3,448,667	6,254	1,045,938
<b>EXPENDITURES</b>					
Current:					
Public Safety	-	-	-	-	-
Public Works	11,095	-	1,827,189	-	-
Community Development	-	490,227	-	-	-
Capital Outlay	-	30,117	686,572	-	-
Total Expenditures	11,095	520,344	2,513,761	-	-
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	9,966	49,073	934,906	6,254	1,045,938
<b>OTHER FINANCING SOURCES</b>					
Proceeds from sale of property	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	9,966	49,073	934,906	6,254	1,045,938
Fund Balances - Beginning of Year	48,735	1,921,856	2,913,499	12,468	(1,045,938)
<b>FUND BALANCES - END OF YEAR</b>	\$ 58,701	\$ 1,970,929	\$ 3,848,405	\$ 18,722	\$ -

**CITY OF LAKE FOREST  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	Capital Projects Funds					Total Other Governmental Funds
	Lake Forest Transportation Mitigation	Park Development	Affordable Housing	F CPP	Meadows Traffic Improvement	
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,380,629
Charges for Services	-	-	-	-	-	6,254
Developer Contributions	1,553,445	2,642,812	268,848	2,803,201	-	7,268,306
Investment Income	62,965	8,705	41,378	34,346	-	179,929
Other	-	-	-	-	-	55,476
<b>Total Revenues</b>	<u>1,616,410</u>	<u>2,651,517</u>	<u>310,226</u>	<u>2,837,547</u>	<u>-</u>	<u>12,890,594</u>
<b>EXPENDITURES</b>						
Current:						
Public Safety	-	-	-	-	-	125,000
Public Works	-	-	-	-	-	1,921,378
Community Development	-	-	-	-	-	559,629
Capital Outlay	248,584	571,956	-	56,821	-	1,798,496
<b>Total Expenditures</b>	<u>248,584</u>	<u>571,956</u>	<u>-</u>	<u>56,821</u>	<u>-</u>	<u>4,404,503</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,367,826	2,079,561	310,226	2,780,726	-	8,486,091
<b>OTHER FINANCING SOURCES</b>						
Proceeds from sale of property	-	-	-	-	-	780,896
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,896</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,367,826	2,079,561	310,226	2,780,726	-	9,266,987
Fund Balances - Beginning of Year	<u>9,037,755</u>	<u>1,146,462</u>	<u>6,238,875</u>	<u>3,785,839</u>	<u>-</u>	<u>25,629,587</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 10,405,581</u>	<u>\$ 3,226,023</u>	<u>\$ 6,549,101</u>	<u>\$ 6,566,565</u>	<u>\$ -</u>	<u>\$ 34,896,574</u>

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 110,000	\$ 110,614	\$ 614
Investment Income	4,500	3,952	(548)
Total Revenues	<u>114,500</u>	<u>114,566</u>	<u>66</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	49,200	38,294	10,906
Capital Outlay	388,864	204,446	184,418
Total Expenditures	<u>438,064</u>	<u>242,740</u>	<u>195,324</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(323,564)	(128,174)	195,390
Fund Balance - Beginning of Year	<u>665,939</u>	<u>665,939</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 342,375</u></u>	<u><u>\$ 537,765</u></u>	<u><u>\$ 195,390</u></u>

**CITY OF LAKE FOREST  
 BUDGETARY COMPARISON SCHEDULE  
 SUPPLEMENTAL LAW ENFORCEMENT GRANT SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 125,000	\$ 207,551	\$ 82,551
Total Revenues	<u>125,000</u>	<u>207,551</u>	<u>82,551</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	125,000	125,000	-
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	82,551	82,551
Fund Balance - Beginning of Year	<u>275,459</u>	<u>275,459</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 275,459</u>	<u>\$ 358,010</u>	<u>\$ 82,551</u>

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
HOUSING AUTHORITY SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Income	\$ 5,000	\$ 6,703	\$ 1,703
Other	7,600	9,180	1,580
Total Revenues	<u>12,600</u>	<u>15,883</u>	<u>3,283</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	<u>99,700</u>	<u>69,402</u>	<u>30,298</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(87,100)	(53,519)	33,581
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of property	<u>-</u>	<u>780,896</u>	<u>780,896</u>
<b>NET CHANGE IN FUND BALANCE</b>	(87,100)	727,377	814,477
Fund Balance - Beginning Of Year	<u>625,576</u>	<u>625,576</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 538,476</u></u>	<u><u>\$ 1,352,953</u></u>	<u><u>\$ 814,477</u></u>

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
AB 939 SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Other	\$ 43,000	\$ 45,557	\$ 2,557
<b>EXPENDITURES</b>			
Current:			
Public Works	44,800	44,800	-
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,800)	757	2,557
Fund Balance - Beginning Of Year	3,062	3,062	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,262</u>	<u>\$ 3,819</u>	<u>\$ 2,557</u>

**CITY OF LAKE FOREST  
 BUDGETARY COMPARISON SCHEDULE  
 BEVERAGE RECYCLING SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 21,300	\$ 21,061	\$ (239)
<b>EXPENDITURES</b>			
Current:			
Public Works	20,000	11,095	8,905
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	1,300	9,966	8,666
Fund Balance - Beginning of Year	48,735	48,735	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 50,035</b>	<b>\$ 58,701</b>	<b>\$ 8,666</b>

**CITY OF LAKE FOREST  
 BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 1,485,853	\$ 569,417	\$ (916,436)
<b>EXPENDITURES</b>			
Current:			
Community Development	1,478,653	490,227	988,426
Capital Outlay	129,155	30,117	99,038
Total Expenditures	1,607,808	520,344	1,087,464
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(121,955)	49,073	171,028
Fund Balance - Beginning of Year	1,921,856	1,921,856	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 1,799,901	\$ 1,970,929	\$ 171,028

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
GAS TAX SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 3,528,000	\$ 3,426,048	\$ (101,952)
Investment Income	7,500	21,880	14,380
Other	-	739	739
Total Revenues	3,535,500	3,448,667	(86,833)
<b>EXPENDITURES</b>			
Current:			
Public Works	1,908,700	1,827,189	81,511
Capital Outlay	3,122,470	686,572	2,435,898
Total Expenditures	5,031,170	2,513,761	2,517,409
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,495,670)	934,906	2,430,576
Fund Balance - Beginning of Year	2,913,499	2,913,499	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 1,417,829	\$ 3,848,405	\$ 2,430,576

**CITY OF LAKE FOREST  
 BUDGETARY COMPARISON SCHEDULE  
 CASP PROGRAM SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 5,000	\$ -	\$ (5,000)
<b>EXPENDITURES</b>			
Current:			
Community Development	5,000	-	5,000
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-
Fund Balance - Beginning of Year	12,468	12,468	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 12,468</b>	<b>\$ 12,468</b>	<b>\$ -</b>

**CITY OF LAKE FOREST  
 BUDGETARY COMPARISON SCHEDULE  
 CARES ACT ASSISTANCE SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 1,045,938	\$ 1,045,938	\$ -
Fund Balance - Beginning Of Year	<u>(1,045,938)</u>	<u>(1,045,938)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF LAKE FOREST  
 BUDGETARY COMPARISON SCHEDULE  
 LAKE FOREST TRANSPORTATION MITIGATION CAPITAL PROJECTS FUND  
 YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Developer Contributions	\$ 716,100	\$ 1,553,445	\$ 837,345
Investment Income	35,000	62,965	27,965
Total Revenues	<u>751,100</u>	<u>1,616,410</u>	<u>865,310</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>5,080,592</u>	<u>248,584</u>	<u>4,832,008</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,329,492)	1,367,826	5,697,318
Fund Balance - Beginning of Year	<u>9,037,755</u>	<u>9,037,755</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 4,708,263</u></u>	<u><u>\$ 10,405,581</u></u>	<u><u>\$ 5,697,318</u></u>

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
PARK DEVELOPMENT CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Developer Contributions	\$ 505,000	\$ 2,642,812	\$ 2,137,812
Investment Income	10,000	8,705	(1,295)
Total Revenues	<u>515,000</u>	<u>2,651,517</u>	<u>2,136,517</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>619,842</u>	<u>571,956</u>	<u>47,886</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(104,842)	2,079,561	2,184,403
Fund Balance - Beginning of Year	<u>1,146,462</u>	<u>1,146,462</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,041,620</u></u>	<u><u>\$ 3,226,023</u></u>	<u><u>\$ 2,184,403</u></u>

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
AFFORDABLE HOUSING CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Developer Contributions	\$ 380,200	\$ 268,848	\$ (111,352)
Investment Income	25,000	41,378	16,378
Total Revenues	<u>405,200</u>	<u>310,226</u>	<u>(94,974)</u>
Fund Balance - Beginning of Year	<u>6,238,875</u>	<u>6,238,875</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 6,644,075</u></u>	<u><u>\$ 6,549,101</u></u>	<u><u>\$ (94,974)</u></u>

**CITY OF LAKE FOREST  
BUDGETARY COMPARISON SCHEDULE  
FCPP CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Developer Contributions	\$ 1,768,700	\$ -	\$ (1,768,700)
Investment Income	-	-	-
Total Revenues	<u>1,768,700</u>	<u>-</u>	<u>(1,768,700)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>2,770,055</u>	<u>-</u>	<u>2,770,055</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,001,355)	-	1,001,355
Fund Balance - Beginning of Year	<u>3,785,839</u>	<u>3,785,839</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 2,784,484</u></u>	<u><u>\$ 3,785,839</u></u>	<u><u>\$ 1,001,355</u></u>

**CITY OF LAKE FOREST  
 BUDGETARY COMPARISON SCHEDULE  
 MEADOWS TRAFFIC IMPROVEMENT CAPITAL PROJECTS FUND  
 YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Developer Contributions	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Capital Outlay	250,000	-	250,000
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(250,000)	-	250,000
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ 250,000</u>

**CITY OF LAKE FOREST, CALIFORNIA  
CUSTODIAL FUNDS  
JUNE 30, 2021**

**Road Construction Programs Fund**

This fund is used to account for monies collected on behalf of the County of Orange and held in an agency capacity by the City.

**Strong Motion Instrumentation Program Fund**

This fund is used to account for monies collected in conjunction with building permits for the Strong Motion Instrumentation Program. These fees are collected pursuant to State law and are remitted to the State of California quarterly.

**Building Standards Administration Fund**

This fund is used to account for monies collected in conjunction with building permits for development and education efforts associated with green building standards. Fees are collected pursuant to State law and are remitted to the California Building Standards Commission quarterly.

**CITY OF LAKE FOREST  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 ALL CUSTODIAL FUNDS  
 JUNE 30, 2021**

	<u>Road Construction Programs</u>	<u>Strong Motion Instrumentation Program</u>	<u>Building Standards Administration</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Investments	<u>\$ 110,859</u>	<u>\$ 5,639</u>	<u>\$ 1,633</u>	<u>\$ 118,131</u>
<b>NET POSITION</b>				
Restricted for Other Governments	<u><u>\$ 110,859</u></u>	<u><u>\$ 5,639</u></u>	<u><u>\$ 1,633</u></u>	<u><u>\$ 118,131</u></u>

**CITY OF LAKE FOREST  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 ALL CUSTODIAL FUNDS  
 YEAR ENDED JUNE 30, 2021**

	<u>Road Construction Programs</u>	<u>Strong Motion Instrumentation Program</u>	<u>Building Standards Administration</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>				
Fees collected	\$ 3,376,609	\$ 24,047	\$ 7,565	\$ 3,408,221
<b>DEDUCTIONS</b>				
Payments to organizations	<u>3,572,308</u>	<u>46,856</u>	<u>14,133</u>	<u>3,633,297</u>
<b>CHANGE IN NET POSITION</b>	(195,699)	(22,809)	(6,568)	(225,076)
Net Position - Beginning of Year, as restated	<u>306,558</u>	<u>28,448</u>	<u>8,201</u>	<u>343,207</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 110,859</u></u>	<u><u>\$ 5,639</u></u>	<u><u>\$ 1,633</u></u>	<u><u>\$ 118,131</u></u>

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## **STATISTICAL SECTION**

**CITY OF LAKE FOREST  
DESCRIPTION OF STATISTICAL SECTION CONTENTS  
JUNE 30, 2021**

This section of the City of Lake Forest'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 City's overall financial health. This information has not been audited by the independent auditor.

**Contents**

<b>Financial Trends</b>	100
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	108
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
<b>Debt Capacity</b>	113
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt.	
<b>Demographic and Economic Information</b>	117
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	119
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.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year. The City implemented GASB 34 in the year ended June 30, 2001; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental Activities:					
Net Investment in Capital					
Assets	\$ 364,478,865	\$ 369,539,737	\$ 350,135,051	\$ 306,575,269	\$ 289,675,809
Restricted	56,821,382	33,443,619	46,500,440	85,056,220	86,935,224
Unrestricted	<u>73,718,459</u>	<u>67,713,709</u>	<u>62,454,098</u>	<u>59,233,561</u>	<u>57,503,603</u>
Total Governmental Activities Net Position	<u>\$ 495,018,706</u>	<u>\$ 470,697,065</u>	<u>\$ 459,089,589</u>	<u>\$ 450,865,050</u>	<u>\$ 434,114,636</u>
Primary Government:					
Net Investment in Capital					
Assets	\$ 364,478,865	\$ 369,539,737	\$ 350,135,051	\$ 306,575,269	\$ 289,675,809
Restricted	56,821,382	33,443,619	46,500,440	85,056,220	86,935,224
Unrestricted	<u>73,718,459</u>	<u>67,713,709</u>	<u>62,454,098</u>	<u>59,233,561</u>	<u>57,503,603</u>
Total Primary Government Net Position	<u>\$ 495,018,706</u>	<u>\$ 470,697,065</u>	<u>\$ 459,089,589</u>	<u>\$ 450,865,050</u>	<u>\$ 434,114,636</u>

**CITY OF LAKE FOREST  
NET POSITION BY COMPONENT (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities:					
Net Investment in Capital					
Assets					
Restricted	\$ 290,672,787	\$ 295,972,599	\$ 279,126,412	\$ 261,724,142	\$ 230,847,108
Unrestricted	57,690,609	29,800,383	21,073,548	9,879,415	7,250,841
Total Governmental Activities Net Position	<u>53,161,871</u>	<u>46,337,745</u>	<u>47,136,786</u>	<u>41,298,066</u>	<u>71,885,182</u>
	<u>\$ 401,525,267</u>	<u>\$ 372,110,727</u>	<u>\$ 347,336,746</u>	<u>\$ 312,901,623</u>	<u>\$ 309,983,131</u>
Primary Government:					
Net Investment in Capital					
Assets					
Restricted	\$ 290,672,787	\$ 295,972,599	\$ 279,126,412	\$ 261,724,142	\$ 230,847,108
Unrestricted	57,690,609	29,800,383	21,073,548	9,879,415	7,250,841
Total Primary Government Net Position	<u>53,161,871</u>	<u>46,337,745</u>	<u>47,136,786</u>	<u>41,298,066</u>	<u>71,885,182</u>
	<u>\$ 401,525,267</u>	<u>\$ 372,110,727</u>	<u>\$ 347,336,746</u>	<u>\$ 312,901,623</u>	<u>\$ 309,983,131</u>

**CITY OF LAKE FOREST  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2021	2020	2019	2018	2017
Expenses:					
Governmental Activities:					
General Government	\$ 11,572,488	\$ 7,585,821	\$ 7,093,463	\$ 6,546,094	\$ 4,272,828
Public Safety	18,692,435	18,535,864	18,425,493	17,923,801	17,077,527
Public Works	25,618,790	28,288,176	24,444,530	24,687,112	23,524,052
Community Development	3,782,269	4,288,351	3,911,748	3,416,043	4,099,647
Management Services	968,139	2,152,820	1,984,013	1,685,829	3,530,256
Community Services	1,687,425	3,692,026	4,020,637	3,822,054	3,669,210
Redevelopment/Economic Development	-	-	-	1,259,409	1,364,991
Interest on Long-Term Debt	-	-	180,651	296,355	326,511
Total Governmental Activities Expenses	<u>62,321,546</u>	<u>64,543,058</u>	<u>60,060,535</u>	<u>59,636,697</u>	<u>57,865,022</u>
Program Revenues:					
Governmental Activities:					
Charges For Services:					
General Government	26,831	25,113	38,118	111,937	53,071
Public Safety	351,282	319,814	482,786	427,082	421,998
Public Works	1,783,741	2,378,094	2,483,073	2,211,935	2,256,578
Community Development	3,662,837	3,780,717	3,026,777	3,934,617	5,291,838
Management Services	-	26,083	49,433	38,477	29,702
Community Services	739,802	703,713	850,639	849,645	776,774
Operating Grants and Contributions	7,423,897	7,246,720	5,684,836	5,497,777	4,482,584
Capital Grants and Contributions	25,703,805	16,071,607	6,781,304	20,318,939	36,901,620
Total Governmental Activities Program Revenues	<u>39,692,195</u>	<u>30,551,861</u>	<u>19,396,966</u>	<u>33,390,409</u>	<u>50,214,165</u>
Total Primary Government Program Revenues	<u>39,692,195</u>	<u>30,551,861</u>	<u>19,396,966</u>	<u>33,390,409</u>	<u>50,214,165</u>
Net Expenses:					
Governmental Activities	<u>(22,629,351)</u>	<u>(33,991,197)</u>	<u>(40,663,569)</u>	<u>(26,246,288)</u>	<u>(7,650,857)</u>
Total Net Expenses	<u>(22,629,351)</u>	<u>(33,991,197)</u>	<u>(40,663,569)</u>	<u>(26,246,288)</u>	<u>(7,650,857)</u>
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property Taxes	22,325,072	21,393,000	20,162,559	18,729,118	17,387,743
Transient Occupancy Taxes	2,883,787	2,922,220	3,670,842	3,809,393	3,775,297
Other Taxes	2,641,459	2,477,570	2,663,628	2,506,724	2,355,130
Motor Vehicle in Lieu, Unrestricted	-	-	-	-	-
Intergovernmental - Sales Tax	17,241,510	15,588,270	17,104,605	16,051,061	15,639,800
Investment Income	829,264	2,344,469	3,606,918	1,621,638	740,011
Other General Revenues	475,004	973,144	1,679,556	524,935	342,245
Total Governmental Activities	<u>46,396,096</u>	<u>45,698,673</u>	<u>48,888,108</u>	<u>43,242,869</u>	<u>40,240,226</u>
Total Primary Government	<u>46,396,096</u>	<u>45,698,673</u>	<u>48,888,108</u>	<u>43,242,869</u>	<u>40,240,226</u>
Changes In Net Position - Governmental Activities before Extraordinary Items	23,766,745	11,707,476	8,224,539	16,996,581	32,589,369
Gain (Loss) on Sale of Property	454,896	-	-	-	-
Gain on Transfer to Successor Agency	-	-	-	-	-
Repayment of Redevelopment Agency Transfers	-	-	-	-	-
Changes in Net Position - Governmental Activities	<u>24,221,641</u>	<u>11,707,476</u>	<u>8,224,539</u>	<u>16,996,581</u>	<u>32,589,369</u>
Total Primary Government	<u>\$ 24,221,641</u>	<u>\$ 11,707,476</u>	<u>\$ 8,224,539</u>	<u>\$ 16,996,581</u>	<u>\$ 32,589,369</u>

**CITY OF LAKE FOREST  
CHANGES IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses:					
Governmental Activities:					
General Government	\$ 3,335,882	\$ 3,332,153	\$ 3,401,844	\$ 3,631,087	\$ 4,431,490
Public Safety	14,853,065	14,194,696	13,112,376	13,042,863	12,727,476
Public Works	20,500,898	20,092,962	16,586,125	15,675,226	18,319,374
Community Development	3,085,798	2,952,975	3,365,898	2,276,925	3,157,839
Management Services	4,282,761	3,851,942	3,921,282	3,573,679	1,925,802
Community Services	3,513,867	3,583,291	2,982,195	2,860,468	3,196,803
Redevelopment/Economic Development	1,303,781	1,399,347	1,257,816	1,129,619	2,470,827
Interest on Long-Term Debt	355,732	383,724	415,851	437,281	789,553
Total Governmental Activities Expenses	<u>51,231,784</u>	<u>49,791,090</u>	<u>45,043,387</u>	<u>42,627,148</u>	<u>47,019,164</u>
Program Revenues:					
Governmental Activities:					
Charges For Services:					
General Government	29,163	24,083	351	19,310	24,229
Public Safety	539,537	445,789	585,640	403,329	455,602
Public Works	1,557,687	1,201,162	972,382	2,440,566	1,343,146
Community Development	4,007,925	2,892,724	3,809,208	1,730,035	1,712,059
Management Services	22,175	19,212	36,251	-	-
Community Services	796,292	562,548	325,946	1,129,883	679,038
Operating Grants and Contributions	3,883,399	4,407,227	4,355,113	4,003,150	4,082,601
Capital Grants and Contributions	31,307,562	33,597,542	34,320,520	1,669,232	23,696,197
Total Governmental Activities Program Revenues	<u>42,143,740</u>	<u>43,150,287</u>	<u>44,405,411</u>	<u>11,395,505</u>	<u>31,992,872</u>
Total Primary Government Program Revenues	<u>42,143,740</u>	<u>43,150,287</u>	<u>44,405,411</u>	<u>11,395,505</u>	<u>31,992,872</u>
Net Expenses:					
Governmental Activities	<u>(9,088,044)</u>	<u>(6,640,803)</u>	<u>(637,976)</u>	<u>(31,231,643)</u>	<u>(15,026,292)</u>
Total Net Expenses	<u>(9,088,044)</u>	<u>(6,640,803)</u>	<u>(637,976)</u>	<u>(31,231,643)</u>	<u>(15,026,292)</u>
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property Taxes	16,481,857	15,556,617	14,999,228	14,395,454	17,348,415
Transient Occupancy Taxes	3,575,733	3,406,661	3,140,515	2,823,471	2,670,446
Other Taxes	2,565,754	2,620,206	2,358,139	2,249,330	2,229,573
Motor Vehicle in Lieu, Unrestricted	-	-	-	33,397	40,353
Intergovernmental - Sales Tax	15,425,638	13,810,581	13,333,699	13,063,075	13,046,917
Investment Income	893,502	304,820	324,078	215,956	350,785
Other General Revenues	453,558	465,899	872,777	1,369,432	3,094,968
Total Governmental Activities	<u>39,396,042</u>	<u>36,164,784</u>	<u>35,028,436</u>	<u>34,150,115</u>	<u>38,781,457</u>
Total Primary Government	<u>39,396,042</u>	<u>36,164,784</u>	<u>35,028,436</u>	<u>34,150,115</u>	<u>38,781,457</u>
Changes In Net Position - Governmental Activities before Extraordinary Items	30,307,998	29,523,981	34,390,460	2,918,472	23,755,165
Gain (Loss) on Sale of Property	(893,458)	-	-	-	-
Gain on Transfer to Successor Agency	-	-	-	-	2,229,560
Repayment of Redevelopment Agency Transfers	-	-	-	-	(4,176,998)
Changes in Net Position - Governmental Activities	<u>29,414,540</u>	<u>29,523,981</u>	<u>34,390,460</u>	<u>2,918,472</u>	<u>21,807,727</u>
Total Primary Government	<u>\$ 29,414,540</u>	<u>\$ 29,523,981</u>	<u>\$ 34,390,460</u>	<u>\$ 2,918,472</u>	<u>\$ 21,807,727</u>

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

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund:					
Nonspendable	\$ 729,906	\$ 3,518	\$ 264,614	\$ 177,773	\$ 226,841
Restricted	1,638,794	1,347,100	1,303,586	1,224,083	1,150,267
Assigned	9,933,798	11,988,737	21,165,375	9,664,400	9,278,800
Unassigned	63,701,475	55,915,468	31,438,240	41,264,992	38,435,970
Total General Fund	<u>\$ 76,003,973</u>	<u>\$ 69,254,823</u>	<u>\$ 54,171,815</u>	<u>\$ 52,331,248</u>	<u>\$ 49,091,878</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	54,915,772	29,272,151	44,642,003	78,509,217	85,612,637
Assigned	-	-	7,971,979	5,609,280	8,063,531
Unassigned	-	(1,045,938)	2	-	429,200
Total All Other Governmental Funds	<u>\$ 54,915,772</u>	<u>\$ 28,226,213</u>	<u>\$ 52,613,984</u>	<u>\$ 84,118,497</u>	<u>\$ 94,105,368</u>

**CITY OF LAKE FOREST  
 FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund:					
Nonspendable	\$ 178,475	\$ 303,476	\$ 163,350	\$ 267,395	\$ 198,110
Restricted	1,043,297	-	-	-	-
Assigned	8,849,600	8,222,100	8,149,100	-	-
Unassigned	<u>33,963,474</u>	<u>38,472,716</u>	<u>34,469,805</u>	<u>42,921,495</u>	<u>40,982,087</u>
Total General Fund	<u>\$ 44,034,846</u>	<u>\$ 46,998,292</u>	<u>\$ 42,782,255</u>	<u>\$ 43,188,890</u>	<u>\$ 41,180,197</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ 326,000	\$ 524,110
Restricted	56,647,312	29,800,383	21,073,548	18,042,527	15,772,134
Assigned	9,883,339	2,927,234	3,814,142	-	18,506,771
Unassigned	-	-	-	(1,900,136)	40,967,573
Total All Other Governmental Funds	<u>\$ 66,530,651</u>	<u>\$ 32,727,617</u>	<u>\$ 24,887,690</u>	<u>\$ 16,468,391</u>	<u>\$ 75,770,588</u>

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

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Revenues:</b>					
Taxes	\$ 27,799,188	\$ 26,792,790	\$ 26,497,028	\$ 25,045,234	\$ 23,518,169
Licenses and Permits	2,467,593	2,395,798	1,911,831	2,896,694	4,143,620
Intergovernmental	5,935,919	6,816,782	6,266,256	5,656,807	6,082,999
Intergovernmental - Sales Tax	19,027,800	15,588,270	17,104,605	16,051,061	15,639,800
Charges for Services	3,423,212	4,531,028	4,558,338	4,485,677	3,851,938
Developer Contributions	26,035,925	14,577,646	5,245,729	14,154,993	34,508,514
Fines and Forfeitures	370,443	319,814	482,786	427,082	421,998
Investment Income	688,377	2,248,412	3,488,019	1,499,305	630,072
Other	1,172,984	1,799,981	8,044,385	1,544,301	445,176
Total Revenues	<u>86,921,441</u>	<u>75,070,521</u>	<u>73,598,977</u>	<u>71,761,154</u>	<u>89,242,286</u>
<b>Expenditures:</b>					
Current:					
General Government	6,598,978	6,564,058	7,047,438	8,505,683	4,016,228
Public Safety	18,626,410	18,469,839	18,373,444	17,884,907	17,038,633
Public Works	13,901,909	15,211,690	13,864,198	13,224,651	12,007,222
Community Development	3,782,269	4,288,351	3,911,748	3,416,043	4,099,647
Management Services	940,529	2,123,195	1,958,692	1,648,719	3,422,954
Community Services	1,683,018	3,687,619	4,016,020	3,817,436	3,664,055
Redevelopment/Economic Development	-	-	-	1,259,409	1,364,991
SERAF Payment to State	-	-	-	-	-
Capital Outlay	8,730,515	34,789,835	47,168,469	27,662,859	9,912,817
Debt Service:					
Principal Retirement	-	-	6,990,000	790,000	755,000
Interest and Fiscal Charges	-	-	203,602	298,948	328,990
Pass-Through Payments	-	-	-	-	-
Total Expenditures	<u>54,263,628</u>	<u>85,134,587</u>	<u>103,533,611</u>	<u>78,508,655</u>	<u>56,610,537</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	32,657,813	(10,064,066)	(29,934,634)	(6,747,501)	32,631,749
Other Financing Sources (Uses):					
Transfers In	-	11,136,216	12,626,644	19,685,984	1,084,000
Transfers Out	-	(10,676,085)	(12,626,644)	(19,685,984)	(1,084,000)
Insurance Proceeds	-	299,074	270,786	-	-
Proceeds from Sale of Capital Assets	780,896	-	-	-	-
Proceeds from Long-Term Debt	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>780,896</u>	<u>759,205</u>	<u>270,786</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 33,438,709</u>	<u>\$ (9,304,861)</u>	<u>\$ (29,663,848)</u>	<u>\$ (6,747,501)</u>	<u>\$ 32,631,749</u>
Debt Service as a Percentage of Non-Capital Expenditures	0.0%	0.0%	12.2%	2.0%	2.0%

**CITY OF LAKE FOREST  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2016	2015	2014	2013	2012
<b>Revenues:</b>					
Taxes	\$ 22,623,344	\$ 21,583,487	\$ 20,497,881	\$ 19,468,255	\$ 22,248,435
Licenses and Permits	2,790,321	2,200,371	2,640,893	683,862	672,455
Intergovernmental	5,299,236	5,290,837	5,680,608	6,310,356	5,541,814
Intergovernmental - Sales Tax	15,425,638	13,810,581	13,333,699	13,063,075	13,046,917
Charges for Services	3,622,922	2,499,356	2,503,247	1,684,363	1,495,078
Developer Contributions	30,398,863	18,099,875	32,492,822	2,920,636	1,499,118
Fines and Forfeitures	539,537	445,789	585,640	403,329	455,603
Investment Income	743,633	184,350	203,521	93,036	276,011
Other	560,925	660,722	1,550,729	1,906,036	3,480,543
Total Revenues	<u>82,004,419</u>	<u>64,775,368</u>	<u>79,489,040</u>	<u>46,532,948</u>	<u>48,715,974</u>
<b>Expenditures:</b>					
Current:					
General Government	3,581,304	3,420,787	3,243,702	3,620,347	4,371,323
Public Safety	14,814,171	14,174,946	13,111,640	13,033,454	12,706,470
Public Works	11,856,321	10,209,731	8,902,113	8,901,096	9,102,263
Community Development	3,085,798	2,952,975	3,365,898	2,276,925	3,066,889
Management Services	8,023,916	3,699,805	3,766,966	3,414,653	2,648,656
Community Services	3,511,798	3,580,642	2,980,126	2,857,399	3,193,906
Redevelopment/Economic Development	1,614,624	1,399,347	1,257,817	1,285,719	1,065,433
SERAF Payment to State	-	-	-	-	-
Capital Outlay	3,257,753	12,195,149	35,175,690	26,824,641	25,189,687
Debt Service:					
Principal Retirement	735,000	700,000	995,000	-	235,000
Interest and Fiscal Charges	358,146	386,022	419,118	432,021	571,068
Pass-Through Payments	-	-	-	-	1,510,394
Total Expenditures	<u>50,838,831</u>	<u>52,719,404</u>	<u>73,218,070</u>	<u>62,646,255</u>	<u>63,661,089</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	31,165,588	12,055,964	6,270,970	(16,113,307)	(14,945,115)
Other Financing Sources (Uses):					
Transfers In	10,784,300	1,511,022	11,815,048	4,587	901,704
Transfers Out	(10,784,300)	(1,511,022)	(11,815,048)	(4,587)	(927,733)
Insurance Proceeds	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Proceeds from Long-Term Debt	-	-	-	-	10,965,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,938,971</u>
Net Change in Fund Balances	<u>\$ 31,165,588</u>	<u>\$ 12,055,964</u>	<u>\$ 6,270,970</u>	<u>\$ (16,113,307)</u>	<u>\$ (4,006,144)</u>
Debt Service as a Percentage of Non-Capital Expenditures	2.7%	2.6%	3.5%	1.2%	1.7%

**CITY OF LAKE FOREST  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (IN THOUSANDS OF DOLLARS)**

Fiscal Year Ended June 30,	Residential	Commercial	Industrial	Misc.	Total Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
2021	\$ 13,358,706	\$ 2,229,640	\$ 1,438,474	\$ 3,773	\$ 17,030,593	\$ 866,811	\$ 17,897,404	0.141%
2020	12,630,711	2,130,260	1,384,127	3,701	16,148,799	866,510	17,015,309	0.141
2019	11,557,423	2,023,829	1,318,444	3,630	14,903,326	837,756	15,741,082	0.141
2018	10,695,451	1,826,903	1,244,976	9,411	13,776,741	829,827	14,606,568	0.141
2017	9,729,426	1,791,989	1,220,858	70,883	12,813,156	787,421	13,600,577	0.141
2016	8,745,124	1,757,313	1,196,728	108,993	11,808,158	764,235	12,572,393	0.141
2015	8,181,992	1,717,288	1,140,991	76,036	11,116,307	804,932	11,921,239	0.141
2014	7,617,416	1,702,038	1,222,872	79,979	10,622,305	610,661	11,232,966	0.141
2013	7,436,920	1,601,855	1,161,150	78,415	10,278,340	633,967	10,912,307	0.141
2012	7,366,787	1,574,783	1,143,125	55,163	10,139,858	610,489	10,750,347	0.141

Sources: County Assessor data

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

\*Assessed Values do not include Homeowner Exemptions

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

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Basic Levy:</b>					
City of Lake Forest	0.04190	0.04190	0.04190	0.04186	0.04186
City of Lake Forest Community Service Area Reorganization	0.07070	0.07070	0.07070	0.07075	0.07075
City of Lake Forest Lighting Fund	0.01692	0.01692	0.01692	0.01692	0.01692
City of Lake Forest AB 1406	0.01167	0.01167	0.01167	0.01167	0.01167
Total City Direct Rate	<u>0.14119</u>	<u>0.14119</u>	<u>0.14119</u>	<u>0.14119</u>	<u>0.14119</u>
<b>Overlapping Rates:</b>					
Saddleback Valley Unified General Fund	0.43640	0.43640	0.43640	0.43637	0.43637
Educational Revenue Augmentation Fund	0.11100	0.11100	0.11100	0.11103	0.11103
Orange County Fire Authority	0.10821	0.10821	0.10821	0.10821	0.10821
South Orange County Community College District	0.08522	0.08522	0.08522	0.08522	0.08522
Orange County General Fund	0.03102	0.03102	0.03102	0.03102	0.03103
Orange County Flood Control General Fund	0.01904	0.01904	0.01904	0.01904	0.01904
Los Alisos Water District General Fund	0.01719	0.01719	0.01719	0.01719	0.01719
Orange County Library District General Fund	0.01605	0.01605	0.01605	0.01605	0.01605
Orange County Department of Education	0.01571	0.01571	0.01571	0.01571	0.01571
Orange County Harbors, Beaches, and Parks	0.01472	0.01472	0.01472	0.01472	0.01472
Orange County Transportation Authority	0.00270	0.00270	0.00270	0.00270	0.00270
Orange County Vector Control District	0.00107	0.00107	0.00107	0.00107	0.00108
Orange County Cemetery District	<u>0.00048</u>	<u>0.00048</u>	<u>0.00048</u>	<u>0.00048</u>	<u>0.00048</u>
Total Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000
<b>Additional Levies (Voter-Approved Rates):</b>					
Irvine Ranch Water District	0.089200	0.165000	0.165000	0.165000	0.253420
Metropolitan Water District	0.003500	0.003500	0.003500	0.003500	0.003500
Saddleback Valley Unified School District Bond	<u>0.023360</u>	<u>0.022950</u>	<u>0.023920</u>	<u>0.023650</u>	<u>0.026680</u>
Total Voter-Approved Levies	<u>0.11606</u>	<u>0.19145</u>	<u>0.19242</u>	<u>0.19215</u>	<u>0.28360</u>
Total Tax Rate	<u><u>1.11606</u></u>	<u><u>1.19145</u></u>	<u><u>1.19242</u></u>	<u><u>1.19215</u></u>	<u><u>1.28360</u></u>

**NOTES**

There are 126 Tax Rate Areas (TRA) in Lake Forest. The above is for Tax Rate Area 30-015. City tax rates vary significantly by TRA. In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. The 1.00% is shared by all taxing agencies for which the subject property resides within. 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. The table has been restated from previously published CAFR and annual reports to reflect a consistent reporting methodology in compliance with GASB 44.

Source: Orange County Auditor/Controller data

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

	Fiscal Year				
	2016	2015	2014	2013	2012
<b>Basic Levy:</b>					
City of Lake Forest	0.04186	0.04186	0.04186	0.04186	0.04186
City of Lake Forest Community Service Area Reorganization	0.07075	0.07075	0.07075	0.07075	0.07075
City of Lake Forest Lighting Fund	0.01692	0.01692	0.01692	0.01692	0.01692
City of Lake Forest AB 1406	0.01167	0.01167	0.01167	0.01167	0.01167
Total City Direct Rate	<u>0.14119</u>	<u>0.14119</u>	<u>0.14119</u>	<u>0.14119</u>	<u>0.14119</u>
<b>Overlapping Rates:</b>					
Saddleback Valley Unified General Fund	0.43637	0.43637	0.43637	0.43637	0.43637
Educational Revenue Augmentation Fund	0.11103	0.11103	0.11103	0.11103	0.11103
Orange County Fire Authority	0.10821	0.10821	0.10821	0.10821	0.10821
South Orange County Community College District	0.08522	0.08522	0.08522	0.08522	0.08522
Orange County General Fund	0.03103	0.03103	0.03103	0.03103	0.03103
Orange County Flood Control General Fund	0.01904	0.01904	0.01904	0.01904	0.01904
Los Alisos Water District General Fund	0.01719	0.01719	0.01719	0.01719	0.01719
Orange County Library District General Fund	0.01605	0.01605	0.01605	0.01605	0.01605
Orange County Department of Education	0.01571	0.01571	0.01571	0.01571	0.01571
Orange County Harbors, Beaches, and Parks	0.01472	0.01472	0.01472	0.01472	0.01472
Orange County Transportation Authority	0.00270	0.00270	0.00270	0.00270	0.00270
Orange County Vector Control District	0.00108	0.00108	0.00108	0.00108	0.00108
Orange County Cemetery District	<u>0.00048</u>	<u>0.00048</u>	<u>0.00048</u>	<u>0.00048</u>	<u>0.00048</u>
Total Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000
<b>Additional Levies (Voter-Approved Rates):</b>					
Irvine Ranch Water District	0.253420	0.253420	0.37394	0.37394	0.37394
Metropolitan Water District	0.003500	0.003500	0.00350	0.00350	0.00370
Saddleback Valley Unified School District Bond	<u>0.030080</u>	<u>0.028060</u>	<u>0.03207</u>	<u>0.03265</u>	<u>0.03163</u>
Total Voter-Approved Levies	<u>0.28700</u>	<u>0.28498</u>	<u>0.40951</u>	<u>0.41009</u>	<u>0.40927</u>
Total Tax Rate	<u><u>1.28700</u></u>	<u><u>1.28498</u></u>	<u><u>1.40951</u></u>	<u><u>1.41009</u></u>	<u><u>1.40927</u></u>

**CITY OF LAKE FOREST  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2021-20		2011-12	
	Assessed Value	Percent of Total Assessed Value	Assessed Value	Percent of Total Assessed Value
Oakley Inc.	\$ 182,212,773	1.01%	\$ 139,628,649	1.30%
Lennar Homes of California, Inc.	131,871,725	0.73%	-	-
Orchard Lake Forest Ca Lp	128,957,808	0.72%	55,145,949	0.51%
Prologis California I LLC	127,390,202	0.71%	38,324,731	0.36%
Avalon Baker Ranch LP	116,307,705	0.65%	-	-
Panasonic Avionics Corp	96,261,108	0.54%	66,682,805	0.62%
Drawbridge Pacific Vista LLC	79,786,195	0.44%	-	-
Buchheim Properties II	75,881,607	0.42%	54,434,043	0.51%
Applied Medical Resources	65,825,261	0.37%	-	-
Lake Forest 131 Investors LP	57,402,904	0.32%	-	-
Comref So Ca Industrial Sub F	54,893,611	0.31%	-	-
Cref X Foothill Plaza Llc	53,487,632	0.30%	-	-
Acquiport Three Corp	50,403,168	0.28%	42,716,828	0.40%
TaeTechnologies Inc.	48,639,953	0.27%	-	-
Avalon Arboretum LP	48,323,328	0.27%	41,250,000	0.38%
WLCO LF Partners	47,787,221	0.27%	40,747,992	0.38%
U.S. Reif Lake Forest Village C	44,573,400	0.25%	36,988,129	0.34%
Lake Forest Income Partners Ho	43,240,860	0.24%	-	-
Cadigan Canyon Woods LLC	42,920,980	0.24%	-	-
Pinnacle Asset Mgmt Group LLC	42,448,319	0.24%	-	-
Foothill Pacific Towne Centre	42,371,213	0.24%	34,914,815	0.33%
The Arbors Lake Forest Owner LLC	40,830,301	0.23%	-	-
ValueRock Lake Forest LLC S S Heritage	40,499,160	0.23%	-	-
EQR Siena Terrace LLC	40,236,425	0.22%	34,374,531	0.32%
Olen Properties Corporation	39,057,464	0.22%	-	-
Walton CWCA Spectrum 56 LLC	-	-	58,562,010	0.55%
MEPT Pacic Vista Business Center LLC	-	-	49,922,538	0.47%
Metropolitan Life Insurance Co	-	-	47,762,651	0.45%
Bixby Land Company	-	-	46,586,367	0.43%
Shea Baker Ranch Associates LLC	-	-	38,619,713	0.36%
FPOC LLC	-	-	35,203,098	0.33%
L M No. 12 Lake Forest II	-	-	35,141,454	0.33%
Arden Realty LTD Ptnshp	-	-	34,440,000	0.32%
EQR Simbar 2008 LP	-	-	32,696,324	0.30%
Bayport Serran Association LP	-	-	30,328,895	0.28%
AEW LT 50 Icon LLC	-	-	30,125,146	0.28%
Walton CWCA Lake Forest	-	-	29,811,604	0.28%
Casa Pacifica	-	-	29,476,553	0.27%
Sequoia Equities-Paloma	-	-	28,368,665	0.26%
<b>Top Twenty-Five Totals</b>	<b>1,741,610,323</b>	<b>9.70%</b>	<b>1,112,253,490</b>	<b>10.37%</b>
<b>City Totals</b>	<b>\$ 17,953,627,611</b>	<b>100.00%</b>	<b>\$ 10,723,066,052</b>	<b>100.00%</b>

**NOTES**

Total assessed value includes all City property tax and Redevelopment Agency tax increment but excludes Vehicle License Fee Backfill amounts.

Source: MuniServices, LLC, City Finance Department

**CITY OF LAKE FOREST  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years**	Total Collections to Date	
		Amount*	Percent of Levy		Amount	Percent of Levy
2021	\$ 10,548,960	\$ 10,389,916	98.49%	\$ -	\$ 10,389,916	98.49%
2020	10,163,586	9,986,140	98.25	-	9,986,140	98.25
2019	9,569,152	9,396,696	98.20	-	9,396,696	98.20
2018	8,855,280	8,705,865	98.31	-	8,705,865	98.31
2017	8,304,110	8,172,103	98.41	-	8,172,103	98.41
2016	7,819,055	7,659,963	97.97	-	7,659,963	97.97
2015	7,305,141	7,113,455	97.38	-	7,113,455	97.38
2014	6,949,847	6,773,880	97.47	-	6,773,880	97.47
2013	6,774,000	6,574,158	97.05	-	6,574,158	97.05
2012	6,676,320	6,338,961	94.95	-	6,338,961	94.95

\* City property tax only, excluding prior year, penalties and interest. Includes secured apportionment only.

\*\* These amounts consist of "prior year" taxes (excluding penalties and interest) remitted in the subsequent fiscal year from Fiscal Year 2005-06 forward; the Orange County Auditor Controller's Office aggregates these payments and does not provide detail on allocations to particular years. Penalties and interest were not recorded separately prior to Fiscal Year 2004-05.

Source: Orange County Auditor Controller's Office

**CITY OF LAKE FOREST  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Certificates of Participation</u>	<u>Total Governmental Activities</u>	<u>Total Primary Government</u>	<u>of Total Assessed Valuation</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
2021	\$ -	\$ -	\$ -	-	*	\$ -
2020	-	-	-	-	*	-
2019	-	-	-	-	*	-
2018	6,990,000	6,990,000	6,990,000	0.05	*	82
2017	7,780,000	7,780,000	7,780,000	0.06	3.73%	92
2016	8,535,000	8,535,000	8,535,000	0.07	4.33%	101
2015	9,270,000	9,270,000	9,270,000	0.08	5.06%	109
2014	9,970,000	9,970,000	9,970,000	0.09	5.75%	118
2013	10,965,000	10,965,000	10,965,000	0.10	6.61%	129
2012	10,965,000	10,965,000	10,965,000	0.10	6.65%	129

**NOTES**

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

**CITY OF LAKE FOREST  
DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2021**

	<u>Total Debt June 30, 2021</u>	<u>Percentage Applicable*</u>	<u>City's Share of Debt</u>
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 26,830,000	0.546%	\$ 146,492
Saddleback Valley Unified School District	99,865,000	38.659	38,606,810
Irvine Ranch Water District I.D. No. 125	171,975,440	16.687	28,697,542
Irvine Ranch Water District I.D. No. 185	3,298,460	100.000	3,298,460
Irvine Ranch Water District I.D. No. 188	1,786,100	100.000	1,786,100
Irvine Ranch Water District I.D. No. 225	248,593,880	19.006	47,247,753
Irvine Ranch Water District I.D. No. 288	144,760	100.000	144,760
Total Direct and Overlapping Tax and Assessment Debt			<u>119,927,918</u>
Overlapping General Fund Obligation Debt:			
Orange County General Fund Obligations	381,885,000	2.719	10,383,453
Orange County Pension Obligation	485,318,204	2.719	13,195,802
Orange County Board of Education Certificates of Participation (COPS)	12,310,000	2.719	334,709
City of Lake Forest Certificates of Participation	-	100.000	-
Total Gross Overlapping General Fund Obligation Debt			<u>23,913,964</u>
Overlapping Tax Increment Debt (Successor Agencies):			
City of Lake Forest El Toro Road Improvements Certificates of Participation	5,415,000	97.342	5,271,069
Orange County Neighborhood Project Tax Allocation Bonds	2,550,000	29.376	749,088
Total Overlapping Tax Increment Debt			<u>\$ 6,020,157</u>
Total Direct Debt			<u>\$ -</u>
Total Gross Overlapping Debt			<u>\$ 149,862,039</u>
Gross Combined Total Debt (2)			<u>\$ 149,862,039</u>
Net Combined Total Debt			<u>\$ 149,862,039</u>

(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 valuation within the boundaries of the City divided by the district's total taxable assessed value.

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

**CITY OF LAKE FOREST  
DIRECT AND OVERLAPPING DEBT (CONTINUED)  
JUNE 30, 2021**

Ratios to 2020-21 Assessed Valuation:	
2020-21 Assessed Valuation	\$ 17,826,417,831
Total Overlapping Tax and Assessment Debt Ratios to Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	0.67%
Total Direct Debt (\$-0-)	0.00%
Combined Total Debt	0.84%
Ratios to Redevelopment Incremental Value (\$1,026,913,564):	
Total Overlapping Tax Increment Debt	0.59%

**NOTES**

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF LAKE FOREST  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Total Assessed Value of All Real and Personal Property</u>	<u>Debt Limit Percentage</u>	<u>Debt Limit</u>	<u>Amount of Debt Applicable to Debt Limit</u>	<u>Legal Debt Margin</u>
2021	\$ 17,826,417,831	15%	\$ 2,673,962,675	\$ -	\$ 2,673,962,675
2020	17,183,987,585	15	2,577,598,138	-	2,577,598,138
2019	15,968,846,956	15	2,395,327,043	-	2,395,327,043
2018	14,701,560,696	15	2,205,234,104	-	2,205,234,104
2017	13,710,657,105	15	2,056,598,566	-	2,056,598,566
2016	12,672,969,354	15	1,900,945,403	-	1,900,945,403
2015	11,921,239,173	15	1,788,185,876	-	1,788,185,876
2014	11,238,774,618	15	1,685,816,193	-	1,685,816,193
2013	10,885,724,192	15	1,632,858,629	-	1,632,858,629
2012	10,721,083,140	15	1,608,162,471	-	1,608,162,471

Source: City Finance Department

**CITY OF LAKE FOREST  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in Thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2021	84,538	*	*	5.5%
2020	84,711	\$ 236,303,451	\$ 74,618	9.7
2019	86,346	221,803,099	69,951	2.7
2018	84,845	220,684,684	69,268	2.6
2017	84,931	208,635,019	65,400	2.3
2016	83,910	196,920,661	62,071	2.9
2015	80,070	183,052,341	57,749	2.9
2014	79,139	173,305,650	55,096	3.3
2013	78,501	165,857,885	54,519	4.3
2012	78,036	164,970,595	52,342	4.8

\* Data is unavailable.

Sources:

- (1) State Department of Finance
- (2) Bureau of Economic Analysis (Orange County data)
- (3) Bureau of Labor Statistics (Lake Forest data)

**CITY OF LAKE FOREST  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	2021		2012	
	Number of Employees*	Percent of Total Employment	Number of Employees*	Percent of Total Employment
Panasonic Avionics	1,522	22.46%	1,285	2.88%
Loan Depot	1,700	25.09%	450	1.01%
Oakley Inc.	1,275	18.82%	1,908	4.28%
Schneider Electric (formerly Invensys Corporation)	70	1.03%	-	-
Spectrum Brands HHI	494	7.29%	-	-
Cox Communications	450	6.64%	-	-
Bal Seal Engineering	420	6.20%	-	-
Home Depot USA Inc.	325	4.80%	350	0.78%
Wal-Mart	320	4.72%	245	0.55%
Stanley Black & Decker	-	-	450	1.01%
Apria Healthcare Group Inc.	-	-	350	0.78%
Wonderware Corp.	-	-	322	0.72%
Wet Seal	-	-	274	0.61%
U.S. Real Estate Services, Inc.	-	-	230	0.52%
Sole Technology, Inc.	-	-	277	0.62%
Dynacast	200	2.95%	200	0.45%
Saddleback Valley School District	-	-	200	0.45%
Varian, Inc.	-	-	165	0.37%
	<u>6,776</u>	<u>100.00%</u>	<u>6,706</u>	<u>15.03%</u>
Total Employment**	6,776		44,600	

Sources:

\* Information provided by companies

\*\* California Employment Development - October 2019

**CITY OF LAKE FOREST  
FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

		Full-Time and Part-time Employees as of June 30,								
Function:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	26	28	28	28	32	33	30	30	32	28
Public Works	17	17	17	17	17	16	13	12	12	13
Development Services	12	14	14	12	9	9	9	11	10	15
Community Services*	65	116	116	100	90	85	87	66	74	61
Police Services	1	1	1	1	1	1	1	1	1	1
Total	<u>121</u>	<u>176</u>	<u>176</u>	<u>158</u>	<u>149</u>	<u>144</u>	<u>140</u>	<u>120</u>	<u>129</u>	<u>118</u>

\* Hours for part-time positions were previously summed to equal a full-time position. Beginning in 2011, each part-time position is counted individually.

**CITY OF LAKE FOREST  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police*:										
Arrests	1,429	1,478	853	875	719	843	718	829	1,073	975
Number of Calls Responded to	26,678	29,375	32,294	29,591	29,300	30,447	23,093	23,187	23,563	24,114
Public Works:										
Street Resurfacing (in Miles)	-	6.85	0.00	0.00	2.50	9.75	16.00	9.00	7.00	9.00
Parks And Recreation:										
Number of Recreation Classes**	1,767	603	1,158	1,393	1,137	1,127	993	883	698	782
Number of Facility Rentals	400	538	636	633	659	679	439	349	331	241

\* Police services are contracted through the County of Orange.

\*\* The City contracts with the Saddleback Valley Unified School District for various recreation services; the number of classes shown above represents classes offered directly by the City.

**CITY OF LAKE FOREST  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Streets (Miles)	170	167	160	160	159	157	151	151	151	151
Traffic Signals	104	104	102	102	97	97	98	97	97	95
Parks and Recreation:										
Parks	31	30	29	29	29	29	29	27	27	27
Community Centers	5	5	2	2	2	2	2	1	1	1

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