

ATTACHMENT 1

CITY OF LAKE FOREST, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FISCAL YEAR ENDED JUNE 30, 2020

Prepared by:

Finance Department

Kevin R. Shirah
Director of Finance/City Treasurer

CITY OF LAKE FOREST, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020
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Mayor
Scott Voigts

Mayor Pro Tem
Robert Pequeño

Council Members
Doug Cirbo
Neeki Moatazedi
Mark Tettermer

January 28, 2021

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

City Manager
Debra DeBruhl Rose

The Comprehensive Annual Financial Report of the City of Lake Forest, for the fiscal year ended June 30, 2020, 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, 2020, 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, 2020, 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, 2020.



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, is located 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 87,830. It is the County's 31st city and the 2nd 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 other 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. In the November 2018 election, the City transitioned to district based elections, with three of the five districts electing a member of the Council. The remaining two districts will transitioned in the 2020 election. Prior to this transition, all members of the Council were elected at large.

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 all of these legally separate entities can be found in the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager in February of each year. The City Manager uses these request 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 at a Budget Workshop. 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 as long as overall appropriations are not increased; and, Council notification is required. All other changes to the budget require special approval from the 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 improved over the last couple years, and the City's overall revenues have either grown or remained stable over this period. 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

Major industries located in the City include internationally known brand manufacturers of scientific and medical instruments, sunglasses and sports-related goggles, in-flight entertainment and 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 (26.06%); professional and related occupations (25.6%); management, business and financial operations (19.2%). 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.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. During the last ten years, the unemployment rate peaked at 6.6% in 2010 due to the effects of the recession. Unemployment has been steadily decreasing during the last five years as the economy recovers. The current unemployment rate is 2.5%. The pandemic will likely affect this unemployment rate, however, updated information for Lake Forest is not available at this time.

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 39.2% 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 during the past ten years. In addition, State requirements in regard to water quality have contributed to increased costs. 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 sales tax, property taxes, transient occupancy taxes, franchise fees, and motor vehicle in lieu fees (a majority of which are now backfilled from the State). A reduction of 10% in revenues was programmed in the Fiscal Year 2020-21 budget.

Long-Term Financial Planning

Unassigned fund balance in the General Fund of \$55.9 million exceeds the Target Reserve Level of the Risk Based Reserve Policy of \$43.9 million.

Every two years, the City's Five-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 technology current
3. A city government that is fiscally sustainable and well-run with committed staff

During the fiscal year a new senior center and community center at a new Civic Center opened and is dubbed the Community's "100-Year Home, ". Looking forward as commitment to this long range goals, the continued efforts for new and revitalized parks. Much of the funding for these projects will be reimbursed upon new development in future years. Infrastructure will continue to be prioritized, with added investment in keeping up the condition of our streets. Finally, the City paid off its last remaining bond debt on December 1, 2018 and is in a solid financial position in relation to post employment benefits.

Relevant Financial Policies

The City has a variety of important financial policies to assist in making sound decisions. These policies are shown below:

1. Investment Policy which is more restrictive than State law
2. Long-Term Financing Policy
3. Purchasing and Contract Guidelines
4. Risk Based Reserve Policy
5. Carryover Appropriation and Revenue Policy

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 toward reopening public facilities in the new fiscal year. The City will also continue investing in the quality of life of our community during the upcoming fiscal year.

The upcoming year also will see sustained progress in the development of new master planned communities in Lake Forest. Construction will continue on the new homes in the northeastern area of the Portola Center project and five new neighborhoods in the southern area. This project ultimately will bring up to 930 new homes and various public amenities, including a new 5-acre community park and connections to regional trails. The Teresina (approximately 85 new homes), and Serrano Summit (approximately 520 new homes) communities are moving forward. In addition, the City Council approved the Nakase Nursery project which will result in the construction of 776 new homes that will add to the City's high-quality housing stock. To keep the community apprised of these developments, staff will

continue to update the "Lake Forest's New Neighborhoods" webpage (lakeforestca.gov/NewNeighborhoods) and Facebook page.

In 2019-21 the Capital Improvement Projects (CIP) Budget will continue with the fifteen traffic and street related projects. 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 the addition of shade structures to existing park playgrounds.

In the upcoming year, the City will continue efforts to assist the business community to recover from the economic impacts of COVID-19 by implementing the 2020-2022 Economic Development Action Plan. The City will facilitate business activity by easing regulations and 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. Initially, the City and the Chamber will offer these valuable programs online and then transition programming when the State and County modify their health orders.

The Community Services Department will be reorganized into the Management Services Department. However, staff will ensure the delivering of high quality recreational opportunities for residents of all ages. Over the next fiscal year, the City will work to transition back to normalized business operations and begin implementing programming for the new Community Center, Performing Arts Venue, and Senior Center. Staff also will advance design efforts associated with the renovation of ten neighborhood parks which represents the City's continued reinvestment into the quality of life for our residents. Lastly, construction of the City's newest park located in Portola Hills will provide the community an additional dog park, a sand volleyball court, and pickleball courts along with other more traditional park amenities to enjoy.

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.

The Public Communications division will continue using technology to engage with the community and increase engagement with residents. During the next fiscal year, the City will begin broadcasting meetings on cable television and continue create multi-channeled campaigns on key issues such as emergency preparedness, traffic, crime prevention, and key public projects. The Public Communications division will also continue growing the City's social media presence and providing accurate and timely information to our residents. Lastly, the City will continue leveraging new technologies provided by the Civic Center Campus to

upgrade its information technology infrastructure which will help support the operations of all City departments.

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 policing programs to maintain the City’s low crime rate and high quality of life.

Notwithstanding the financial challenges imposed on the City by COVID-19, the Fiscal Year 2020-21 Budget is balanced through use of available fund balance 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, 2019. This was the twenty-six consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP 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 is 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**

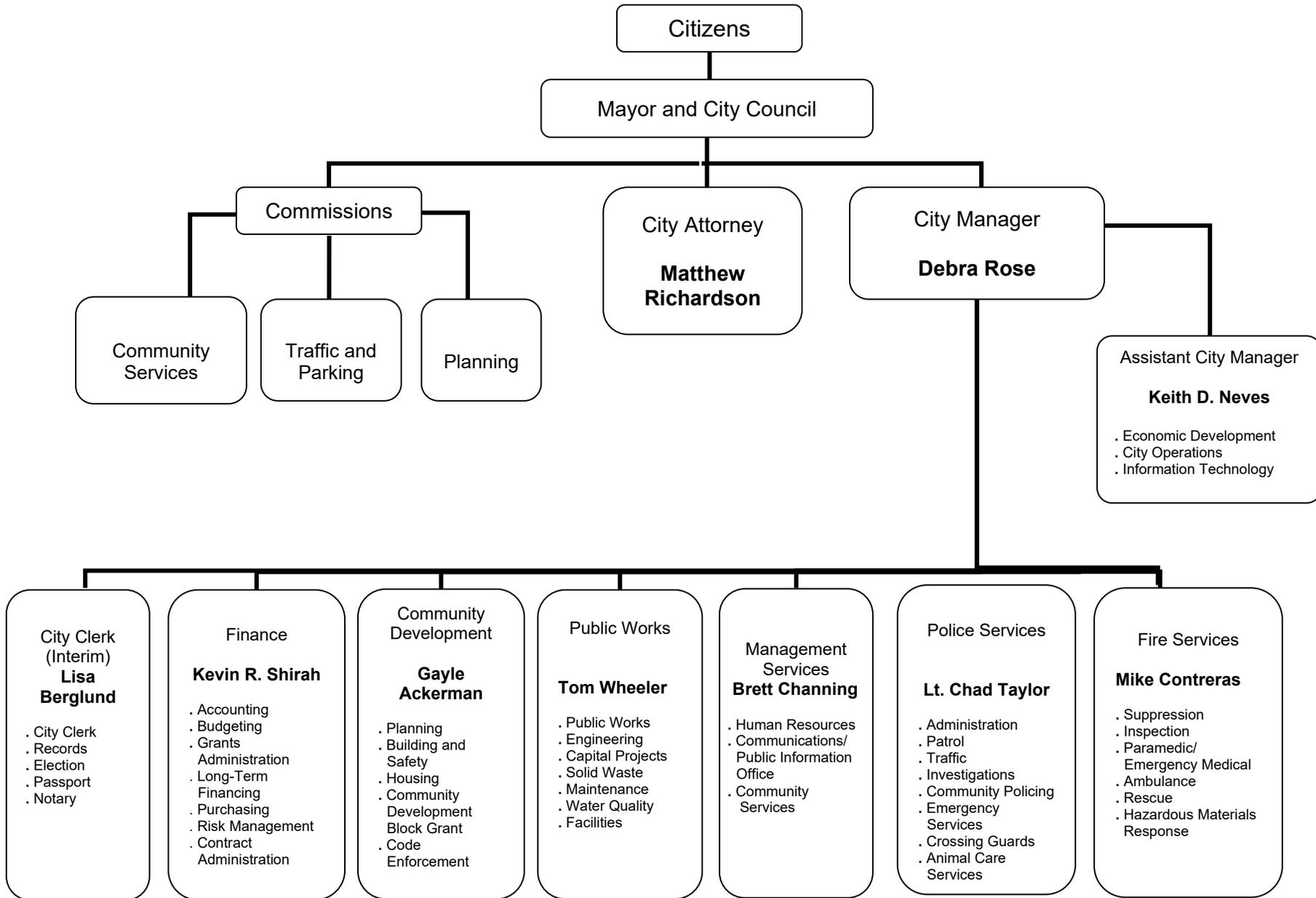
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



City of Lake Forest

City Officials

City Council

Neeki Moatazedi, Mayor
Mike James, Mayor Pro Tem
Mark Tettemer, Council Member
Dwight Robinson, Council Member
Scott Voigts, 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, Interim 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, 2020, and the related notes to the financial statements, which collectively comprise the City's 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, 2020, 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 Matter

As discussed in Note 8 to the financial statements, the Total 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, 2019. 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 opinion is not modified with respect to this matter.

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 and the schedule of contributions regarding the defined benefit pension plan, the schedule of changes in the net OPEB liability and related ratios, and the annual money-weighted rate of return on investments regarding the other post-employment benefits plan, and the General Fund and major special revenue funds budgetary comparison schedules, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the 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 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 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 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 financial statements.

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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the 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 January 28, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
January 28, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2020. 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

- The City's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$470.8 million (net position). Of this amount, \$67.7 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 \$11.7 million. This increase is attributable to revenues being in excess of expenses.
- Total revenues from all sources were \$76.2 million as compared to the cost for all City programs of \$64.7 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 \$97.5 million. Restricted were \$30.6 million, assigned were \$11.9 million, and unassigned were \$54.9 million.
- Total governmental fund balances decreased by \$9.3 million. This decrease is attributable to an excess of expenditures as compared to revenues.
- Total governmental revenues from all sources were \$75.1 million as compared to expenditures of \$85.1 million.

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

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.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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 x 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. Financial information for the Housing Authority (a component unit) is reported separately from the financial information presented for the primary government itself. 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.

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 sixteen 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 Capital Improvement Projects Capital Project Funds, 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 an annual 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.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Proprietary funds. The City of Lake Forest maintains one type of proprietary fund – an internal service fund. This fund was closed during the fiscal year and resources transferred to the General Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's one internal service fund was used to account for the replacement of its fleet of vehicles. Because these services predominantly benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

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.

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 exceeded liabilities by \$470.7 million at the close of the most recent fiscal year. By far, the largest portion of the City's net position (78.5%) reflects its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment).

Table 1
Net Position
(in millions)

	Governmental Activities	
	2020	2019
Current and other assets	\$ 110.6	\$ 126.4
Capital assets	371.7	350.1
Total assets	<u>482.3</u>	<u>476.5</u>
Deferred outflows of resources:		
Deferred amount from pension plans	<u>1.5</u>	<u>1.6</u>
Current and other liabilities	11.3	17.6
Non-current liabilities	<u>1.3</u>	<u>1.2</u>
Total liabilities	<u>12.6</u>	<u>18.8</u>
Deferred inflows of resources:		
Deferred amount from pension plans	<u>0.4</u>	<u>0.2</u>
Net position:		
Net investment in capital assets	369.5	350.1
Restricted	33.5	46.5
Unrestricted	<u>67.7</u>	<u>62.5</u>
Total net position	<u>\$ 470.7</u>	<u>\$ 459.1</u>

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$67.7 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 \$11.6 million during the current fiscal year. Key elements of the increase are as follows:

Total revenues were \$76.2 million as compared to prior year revenues of \$68.3 million and material variances from prior year are described below.

- Capital grants and contributions increased by \$9.3 million, primarily due to decrease in development fees collected in the Opportunity Study Area.
- Property taxes increased by \$1.2 million, primarily attributable to the new residential housing development in recent years.
- Sales taxes decreased by \$1.5 million, primarily attributable to decreased in receipt of sales taxes related to COVID-19 pandemic.
- Investment income decreased by \$1.3 million, primarily attributable to the lower rate of return of investments.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

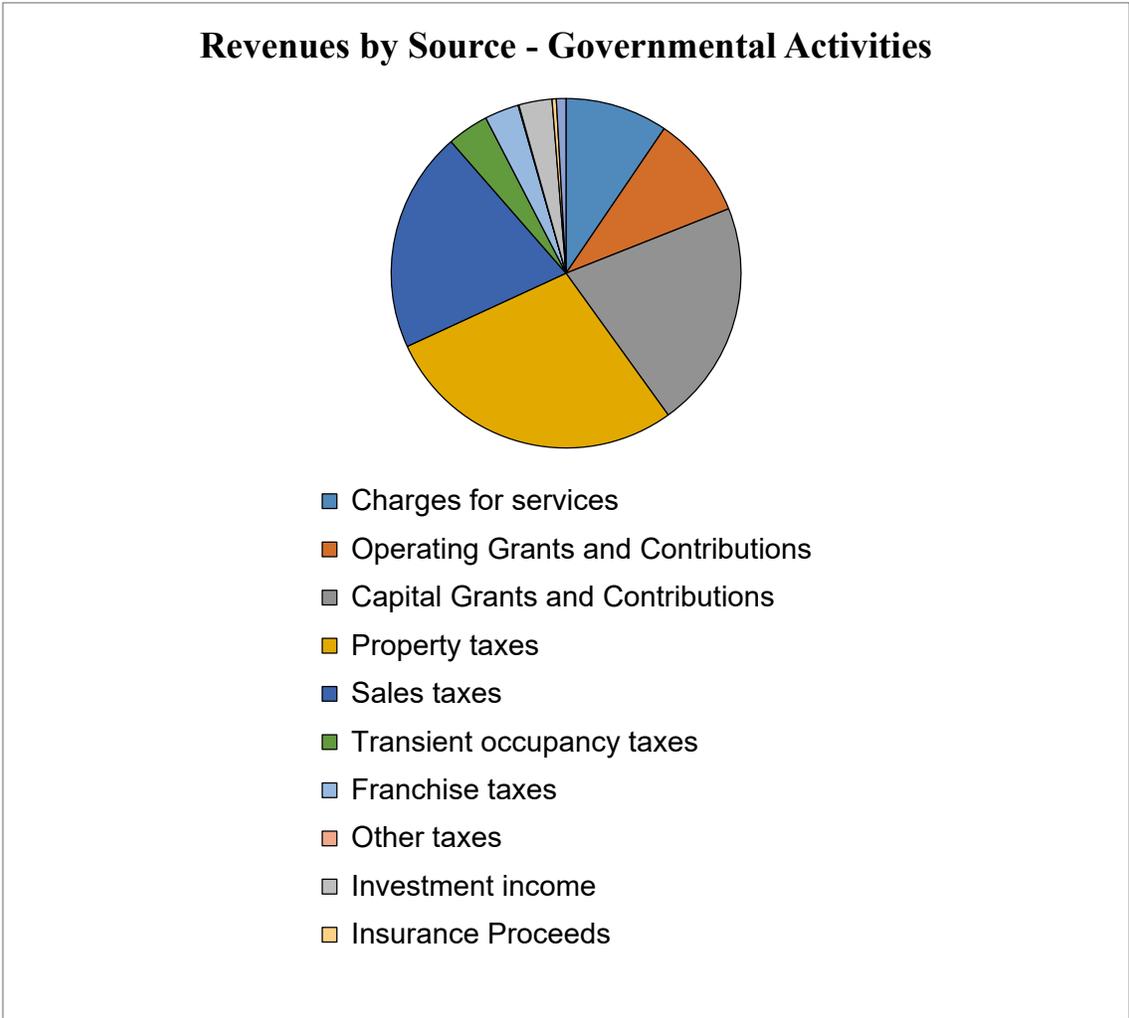
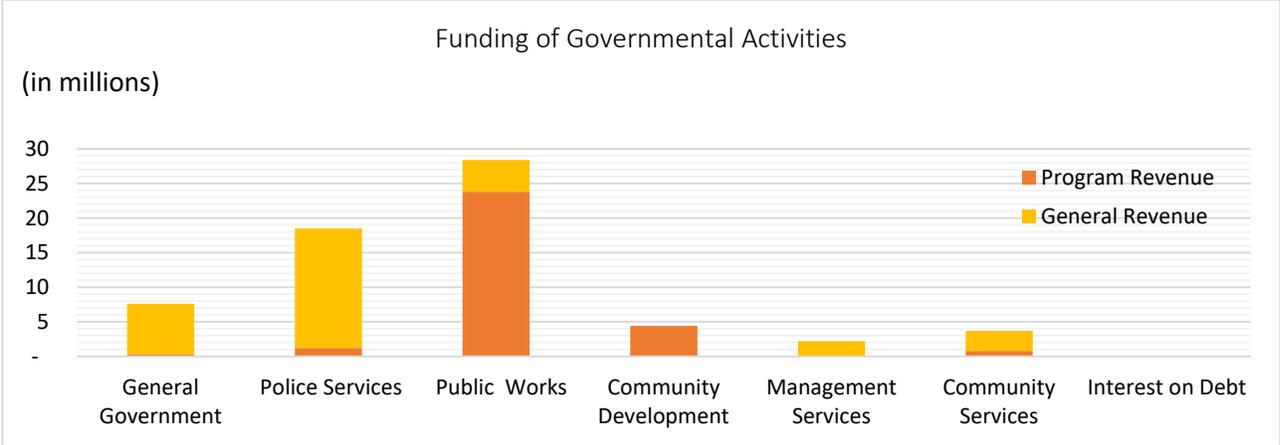
Total costs for all City programs were \$64.7 million as compared to prior year costs of \$59.9 million and material variances from prior year are described below.

- Public Works costs increased by \$4.0 million, due to an increase in road maintenance projects.

Table 2
Changes in Net Position
(in millions)

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 7.2	\$ 6.9
Operating grants and contributions	7.2	5.7
Capital grants and contributions	16.1	6.8
General revenues:		
Taxes:		
Property taxes	21.3	20.1
Transient occupancy taxes	2.9	3.7
Franchise taxes	2.4	2.6
Other taxes	0.1	0.1
Intergovernmental - sales tax	15.6	17.1
Investment income	2.3	3.6
Insurance proceeds	0.3	0.3
Other	0.7	1.4
Total revenues	<u>\$ 76.1</u>	<u>\$ 68.3</u>
Expenses:		
General government	\$ 7.6	\$ 7.1
Public safety	18.5	18.4
Public works	28.4	24.5
Development services	4.3	3.9
Management services	2.2	2.0
Community services	3.7	4.0
Interest on long-term liabilities		0.2
Total expenses	<u>\$ 64.7</u>	<u>\$ 60.1</u>
Change in net position	\$ 11.4	\$ 8.2
Net position at beginning of year	<u>\$ 459.1</u>	<u>\$ 450.9</u>
Net position at end of year	<u>\$ 470.5</u>	<u>\$ 459.1</u>

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**



**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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 \$97.5 million, a decrease of \$9.3 million in comparison with the prior year. Of this amount, \$30.6 million is for a variety of restricted purposes, \$12.0 million is assigned to be used for specific purposes through the City Council budgetary actions, and \$54.9 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 \$55.9 million, while total fund balance reached \$69.3 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 115% of total General Fund expenditures, while total fund balance represents 142% of that same amount.

Fund balance in the City's General Fund increased \$4.4 million during the current fiscal year. Key factors in this increase are as follows:

- Revenues decreased by \$2.3 million. Taxes increased by \$.3 million, primarily attributable to residential development. Licenses and Permits revenues increased by \$.5 million due to an increase in building permit issuances in the Opportunity Study Area. Sales tax decreased by \$1.5 million due to decrease receipt of sales tax due to the COVID-19 pandemic. Investment income decreased by \$1.0 million due to a lower rate of return on investments. The remaining portion is related to smaller fluctuations in other revenue accounts.
- Expenditures increased by \$2.1 million. Public Safety costs decreased by \$1.6 million, primarily attributable to a one-time use of CARES Act funds related to public safety response to the COVID-19 pandemic. Public Works costs increased by \$1.3 million, mainly due to an increase in engineering inspection costs in the Opportunity Study Area. Capital Outlay in the General Fund for road totaled \$2.8 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 CARES Act Assistance Special Revenue 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. The major projects funded during the year were the construction of the Civic Center, Community Center/Performing Arts, and Senior Center. This fund ended the year with a decrease in fund balance of \$14.5 million. Expenditures decreased by \$18.4 million, mostly attributable to the construction for the Civic Center, Community Center/Performing Arts, and Senior Center.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The CARES Act Assistance Special Revenue Fund is composed of resources from the State of California and County of Orange received from the federal government for COVID-19 pandemic response. This fund ended the year with negative fund balance of \$1.0 million pending receipt of funds from the State of California.

Proprietary Fund - The Internal Service Fund was closed during the year and resources transferred back to the General Fund.

General Fund Budgetary Highlights

Revenues

The difference between original and final amended budgeted revenues was an increase of \$1.9 million. The most notable mid-year revenue adjustments included an increase in Taxes (\$0.5 million), increase in Charges for Services (\$0.4 million), and increase in Other Revenue (\$.4 million).

Actual revenues were lower than budgeted amounts by \$2.3 million. Tax revenues were more than budget by \$0.3 million, due to an overall increase in residential development. Sales tax revenues were less than budget by \$1.5 million, from a decrease in receipt of sales taxes due to the COVID-19 pandemic. Investment income was more than budget by \$1.0 million.

Expenditures

The difference between original and final amended budgeted expenditures was \$7.6 million. The most notable adjustments were \$4.7 million increase to Capital Outlay and \$1.3 million increase to Public Works. The remaining adjustments related to smaller variances in various expenditure accounts in other departments.

Total expenditures were under budgeted amounts by \$14.7 million primarily attributable to Capital Outlay, Public Safety Public Works, and Community Development 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
JUNE 30, 2020**

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$371.6 million, net of accumulated depreciation.

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

- Construction in progress costs decreased by \$69.2 million, due to the capitalization of the Civic Center, while Buildings and Improvements increased 87.0 million.

City of Lake Forest - Capital Assets
(net of depreciation)
(in millions)

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$120.9	\$120.9
Machinery and equipment	0.6	1.0
Buildings and improvements	97.1	10.1
Construction in progress	5.1	74.3
Improvements other than buildings	30.1	26.8
Infrastructure:		
Streets	61.7	58.6
Curbs, gutters and sidewalks	22.0	22.9
Storm drain system	10.8	11.2
Traffic signal system	3.8	3.3
Medians	10.2	9.5
Park improvements	9.3	11.5
	<u>\$371.6</u>	<u>\$350.1</u>

Additional information on the City's capital assets can be found in Note 4 in the Financial Section of this report.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Long-Term Liabilities

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$1.3 million, an increase of \$1.0 million from the prior fiscal year. Total long-term debt outstanding represents the compensated absences and net OPEB liability.

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

	2020	2019
Net OPEB liability	.5	0.4
Compensated absences	.8	0.8
	<u>\$1.3</u>	<u>\$ 1.2</u>

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, 2020, unemployment rate for the City was 2.5% as compared to the rate of 2.5% one year ago. The City's rate compares favorably to the State's unemployment rate of 8.2% and the national average rate of 6.7%.

The City's Fiscal Year 2020-21 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. Revenue decreases of 10% were anticipated.

General Fund operating expenditures have been projected to remain relatively stable for the next five years. Cost savings measures were implemented for a reduction of 5%. The City's General Fund is in a deficit position in the Operating Budget for Fiscal Year 2020-21. However and all reserves are fully funded.

All of these factors were considered in preparing the City's Budget for Fiscal Year 2020-21.

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.

CITY OF LAKE FOREST
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS:	
Cash and investments	\$ 98,380,094
Receivables:	
Taxes	715,519
Accounts	2,573,234
Interest	284,760
Grants	251,415
Loans	2,125,561
Notes	100,000
Due from other governments	4,505,552
Prepaid items	3,518
Restricted cash with fiscal agent	1,347,100
Capital assets:	
Not being depreciated	126,042,751
Being depreciated, net	245,679,429
Net pension asset	296,877
TOTAL ASSETS	482,305,810
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amount from pension plans	1,203,429
Deferred amount from OPEB	256,456
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,459,885
LIABILITIES:	
Accounts payable	6,763,971
Accrued salaries and benefits	314,739
Retentions payable	2,182,443
Unearned revenue	140,117
Deposits payable	1,901,082
Noncurrent liabilities:	
Due within one year	465,412
Due in more than one year	378,912
Net OPEB liability - due in more than one year	457,820
TOTAL LIABILITIES	12,604,496
DEFERRED INFLOWS OF RESOURCES:	
Deferred amount from pension plans	220,621
Deferred amount from OPEB	143,513
TOTAL DEFERRED INFLOWS OF RESOURCES	364,134
NET POSITION:	
Net investment in capital assets	369,539,737
Restricted	
Low- and moderate-income housing	6,964,451
Community development	1,938,103
Public safety	275,459
Public works	21,542,236
Community services	1,476,270
Pension benefits	1,347,100
Unrestricted	67,713,709
TOTAL NET POSITION	\$ 470,797,065

See accompanying notes to financial statements.

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CITY OF LAKE FOREST
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 7,585,821	\$ 25,113	\$ 255,524	\$ -	\$ (7,305,184)
Public safety	18,535,864	319,814	901,344	-	(17,314,706)
Public works	28,288,176	2,378,094	5,378,937	16,071,607	(4,459,538)
Community development	4,288,351	3,780,717	639,472	-	131,838
Management services	2,152,820	26,083	-	-	(2,126,737)
Community services	3,692,026	703,713	71,443	-	(2,916,870)
Total governmental activities	<u>\$ 64,543,058</u>	<u>\$ 7,233,534</u>	<u>\$ 7,246,720</u>	<u>\$ 16,071,607</u>	<u>(33,991,197)</u>

General revenues:

Taxes:

Property tax, levied for general purpose	21,393,000
Transient occupancy tax	2,922,220
Franchise tax	2,423,539
Other taxes	54,031
Unrestricted intergovernmental - sales tax	15,588,270
Investment income	2,344,469
Insurance proceeds	299,074
Other	674,070

Total general revenues 45,698,673

Change in net position 11,707,476

Net position at beginning of year 459,089,589

Net position at end of year \$ 470,797,065

CITY OF LAKE FOREST
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020

	General	Capital Projects Fund Opportunities Study Area
ASSETS		
Cash and investments	\$ 67,463,940	\$ 3,410,877
Cash and investments with fiscal agents	1,347,100	-
Receivables:		
Taxes	715,519	-
Accounts	1,303,068	571,352
Interest	284,760	-
Grants	-	-
Loans	-	-
Notes	-	-
Due from other governments	3,460,902	106,480
Due from other funds	1,805,981	-
Prepaid items	3,518	-
	<u>\$ 76,384,788</u>	<u>\$ 4,088,709</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 4,012,588	\$ 1,037,217
Accrued salaries and benefits	314,739	-
Retentions payable	102,983	1,697,500
Due to other funds	-	-
Deposits payable	1,901,082	-
Unearned revenues	140,117	-
TOTAL LIABILITIES	<u>6,471,509</u>	<u>2,734,717</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenues	658,456	491,783
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>658,456</u>	<u>491,783</u>
FUND BALANCES:		
Nonspendable	3,518	-
Restricted	1,347,100	862,209
Assigned	11,988,737	-
Unassigned	55,915,468	-
TOTAL FUND BALANCES	<u>69,254,823</u>	<u>862,209</u>
	<u>\$ 76,384,788</u>	<u>\$ 4,088,709</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		

See accompanying notes to financial statements.

Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
CARES Act		
\$ -	\$ 27,505,277	\$ 98,380,094
-	-	1,347,100
-	-	715,519
696,174	2,640	2,573,234
-	-	284,760
-	251,415	251,415
-	2,125,561	2,125,561
-	100,000	100,000
-	938,170	4,505,552
-	-	1,805,981
-	-	3,518
<u>\$ 696,174</u>	<u>\$ 30,923,063</u>	<u>\$ 112,092,734</u>
\$ -	\$ 1,714,166	\$ 6,763,971
-	-	314,739
-	381,960	2,182,443
1,742,112	63,869	1,805,981
-	-	1,901,082
-	-	140,117
<u>1,742,112</u>	<u>2,159,995</u>	<u>13,108,333</u>
-	353,126	1,503,365
-	353,126	1,503,365
-	-	3,518
-	28,409,942	30,619,251
-	-	11,988,737
(1,045,938)	-	54,869,530
<u>(1,045,938)</u>	<u>28,409,942</u>	<u>97,481,036</u>
<u>\$ 696,174</u>	<u>\$ 30,923,063</u>	<u>\$ 112,092,734</u>

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CITY OF LAKE FOREST

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2020

Fund balances - total governmental funds \$ 97,481,036

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	\$ 521,801,122	
Accumulated depreciation	<u>(150,078,942)</u>	371,722,180

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.

1,503,365

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

Compensated absences		(844,324)
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Pension-related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position, as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred outflows of resources related to pension	1,203,429	
Deferred inflows of resources related to pension	(220,621)	
Net pension asset	<u>296,877</u>	1,279,685

OPEB-related debt 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 inflow 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	256,456	
Deferred inflows of resources related to OPEB	(143,513)	
Net OPEB liability	<u>(457,820)</u>	<u>(344,877)</u>

Net position of governmental activities \$ 470,797,065

CITY OF LAKE FOREST

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2020

	General	Capital Projects Fund Opportunities Study Area
REVENUES:		
Taxes	\$ 26,792,790	\$ -
Licenses and permits	2,395,798	-
Intergovernmental	296,210	-
Intergovernmental - sales tax	15,588,270	-
Charges for services	4,521,374	-
Developer contributions	306,280	8,856,750
Fines and forfeitures	319,814	-
Investment income	1,760,138	-
Other	429,617	1,304,426
TOTAL REVENUES	<u>52,410,291</u>	<u>10,161,176</u>
EXPENDITURES:		
Current:		
General government	6,361,770	-
Public safety	16,552,883	-
Public works	13,314,695	-
Community development	3,998,759	-
Management services	2,123,195	-
Community services	3,642,230	-
Capital outlay	2,769,141	24,744,147
TOTAL EXPENDITURES	<u>48,762,673</u>	<u>24,744,147</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,647,618</u>	<u>(14,582,971)</u>
OTHER FINANCING SOURCES (USES):		
Insurance proceeds	299,074	-
Transfers in	11,136,216	-
Transfers out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,435,290</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	15,082,908	(14,582,971)
FUND BALANCES - BEGINNING OF YEAR	<u>54,171,915</u>	<u>15,445,180</u>
FUND BALANCES - END OF YEAR	<u>\$ 69,254,823</u>	<u>\$ 862,209</u>

See accompanying notes to financial statements.

Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
CARES Act		
\$ -	\$ -	\$ 26,792,790
-	-	2,395,798
696,174	5,824,398	6,816,782
-	-	15,588,270
-	9,654	4,531,028
-	5,414,616	14,577,646
-	-	319,814
-	488,274	2,248,412
-	65,938	1,799,981
<u>696,174</u>	<u>11,802,880</u>	<u>75,070,521</u>
-	202,288	6,564,058
1,742,112	174,844	18,469,839
-	1,896,995	15,211,690
-	289,592	4,288,351
-	-	2,123,195
-	45,389	3,687,619
-	7,276,547	34,789,835
<u>1,742,112</u>	<u>9,885,655</u>	<u>85,134,587</u>
<u>(1,045,938)</u>	<u>1,917,225</u>	<u>(10,064,066)</u>
-	-	299,074
-	-	11,136,216
-	(10,676,085)	(10,676,085)
<u>-</u>	<u>(10,676,085)</u>	<u>759,205</u>
(1,045,938)	(8,758,860)	(9,304,861)
<u>-</u>	<u>37,168,802</u>	<u>106,785,897</u>
<u>\$ (1,045,938)</u>	<u>\$ 28,409,942</u>	<u>\$ 97,481,036</u>

CITY OF LAKE FOREST

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

Net change in fund balances - total governmental funds		\$ (9,304,861)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Depreciation	\$ (8,353,407)	
Capital outlay, net of disposals	30,115,238	
Loss on disposal of capital assets	<u>(6,175)</u>	21,755,656
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.		878,948
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.		(41,526)
Pension expense 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.		(871,247)
OPEB expense 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.		(82,827)
Internal service funds are used by management to charge the costs of vehicle replacement to individual funds. The net revenues of the internal service fund are reported with governmental activities.		<u>(626,667)</u>
Change in net position of governmental activities		<u>\$ 11,707,476</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST
STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2020

	Governmental Activities
	Internal Service Fund
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ -
TOTAL CURRENT ASSETS	-
NONCURRENT ASSETS:	
Capital assets:	
Being depreciated	-
Less: accumulated depreciation	-
TOTAL NONCURRENT ASSETS	-
TOTAL ASSETS	-
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	-
TOTAL LIABILITIES	-
NET POSITION:	
Investment in capital assets	-
Unrestricted	-
TOTAL NET POSITION	\$ -

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND

For the year ended June 30, 2020

	Governmental Activities
	<u>Internal Service Fund</u>
OPERATING REVENUES:	
Vehicle replacement charges	\$ -
Other	
	<u> -</u>
TOTAL OPERATING REVENUES	<u> -</u>
OPERATING EXPENSES:	
Depreciation expense	<u> -</u>
OPERATING INCOME	-
NONOPERATING REVENUES:	
Gain on sale of capital assets	1,991
NONOPERATING EXPENSES:	
Transfer out	<u>(628,658)</u>
CHANGE IN NET POSITION	(626,667)
NET POSITION AT BEGINNING OF YEAR	<u>626,667</u>
NET POSITION AT END OF YEAR	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended June 30, 2020

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from user departments	\$ -
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	-
Proceeds from sale of capital assets	1,991
Payments for fund closure	(38,416)
Transfer out	<u>(460,131)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(496,556)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(496,556)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>496,556</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ -
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

	Successor Agency to Lake Forest Redevelopment Agency Private-Purpose Trust Fund	Other Post- Employment Benefit (OPEB) Trust Fund	Agency Funds
ASSETS:			
Cash and investments	\$ 593,048	\$ -	\$ 343,207
Cash and investments held by trust	-	530,157	-
TOTAL ASSETS	593,048	530,157	\$ 343,207
LIABILITIES:			
CURRENT LIABILITIES:			
Interest payable	19,909	-	\$ -
Deposits payable	-	-	343,207
TOTAL CURRENT LIABILITIES	19,909	-	\$ 343,207
LONG-TERM LIABILITIES:			
Due within one year	310,000	-	
Due in more than one year	5,415,000	-	
TOTAL LONG-TERM LIABILITIES	5,725,000	-	
TOTAL LIABILITIES	5,744,909	-	
NET POSITION:			
Restricted for private purpose	(5,151,861)	-	
Restricted for OPEB	-	530,157	
TOTAL NET POSITION	\$ (5,151,861)	\$ 530,157	

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2020

	Successor Agency to Lake Forest Redevelopment Agency Private-Purpose Trust Fund	Other Post- Employment Benefit (OPEB) Trust Fund
	<u>Trust Fund</u>	<u>Trust Fund</u>
ADDITIONS:		
Taxes	\$ 547,869	\$ -
Investment income	7,748	20,094
	<u>555,617</u>	<u>20,094</u>
TOTAL ADDITIONS		
DEDUCTIONS:		
Interest and fiscal charges	243,600	-
Benefits	-	20,153
Administrative expense	5,000	2,820
	<u>248,600</u>	<u>22,973</u>
TOTAL DEDUCTIONS		
CHANGE IN NET POSITION	307,017	(2,879)
NET POSITION - BEGINNING OF YEAR	<u>(5,458,878)</u>	<u>533,036</u>
NET POSITION - END OF YEAR	<u>\$ (5,151,861)</u>	<u>\$ 530,157</u>

See accompanying notes to financial statements.

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CITY OF LAKE FOREST, CALIFORNIA

Notes to Financial Statements

June 30, 2020

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 are 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements

Government-wide financial statements display information about the 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 private-purpose trust and the pension and other post-employment benefit trust funds. The City's fiduciary agency funds have no measurement focus, but utilize the accrual basis for reporting its assets and liabilities. 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.

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 an *other 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. Internal service fund activity has been eliminated and net balances are included in the governmental activities. Interfund services provided and used, if any, are not eliminated in the consolidation process.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, 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, other post-employment benefit trust and agency 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds (Continued)

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 an *other financing source*, rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary Fund

Proprietary fund types are accounted for using the *economic resources measurement focus* and *accrual basis of accounting*. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the statement of net position. Their reported fund equity presents total net position. The operating statement of the proprietary fund presents increases (revenues) and decreases (expenses) in total net position. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service fund are charges to departments for vehicle replacement charges. The primary operating expense for the internal service fund is depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government). The City uses the internal service fund to account for vehicle replacement activities.

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 private-purpose trust fund and other post-employment benefit (OPEB) trust fund 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 OPEB trust fund accounts for the activities of the City's plan for post-retirement medical benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary Funds (Continued)

The City’s fiduciary agency funds have no measurement focus, but utilize the accrual basis for reporting its assets and liabilities. Because these funds are not available for use by the City, fiduciary funds are not included in the governmental-wide statements. The City uses agency 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.

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.

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.

Coronavirus Aid, Relief, and Economic Security (“CARES”) Act Assistance Special Revenue Fund

The CARES Act Special Revenue 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.

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 Internal Service Fund is used to account for the cost of replacing the City’s vehicles. At March 3, 2020 this fund was closed and transferred to the General Fund.

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

The Other Post-Employment Benefit Trust Fund is used to account for the activities of the City’s plan for post-retirement medical benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Fund Classifications (Continued)

Agency Funds are used to account for special deposits for which the City acts as an agent for all special deposit activity.

d. New Accounting Pronouncements

Current Year Standards

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This statement provides temporary relief to governments and other stakeholders in light of the coronavirus (COVID-19) pandemic and postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Paragraph 4 of this statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other post-employment benefit (OPEB) plan or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. Paragraph 5 of this statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs did not impact the City.

Pending Accounting Standards

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future. The City is currently evaluating the potential impact of these statements:

In January 2017, the 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 post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the financial statements.

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 requirements of this statement are effective for reporting periods beginning after December 15, 2019, and early application is encouraged.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, and early application is encouraged.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses practice issues that have been identified during the implementation and application of certain GASB statements. This statement addresses a variety of topics, including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

The requirements of this statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to post-employment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan, depending on whether the plan meets the definition of a pension plan, and clarifies that Statement 84, as amended, should be applied to all arrangements organized under Internal Revenue Code Section 457 to determine whether those arrangements should be reported as fiduciary activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

This statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The requirements of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application of these requirements is encouraged and permitted.

e. Cash and Cash Equivalents

All cash and investments are held in the City's cash management pool. Therefore, for purposes of the statement of cash flows for the proprietary fund, the City considers the entire pooled cash and investment balance to be cash and cash equivalents.

f. 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.

g. Prepaid Items

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

h. Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. 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.

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.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Property Taxes (Continued)

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.

i. 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 and in the internal service fund of the proprietary fund 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 - 30 years
Improvements other than buildings	10 - 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

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Deferred Outflows/Inflows of Resources (Continued)

- Deferred outflows related to pensions 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 through the plan.
- Deferred outflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions and 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to 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 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 plan.
- 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.
- Deferred inflows related to OPEB 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line method. Long-term debt is reported net of the applicable premiums or discount. Amortization of bond premiums or discounts is included in interest expense. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, premiums and discounts, as well as issuance costs, are recognized in the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

l. 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.

m. Pensions

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

n. Post-Employment 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.

o. 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.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

a. Deficit Fund Balance

The following funds had deficit fund balances at June 30, 2020:

Major Fund:

CARES Act Assistance Special Revenue Fund \$ (1,045,938)

The CARES Act Assistance Special Revenue Fund deficit will be eliminated with future receipts from the County and State CARES Act funds.

b. Excess of Expenditures over Appropriations

The following fund reported expenditures exceeding appropriations at June 30, 2020:

	<u>Fund Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Fund:			
General Fund - City attorney department	\$ 1,351,000	\$ 1,589,561	\$ (238,561)

3. CASH AND INVESTMENTS

Cash and investments at June 30, 2020, consist of the following:

	<u>Government Wide Statement of Net Position</u>	<u>Fiduciary Statement of Net Position</u>	<u>Total</u>
Cash and investments	\$ 98,380,094	\$ 936,255	\$ 99,316,349
Restricted:			
Cash and investments held by trust	<u>1,347,100</u>	<u>530,157</u>	<u>1,877,257</u>
Total cash and investments	<u>\$ 99,727,194</u>	<u>\$ 1,466,412</u>	<u>\$ 101,193,606</u>

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

Cash in hand	\$ 2,250
Deposits with financial institutions	8,789,494
Investments	<u>92,401,862</u>
Total cash and investments	<u>\$ 101,193,606</u>

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

3. CASH AND INVESTMENTS (CONTINUED)

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

The table below identifies the investment types that are authorized for the City by the California Government Code 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 and other post-employment benefit (OPEB) trusts that are 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
US Treasury Obligations	Yes	5 years	None	None
US 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	10%	\$1,000,000
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 is 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.

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.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

3. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Total	Weighted- Average Maturity (in Years)
US Government Sponsored		
Agency Securities:		
Federal Home Loan Bank (FHLB)	\$ 5,103,960	1.21
Federal Home Loan Mortgage Corporation (FHLMC)	8,196,872	1.37
Federal National Mortgage Association (FNMA)	3,015,330	0.53
Federal Agricultural Mortgage Corporation (FAMC)	2,103,192	0.07
State Investment Pool	49,753,554	N/A
Orange County Investment Pool	170	N/A
California Asset Management Program	17,733,857	N/A
Money Market Mutual Funds	4,617,670	N/A
Pension Trust - PARS Pooled Trust	1,347,100	N/A
OPEB Trust - PARS Pooled Trust	530,157	N/A
	\$ 92,401,862	

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, CALIFORNIA
Notes to Financial Statements
June 30, 2020

3. 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:

Investment Type	Total as of June 30, 2020	Minimum Legal Rating	AAA (Aaa)	AA+ (Aaa)	Not Rated
US Government Sponsored					
Agency Securities:					
FHLB	\$ 5,103,960	N/A	\$ 5,103,960	-	\$ -
FHLMC	8,196,872	N/A	8,196,872	-	-
FNMA	3,015,330	N/A	3,015,330	-	-
FAMC	2,103,192	N/A	2,103,192	-	-
State Investment Pool	49,753,554	N/A	-	-	49,753,554
Orange County Investment Pool	170	N/A	-	-	170
California Asset Management Program	17,733,857	N/A	17,733,857	-	-
Money Market Mutual Funds	4,617,670	A	4,617,670	-	-
PARS Pooled Trusts:					
Pension Trust	1,347,100	N/A	-	-	1,347,100
OPEB Trust	530,157	N/A	-	-	530,157
 Total	 <u>\$ 92,401,862</u>		 <u>\$ 40,770,881</u>	 <u>\$ -</u>	 <u>\$ 51,630,981</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 as noted on page 43. At June 30, 2020, the investments in any one issuer that represent 5% or more of the City's total investments are FHLB and FHLMC.

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.

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).

3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

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, 2020, 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.

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, 2020, 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 Comprehensive Annual Financial Report.

3. CASH AND INVESTMENTS (CONTINUED)

Pension and Other Post-Employment Benefit (OPEB) 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 and other post-employment benefit (OPEB) health plan. The pension trust and OPEB trust funds' 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% - 20% Cash 40% - 60% Fixed Income 40% - 60% Equity

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.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The City had the following recurring fair value measurements as of June 30, 2020:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
United States Government				
Sponsored Agency Securities:				
FHLB	\$ -	\$ 5,103,960	\$ -	\$ 5,103,960
FHLMC	-	8,196,872	-	8,196,872
FNMA	-	3,015,330	-	3,015,330
FAMC	-	2,103,192	-	2,103,192
	<u>\$ -</u>	<u>\$ 18,419,354</u>	<u>\$ -</u>	<u>18,419,354</u>
Total Leveled Investments				
State Investment Pool (LAIF)*				49,753,554
Orange County Investment Pool (OCIP)*				170
California Asset Management Program (CAMP)*				17,733,857
Money Market Mutual Funds*				4,617,670
Pension Trust*				1,347,100
OPEB Trust*				<u>530,157</u>
Total Investment Portfolio				<u>\$ 92,401,862</u>

* Not subject to fair value hierarchy.

4. 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 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, 2020, is \$100,000.

Housing loans receivable of \$214,145 and \$1,911,416 in the Housing Authority Special Revenue Fund and Community Development Block Grant Special Revenue Fund consists of various low-interest home loans made to low-income families.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

5. CAPITAL ASSETS

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

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 120,901,809	\$ -	\$ -	\$ 120,901,809
Construction in progress	74,277,681	4,668,838	(73,805,577)	5,140,942
 Total capital assets, not being depreciated	 195,179,490	 4,668,838	 (73,805,577)	 126,042,751
Capital assets, being depreciated:				
Buildings and improvements	12,478,186	87,489,420	(302,904)	99,664,702
Improvements other than buildings	32,531,663	4,437,695	-	36,969,358
Machinery and equipment	5,906,809	87,033	(1,509,242)	4,484,600
Infrastructure	247,570,409	7,069,302	-	254,639,711
 Total capital assets, being depreciated	 298,487,067	 99,083,450	 (1,812,146)	 395,758,371
Less accumulated depreciation for:				
Buildings and improvements	(2,412,843)	(409,012)	298,744	(2,523,111)
Improvements other than buildings	(5,696,781)	(1,169,176)	-	(6,865,957)
Machinery and equipment	(4,882,142)	(478,152)	1,507,227	(3,853,067)
Infrastructure	(130,539,740)	(6,297,067)	-	(136,836,807)
 Total accumulated depreciation	 (143,531,506)	 (8,353,407)	 1,805,971	 (150,078,942)
 Total capital assets, being depreciated, net	 154,955,561	 90,730,043	 (6,175)	 245,679,429
 Capital assets, net	 <u>\$ 350,135,051</u>	 <u>\$ 95,398,881</u>	 <u>\$ (73,811,752)</u>	 <u>\$ 371,722,180</u>

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

5. CAPITAL ASSETS (CONTINUED)

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

General government	\$ 26,163
Public safety	66,025
Public works, including depreciation of infrastructure assets	8,227,187
Management services	29,625
Community services	<u>4,407</u>
Total depreciation expense - governmental activities	<u>\$ 8,353,407</u>

Construction Commitments

Significant construction contracts as of June 30, 2020, consisted of the following:

	<u>Commitment</u>
Park Sidewalk Rehabilitation Project	\$ 13,373
Shade Structure Program	101,587
Portola Center Park	409,995
Street Repaving & Slurry Seal	513,395
Traffic Signal System Upgrades	724,064
Annual Pavement Management Program	
Street Resurfacing - Arterial Slurry Seal (Toledo, Ridge Route, and Serrano)	775,578

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

6. INTERFUND ACTIVITIES

Due From/Due To Other Funds

Other Governmental Funds - Community Development Block Grant Special Revenue Fund borrowed \$63,869 from the General Fund to fund operations. CARES Act Special Revenue fund borrowed \$1,742,112 from the General Fund to loan funds for expenditures that are expected to be reimbursed under the CARES Act.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

6. INTERFUND ACTIVITIES (CONTINUED)

Interfund Transfers

Interfund transfers during the year ended June 30, 2020, consisted of the following:

Governmental Activities	Purpose	Transfers In	Transfers Out	Net Transfers
General Fund	Close out internal service fund into General Fund	\$ 460,131	\$ -	\$ 460,131
General Fund	Close out capital projects funds fund into General Fund	10,676,085	-	10,676,085
Other governmental funds:	Close out capital projects funds fund into General Fund	-	(10,676,085)	(10,676,085)
Internal Service Funds:				
Vehicle Replacement Fund	Close out internal service fund into General Fund	\$ -	\$ (628,658) ***	(628,658)
		<u>\$ 11,136,216</u>	<u>\$ (11,304,743)</u>	<u>\$ (168,527)</u>

*** Difference is due to transfer of capital assets resulting from closure of Internal Service Fund

7. LONG-TERM LIABILITIES

The change in the City's long-term liabilities during the year ended June 30, 2020, consisted of the following:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 802,798	\$ 617,803	\$ (576,277)	\$ 844,324	\$ 465,412	\$ 378,912
Total long-term liabilities	<u>\$ 802,798</u>	<u>\$ 617,803</u>	<u>\$ (576,277)</u>	<u>\$ 844,324</u>	<u>\$ 465,412</u>	<u>\$ 378,912</u>

Compensated Absences

The City's policies relating to employee leave benefits are described in Note 1.1. This liability will be paid in future years from future resources primarily from the General Fund. As of June 30, 2020, the outstanding balance was \$844,324.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

a. General Information about the OPEB Plan

Plan Description

In connection with the retirement benefits for employees described in Note 14, the City contributes to an agent multiple-employer defined benefit plan to provide post-employment 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.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

a. General Information about the OPEB Plan (Continued)

Employees Covered

As of measurement date June 30, 2019, 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 measurement period June 30, 2019, the City did not make any contributions.

Accounting for the Plan

The other post-employment 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.

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.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

b. Total OPEB Liability

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, 2019
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	3.80%
Long-Term Expected	
Rate of Return on Investments	3.80%
Inflation	2.75%
Payroll	2.75%
Health-Care Trend Rates	4% per year
Mortality	2017 CalPERS Retiree Mortality for Misc 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
PARS OPEB Trust:		
All US domestic stock	60.00%	7.795%
Long-term corporate bonds	40.00%	5.295%
Total	100.00%	

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

b. Total OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.80%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

c. Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018 (Measurement Date)	\$ 945,173	\$ 519,727	\$ 425,446
Changes in the Year:			
Service cost	62,082	-	62,082
Interest on the total OPEB liability	40,575	34,120	6,455
Differences between actual and expected experience	(142,818)	-	(142,818)
Changes in assumptions	105,362	-	105,362
Benefit payments	(19,518)	(19,518)	-
Administrative expenses	-	(1,293)	1,293
Net Changes	45,683	13,309	32,374
Balance at June 30, 2019 (Measurement Date)	\$ 990,856	\$ 533,036	\$ 457,820

Change of Assumptions

In fiscal year 2019-2020, the financial reporting discount rate changed from 4.20% to 3.80%. In addition, assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems.

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.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

c. Changes in the Net OPEB Liability (Continued)

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 (2.80%) or one percentage point higher (4.80%) than the current discount rate:

	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
Net OPEB Liability	\$ 633,793	\$ 457,820	\$ 316,922

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:

	3.00%	4.00%	5.00%
Net OPEB Liability	\$ 291,963	\$ 457,820	\$ 672,768

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$82,825. At June 30, 2020, 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
Differences between actual and expected experience	\$ -	\$ (133,015)
Changes in assumptions	256,456	-
Differences between projected and actual earnings	-	(10,498)
Total	<u>\$ 256,456</u>	<u>\$ (143,513)</u>

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

d. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

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
2021	\$ 9,436
2022	9,436
2023	9,434
2024	11,984
2025	14,834
Thereafter	57,819

e. Payable to the OPEB Plan

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

9. 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 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance and to arrange for group purchased insurance for property and other lines of coverage. The 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.

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.

9. RISK MANAGEMENT (CONTINUED)

Self-Insurance Programs of the Authority (Continued)

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

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 sub-limit during the three-year policy term.

9. RISK MANAGEMENT (CONTINUED)

Purchased Insurance (Continued)

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 \$37,944,297. 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 \$11,843,601. 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 2019-20.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

10. CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES

Net Position Classifications

The City's net position at June 30, 2020, 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	\$ 126,042,751
Depreciable capital assets, net	245,679,429
Less retention payable	<u>(2,182,443)</u>
Net investment in capital assets	<u>369,539,737</u>
Restricted net position:	
Low and moderate-income housing	6,964,451
Community development	1,938,103
Public safety	275,459
Public works	21,542,236
Community services	1,476,270
Pension benefits	<u>1,347,100</u>
Total restricted net position	<u>33,543,619</u>
Unrestricted net position	<u>67,713,709</u>
Total net position	<u>\$ 470,797,065</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, CALIFORNIA
Notes to Financial Statements
June 30, 2020

10. CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES (CONTINUED)

Governmental Fund Balance Classifications

The City's governmental fund balances at June 30, 2020, are tabulated below, followed by explanations as to the nature and purpose of each classification.

	General Fund	Opportunities Study Area Capital Projects Fund	CARES Act Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 3,518	\$ -	\$ -	\$ -	\$ 3,518
Restricted for:					
Street maintenance	-	-	-	4,771,667	4,771,667
Air quality	-	-	-	665,939	665,939
Grant programs	-	-	-	2,137,829	2,137,829
Housing programs	-	-	-	6,864,451	6,864,451
Capital projects	-	862,209	-	13,970,056	14,832,265
Pension benefits	1,347,100	-	-	-	1,347,100
Assigned for:					
Infrastructure	5,189,908	-	-	-	5,189,908
Neighborhood Park Improvement	6,798,829	-	-	-	6,798,829
Unassigned	55,915,468	-	(1,045,938)	-	54,869,530
	<u>\$ 69,254,823</u>	<u>\$ 862,209</u>	<u>\$ (1,045,938)</u>	<u>\$ 28,409,942</u>	<u>\$ 97,481,036</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.

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.

10. CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES (CONTINUED)

Governmental Fund Balance Classifications (Continued)

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.

11. OPERATING LEASES

The City leases the City Hall facility and other equipment under noncancelable operating leases, which consists of monthly lease payments of \$59,419. The City Hall lease expired on December 31, 2019. The equipment lease expires in May 2024 and its monthly lease payment is \$285. Facility and equipment lease expense for the year ended June 30, 2020 was \$366,009.

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

Year Ending June 30,	Amount
2021	\$ 15,562
2022	15,562
2023	15,562
	\$ 46,686

12. 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 and Westminster joined the Fire Authority as members eligible for fire protection services. 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, Placentia and Seal Beach.

CITY OF LAKE FOREST, CALIFORNIA

Notes to Financial Statements

June 30, 2020

12. JOINT VENTURE (CONTINUED)

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, 2020. 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, 180 South Water Street, Orange, CA 92866.

13. 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.

14. PENSION PLAN

Defined Benefit Plan

a. 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.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

14. PENSION PLAN (CONTINUED)

Defined Benefit Plan (Continued)

a. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Plan provisions and benefits in effect at the June 30, 2019, measurement date are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates		
Normal cost rate	9.409%	6.842%
Payment of unfunded liability	\$ 50,433	\$ 1,851

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.

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

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

As of June 30, 2020, the City reported a net pension asset of \$296,877 for its proportionate share of the net pension liability of all Plans.

The City's net pension asset 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, 2019, 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, 2018 rolled forward to June 30, 2019, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

14. PENSION PLAN (CONTINUED)

Defined Benefit Plan (Continued)

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

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

	<u>Miscellaneous</u>
Proportion - June 30, 2018	-0.00917%
Proportion - June 30, 2019	-0.00290%
Change - Increase (Decrease)	0.00627%

For the year ended June 30, 2020, the City recognized pension expense of \$1,508,515. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 637,268	\$ -
Differences between actual and expected experience	1,598	(20,620)
Change in assumptions	5,018	(14,156)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	554,354	(185,845)
Net differences between projected and actual earnings on plan investments	5,191	-
Total	<u>\$ 1,203,429</u>	<u>\$ (220,621)</u>

An amount of \$637,268 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, 2021. Other 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,	<u>Amount</u>
2021	\$ 211,254
2022	187,110
2023	(51,776)
2024	(1,048)
2025	-
Thereafter	-

14. PENSION PLAN (CONTINUED)

Defined Benefit Plan (Continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2019, measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age normal cost method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service.
(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 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.
(3) 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.

14. PENSION PLAN (CONTINUED)

Defined Benefit Plan (Continued)

- b. Pension Liabilities (Assets), 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:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
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	100.00%		

- (a) In the CalPERS CAFR, 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.
(b) An expected inflation of 2.0% was used for this period.
(c) An expected inflation of 2.92% was used for this period.

14. PENSION PLAN (CONTINUED)

Defined Benefit Plan (Continued)

- b. Pension Liabilities (Assets), 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	\$ 4,037,358
Current Discount Rate	7.15%
Net Pension Asset	\$ (296,877)
1% Increase	8.15%
Net Pension Liability Asset	\$ (3,874,483)

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.

- c. Payable to the Pension Plan

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

14. PENSION PLAN (CONTINUED)

Defined Contribution Plan

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, 2020, the City's payroll covered by the plan was \$754,189. Contributions to the plan totaled \$56,565, with employee contributions in the amount of \$46,761 (6.2% of current covered payroll) and City contributions in the amount of \$9,804 (1.3% of current covered payroll).

15. 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.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus (the "COVID-19 outbreak") and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The City's operations are heavily dependent on sales taxes, property taxes and transient occupancy taxes and assess business licenses. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress the tax bases and other areas in which the City received revenue during fiscal year 2021. The outbreak could also have other potential impacts, including disruptions or restrictions on employees' ability to work. As such, this may hinder the liability for the City to meet the needs of its constituents. The City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have an effect on the City's results of future operations and financial position in fiscal year 2021.

CITY OF LAKE FOREST, CALIFORNIA
Notes to Financial Statements
June 30, 2020

16. 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, 2020, was as follows:

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2020</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Other Debt						
2004 Certificates of Participation	\$ 6,025,000	\$ -	\$ (300,000)	\$ 5,725,000	\$ 310,000	\$ 5,415,000

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, 2020, was \$5,725,000.

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>
2021	\$ 310,000	\$ 232,868	\$ 542,868
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
2026-2030	2,060,000	645,734	2,705,734
2031-2034	1,980,000	172,550	2,152,550
	<u>\$ 5,725,000</u>	<u>\$ 1,850,436</u>	<u>\$ 7,575,436</u>

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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*

	<u>Miscellaneous</u>
Fiscal year ended	<u>June 30, 2020</u>
Measurement period	June 30, 2019
Plan's proportion of the net pension liability	-0.00290%
Plan's proportionate share of the net pension liability (asset)	\$ (296,877)
Plan's covered payroll	\$ 6,393,650
Plan's proportionate share of the net pension liability as a percentage of covered payroll	-4.64%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%
Plan's proportionate share of aggregate employer contributions	\$ 1,347,538

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for 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 1st year of implementation, therefore only six years are shown.

CITY OF LAKE FOREST

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Last Ten Fiscal Years*

Fiscal year ended	Miscellaneous				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	-0.00917%	0.02021%	0.01521%	0.05317%	0.05683%
Plan's proportionate share of the net pension liability (asset)	\$ (883,666)	\$ 2,003,930	\$ 1,315,948	\$ 3,649,775	\$ 3,536,521
Plan's covered payroll	\$ 5,957,084	\$ 6,123,728	\$ 5,714,410	\$ 5,368,494	\$ 5,321,851
Plan's proportionate share of the net pension liability as a percentage of covered payroll	-14.83%	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	75.26%	73.31%	74.06%	78.40%	79.82%
Plan's proportionate share of aggregate employer contributions	\$ 1,163,795	\$ 958,574	\$ 845,984	\$ 658,027	\$ 467,868

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for 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 1st year of implementation, therefore only six years are shown.

CITY OF STANTON
 SCHEDULE OF CONTRIBUTIONS
 Last Ten Fiscal Years*

	Miscellaneous
Fiscal year ended	<u>June 30, 2020</u>
Contractually required contribution (actuarially determined)	\$ 637,268
Contributions in relation to the actuarially determined contributions	<u>(637,268)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 6,782,362
Contributions as a percentage of covered payroll	9.40%
Notes to Schedule:	
Valuation Date	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial cost method	Entry age
Amortization method	(1)
Asset valuation method	Market Value
Inflation	2.625%
Salary increases	(2)
Investment rate of return	7.25% (3)
Retirement age	(4)
Mortality	(5)

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

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

CITY OF STANTON
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

Fiscal year ended	Miscellaneous				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 561,053	\$ 509,038	\$ 522,439	\$ 607,438	\$ 600,646
Contributions in relation to the actuarially determined contributions	<u>(561,053)</u>	<u>(2,965,383)</u>	<u>(522,439)</u>	<u>(4,328,303)</u>	<u>(600,646)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (2,456,345)</u>	<u>\$ -</u>	<u>\$ (3,720,865)</u>	<u>\$ -</u>
Covered payroll	\$ 6,393,650	\$ 5,957,084	\$ 6,123,728	\$ 5,714,410	\$ 5,368,494
Contributions as a percentage of covered payroll	8.78%	49.78%	8.53%	75.74%	11.19%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age				
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

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

* Fiscal year 2015 was the 1st year of implementation, therefore only six 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	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB Liability:			
Service cost	\$ 62,082	\$ 41,280	\$ 40,175
Interest on total OPEB liability	40,575	29,933	37,110
Differences between actual and expected experience	(142,818)	-	-
Changes in assumptions	105,362	192,537	-
Benefit payments, including refunds of	(19,518)	(21,242)	(12,270)
Net Change in Total OPEB Liability	<u>45,683</u>	<u>242,508</u>	<u>65,015</u>
Total OPEB Liability - Beginning of Year	<u>945,173</u>	<u>702,665</u>	<u>637,650</u>
Total OPEB Liability - End of Year (a)	<u>990,856</u>	<u>945,173</u>	<u>702,665</u>
Plan Fiduciary Net Position:			
Return of interest on Fiduciary Net Position	34,120	-	-
Contributions - employer	-	-	49,125
Net investment income	-	32,331	(1,222)
Benefit payments	(19,518)	(21,242)	(12,270)
Administrative expenses	(1,293)	-	-
Net Change in Plan Fiduciary Net Position	<u>13,309</u>	<u>11,089</u>	<u>35,633</u>
Plan Fiduciary Net Position - Beginning of Year	<u>519,727</u>	<u>508,638</u>	<u>473,005</u>
Plan Fiduciary Net Position - End of Year (b)	<u>533,036</u>	<u>519,727</u>	<u>508,638</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 457,820</u>	<u>\$ 425,446</u>	<u>\$ 194,027</u>
Plan fiduciary net position as a percentage of the net OPEB liability	53.80%	54.99%	72.39%
Covered - employee payroll	\$ 6,393,650	\$ 5,957,084	\$ 6,123,728
Net OPEB liability as percentage of covered - employee payroll	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%.

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

CITY OF LAKE FOREST

Other Post-Employment Benefits Plan
Annual Money-Weighted Rate of Return on Investments

Last Ten Fiscal Years*

Retiree Health Plan

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense*</u>
6/30/20	3.84%
6/30/19	6.68%
6/30/18	6.74%
6/30/17	10.51%

* Ten years of historical information is required by the GASB Statement No. 74. Fiscal year ended June 30, 2017, was the first year of implementation and therefore only four years are presented.

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 26,914,100	\$ 27,401,800	\$ 26,792,790	\$ (609,010)
Licenses and permits	2,653,000	2,653,000	2,395,798	(257,202)
Intergovernmental	236,400	566,400	296,210	(270,190)
Intergovernmental - sales tax	15,500,000	15,800,000	15,588,270	(211,730)
Charges for services	4,451,350	4,844,350	4,521,374	(322,976)
Developer contributions	294,900	294,900	306,280	11,380
Fines and forfeitures	410,000	410,000	319,814	(90,186)
Investment income	825,000	825,000	1,760,138	935,138
Other	287,000	679,000	429,617	(249,383)
TOTAL REVENUES	<u>51,571,750</u>	<u>53,474,450</u>	<u>52,410,291</u>	<u>(1,064,159)</u>
EXPENDITURES:				
Current:				
General government:				
City council	65,400	65,400	55,262	10,138
City manager	1,260,800	1,353,400	1,285,584	67,816
City attorney	1,351,000	1,351,000	1,589,561	(238,561)
City clerk	730,400	756,100	708,041	48,059
Finance	2,777,800	3,089,500	2,723,322	366,178
Public safety:				
Police services	19,108,200	19,478,300	16,552,883	2,925,417
Public works	13,231,100	14,515,750	13,314,695	1,201,055
Community development	3,983,000	4,541,299	3,998,759	542,540
Management services	2,468,500	2,661,100	2,123,195	537,905
Community services	4,722,500	4,733,600	3,642,230	1,091,370
Capital Outlay	6,323,531	10,977,191	2,769,141	8,208,050
TOTAL EXPENDITURES	<u>56,022,231</u>	<u>63,522,640</u>	<u>48,762,673</u>	<u>14,759,967</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(4,450,481)</u>	<u>(10,048,190)</u>	<u>3,647,618</u>	<u>13,695,808</u>
OTHER FINANCING SOURCES (USES):				
Insurance proceeds	-	300,000	299,074	(926)
Transfers in	-	460,131	11,136,216	(10,676,085)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>760,131</u>	<u>11,435,290</u>	<u>(10,677,011)</u>
NET CHANGE IN FUND BALANCE	(4,450,481)	(9,288,059)	15,082,908	3,018,797
FUND BALANCE - BEGINNING OF YEAR	<u>54,171,915</u>	<u>54,171,915</u>	<u>54,171,915</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 49,721,434</u>	<u>\$ 44,883,856</u>	<u>\$ 69,254,823</u>	<u>\$ 3,018,797</u>

CITY OF LAKE FOREST

BUDGETARY COMPARISON SCHEDULE

CARES ACT ASSISTANCE SPECIAL REVENUE FUND - MAJOR FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,892,112	\$ 696,174	\$ (1,195,938)
EXPENDITURES:			
Public safety	<u>1,892,112</u>	<u>1,742,112</u>	<u>150,000</u>
NET CHANGE IN FUND BALANCE	-	(1,045,938)	(1,045,938)
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ (1,045,938)</u></u>	<u><u>\$ (1,045,938)</u></u>

1. 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, except for CASP Program Special Revenue Fund.

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 the Capital Improvement Projects and 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

CITY OF LAKE FOREST

BUDGETARY COMPARISON SCHEDULE

OPPORTUNITIES STUDY AREA CAPITAL PROJECTS FUND - MAJOR FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Developer contributions	\$ 13,285,000	\$ 8,856,750	\$ (4,428,250)
Other	1,218,464	1,304,426	85,962
TOTAL REVENUES	<u>14,503,464</u>	<u>10,161,176</u>	<u>(4,342,288)</u>
EXPENDITURES:			
Capital outlay	<u>25,832,230</u>	<u>24,744,147</u>	<u>1,088,083</u>
NET CHANGE IN FUND BALANCE	(11,328,766)	(14,582,971)	(3,254,205)
FUND BALANCE - BEGINNING OF YEAR	<u>15,445,180</u>	<u>15,445,180</u>	-
FUND BALANCE - END OF YEAR	<u><u>\$ 4,116,414</u></u>	<u><u>\$ 862,209</u></u>	<u><u>\$ (3,254,205)</u></u>

SPECIAL REVENUE FUNDS

Measure M Fund - The 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.

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.

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.

CITY OF LAKE FOREST
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2020

		Special Revenue Funds			
		Measure M	Air Quality Improvement	Supplemental Law Enforcement Grant	Housing Authority
ASSETS					
Cash and investments		\$ 1,446,020	\$ 652,697	\$ 201,226	\$ 435,223
Receivables:					
Accounts		1,891	-	-	-
Grants		-	-	74,233	-
Loans		-	-	-	214,145
Notes		-	-	-	100,000
Due from other governments		682,776	27,023	-	-
TOTAL ASSETS		\$ 2,130,687	\$ 679,720	\$ 275,459	\$ 749,368
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable		\$ 140,482	\$ 13,781	\$ -	\$ 23,792
Retentions payable		2,662	-	-	-
Due to other funds		-	-	-	-
TOTAL LIABILITIES		143,144	13,781	-	23,792
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues		253,126	-	-	100,000
TOTAL DEFERRED INFLOWS OF RESOURCES		253,126	-	-	100,000
FUND BALANCES:					
Restricted		1,734,417	665,939	275,459	625,576
TOTAL FUND BALANCES		1,734,417	665,939	275,459	625,576
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		\$ 2,130,687	\$ 679,720	\$ 275,459	\$ 749,368

(Continued)

Special Revenue Funds (Continued)

AB 939	Beverage Recycling	Community Development Block Grant	Gas Tax	CASP Program
\$ 3,062	\$ 49,702	\$ -	\$ 3,618,648	\$ 12,468
-	-	-	749	-
-	-	177,182	-	-
-	-	1,911,416	-	-
-	-	-	-	-
-	-	-	228,371	-
<u>\$ 3,062</u>	<u>\$ 49,702</u>	<u>\$ 2,088,598</u>	<u>\$ 3,847,768</u>	<u>\$ 12,468</u>
\$ -	\$ 967	\$ 99,094	\$ 812,422	\$ -
-	-	3,779	121,847	-
-	-	63,869	-	-
-	967	166,742	934,269	-
-	-	-	-	-
-	-	-	-	-
<u>3,062</u>	<u>48,735</u>	<u>1,921,856</u>	<u>2,913,499</u>	<u>12,468</u>
<u>3,062</u>	<u>48,735</u>	<u>1,921,856</u>	<u>2,913,499</u>	<u>12,468</u>
<u>\$ 3,062</u>	<u>\$ 49,702</u>	<u>\$ 2,088,598</u>	<u>\$ 3,847,768</u>	<u>\$ 12,468</u>

(Continued)

CITY OF LAKE FOREST

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2020

		Capital Projects Funds		
		Capital	Lake	
		Improvement	Forest	
		Projects	Transportation	Park
			Mitigation	Development
ASSETS				
Cash and investments		\$ -	\$ 9,066,422	\$ 1,976,960
Receivables:				
Accounts		-	-	-
Grants		-	-	-
Loans		-	-	-
Notes		-	-	-
Due from other governments		-	-	-
TOTAL ASSETS		\$ -	\$ 9,066,422	\$ 1,976,960
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 28,667	\$ 576,826
Retentions payable		-	-	253,672
Due to other funds		-	-	-
TOTAL LIABILITIES		-	28,667	830,498
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues		-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES		-	-	-
FUND BALANCES:				
Restricted		-	9,037,755	1,146,462
TOTAL FUND BALANCES		-	9,037,755	1,146,462
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		\$ -	\$ 9,066,422	\$ 1,976,960

(Continued)

Capital Projects Funds (Continued)			
Affordable Housing	City Facilities Replacement	FCPP	Total Other Governmental Funds
\$ 6,238,875	\$ -	\$ 3,803,974	\$ 27,505,277
-	-	-	2,640
-	-	-	251,415
-	-	-	2,125,561
-	-	-	100,000
-	-	-	938,170
<u>\$ 6,238,875</u>	<u>\$ -</u>	<u>\$ 3,803,974</u>	<u>\$ 30,923,063</u>
\$ -	\$ -	\$ 18,135	\$ 1,714,166
-	-	-	381,960
-	-	-	63,869
-	-	18,135	2,159,995
-	-	-	353,126
-	-	-	353,126
<u>6,238,875</u>	<u>-</u>	<u>3,785,839</u>	<u>28,409,942</u>
<u>6,238,875</u>	<u>-</u>	<u>3,785,839</u>	<u>28,409,942</u>
<u>\$ 6,238,875</u>	<u>\$ -</u>	<u>\$ 3,803,974</u>	<u>\$ 30,923,063</u>

CITY OF LAKE FOREST

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2020

	Special Revenue Funds			
	Measure M	Air Quality Improvement	Supplemental Law Enforcement Grant	Housing Authority
REVENUES:				
Intergovernmental	\$ 1,690,502	\$ 109,490	\$ 205,170	\$ -
Charges for services	4,302	-	-	-
Developer contributions	-	-	-	-
Investment income	16,935	11,248	-	7,916
Other	-	-	-	8,502
TOTAL REVENUES	<u>1,711,739</u>	<u>120,738</u>	<u>205,170</u>	<u>16,418</u>
EXPENDITURES:				
Current:				
General government	202,288	-	-	-
Public safety	-	-	125,000	-
Public works	-	44,462	-	-
Community development	-	-	-	84,000
Community services	45,389	-	-	-
Capital outlay	54,008	7,365	-	-
TOTAL EXPENDITURES	<u>301,685</u>	<u>51,827</u>	<u>125,000</u>	<u>84,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,410,054</u>	<u>68,911</u>	<u>80,170</u>	<u>(67,582)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,410,054	68,911	80,170	(67,582)
FUND BALANCES - BEGINNING OF YEAR	<u>324,363</u>	<u>597,028</u>	<u>195,289</u>	<u>693,158</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,734,417</u>	<u>\$ 665,939</u>	<u>\$ 275,459</u>	<u>\$ 625,576</u>

(Continued)

Special Revenue Funds (Continued)

AB 939	Beverage Recycling	Community Development Block Grant	Gas Tax	CASP Program
\$ -	\$ 21,395	\$ 328,815	\$ 3,469,026	\$ -
-	-	-	-	5,352
-	-	-	-	-
-	-	57	68,441	-
45,241	-	600	11,595	-
<u>45,241</u>	<u>21,395</u>	<u>329,472</u>	<u>3,549,062</u>	<u>5,352</u>
-	-	-	-	-
-	-	-	-	-
44,800	19,657	-	1,788,076	-
-	-	205,592	-	-
-	-	-	-	-
-	-	75,915	2,542,552	-
<u>44,800</u>	<u>19,657</u>	<u>281,507</u>	<u>4,330,628</u>	<u>-</u>
441	1,738	47,965	(781,566)	5,352
-	-	-	-	-
-	-	-	-	-
441	1,738	47,965	(781,566)	5,352
2,621	46,997	1,873,891	3,695,065	7,116
<u>\$ 3,062</u>	<u>\$ 48,735</u>	<u>\$ 1,921,856</u>	<u>\$ 2,913,499</u>	<u>\$ 12,468</u>

(Continued)

CITY OF LAKE FOREST

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2020

	Capital Projects Funds		
	Capital Improvement Projects	Lake Forest Transportation Mitigation	Park Development
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Developer contributions	-	1,364,879	-
Investment income	-	152,819	80,637
Other	-	-	-
TOTAL REVENUES	-	1,517,698	80,637
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community development	-	-	-
Community services	-	-	-
Capital outlay	-	114,905	4,450,957
TOTAL EXPENDITURES	-	114,905	4,450,957
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,402,793	(4,370,320)
OTHER FINANCING SOURCES (USES):			
Transfers out	(7,971,979)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(7,971,979)	-	-
NET CHANGE IN FUND BALANCES	(7,971,979)	1,402,793	(4,370,320)
FUND BALANCES - BEGINNING OF YEAR	7,971,979	7,634,962	5,516,782
FUND BALANCES - END OF YEAR	\$ -	\$ 9,037,755	\$ 1,146,462

(Continued)

Capital Projects Funds (Continued)			
Affordable Housing	City Facilities Replacement	FCPP	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 5,824,398
-	-	-	9,654
593,178	-	3,456,559	5,414,616
110,618	-	39,603	488,274
-	-	-	65,938
<u>703,796</u>	<u>-</u>	<u>3,496,162</u>	<u>11,802,880</u>
-	-	-	202,288
49,844	-	-	174,844
-	-	-	1,896,995
-	-	-	289,592
-	-	-	45,389
-	-	30,845	7,276,547
<u>49,844</u>	<u>-</u>	<u>30,845</u>	<u>9,885,655</u>
<u>653,952</u>	<u>-</u>	<u>3,465,317</u>	<u>1,917,225</u>
-	(2,704,106)	-	(10,676,085)
-	(2,704,106)	-	(10,676,085)
653,952	(2,704,106)	3,465,317	(8,758,860)
<u>5,584,923</u>	<u>2,704,106</u>	<u>320,522</u>	<u>37,168,802</u>
<u>\$ 6,238,875</u>	<u>\$ -</u>	<u>\$ 3,785,839</u>	<u>\$ 28,409,942</u>

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,865,100	\$ 1,690,502	\$ (174,598)
Charges for services	12,500	4,302	(8,198)
Investment income	8,100	16,935	8,835
TOTAL REVENUES	1,885,700	1,711,739	(173,961)
EXPENDITURES:			
Current:			
General government	254,800	202,288	52,512
Community services	90,000	45,389	44,611
Capital outlay	1,540,969	54,008	1,486,961
TOTAL EXPENDITURES	1,885,769	301,685	1,584,084
EXCESS OF REVENUES OVER EXPENDITURES	(69)	1,410,054	1,410,123
FUND BALANCE - BEGINNING OF YEAR	324,363	324,363	-
FUND BALANCE - END OF YEAR	\$ 324,294	\$ 1,734,417	\$ 1,410,123

CITY OF LAKE FOREST

BUDGETARY COMPARISON SCHEDULE

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 110,000	\$ 109,490	\$ (510)
Investment income	4,500	11,248	6,748
TOTAL REVENUES	<u>114,500</u>	<u>120,738</u>	<u>6,238</u>
EXPENDITURES:			
Current:			
Public works	49,200	44,462	4,738
Capital outlay	396,229	7,365	388,864
TOTAL EXPENDITURES	<u>445,429</u>	<u>51,827</u>	<u>393,602</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(330,929)	68,911	399,840
FUND BALANCE - BEGINNING OF YEAR	<u>597,028</u>	<u>597,028</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 266,099</u></u>	<u><u>\$ 665,939</u></u>	<u><u>\$ 399,840</u></u>

CITY OF LAKE FOREST

BUDGETARY COMPARISON SCHEDULE

SUPPLEMENTAL LAW ENFORCEMENT GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 125,000	\$ 205,170	\$ 80,170
EXPENDITURES:			
Current:			
Public safety	<u>125,000</u>	<u>125,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	80,170	80,170
FUND BALANCE - BEGINNING OF YEAR	<u>195,289</u>	<u>195,289</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 195,289</u></u>	<u><u>\$ 275,459</u></u>	<u><u>\$ 80,170</u></u>

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ 5,000	\$ 7,916	\$ 2,916
Other	887,600	8,502	(879,098)
TOTAL REVENUES	892,600	16,418	(876,182)
EXPENDITURES:			
Current:			
Community development	105,100	84,000	21,100
EXCESS OF REVENUES OVER EXPENDITURES	787,500	(67,582)	(855,082)
FUND BALANCE - BEGINNING OF YEAR	693,158	693,158	-
FUND BALANCE - END OF YEAR	\$ 1,480,658	\$ 625,576	\$ (855,082)

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 AB 939 SPECIAL REVENUE FUND

For the year ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Other	\$ 43,000	\$ 45,241	\$ 2,241
EXPENDITURES:			
Current:			
Public works	<u>44,800</u>	<u>44,800</u>	<u>-</u>
TOTAL EXPENDITURES	<u>44,800</u>	<u>44,800</u>	<u>-</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(1,800)	441	2,241
FUND BALANCE - BEGINNING OF YEAR	<u>2,621</u>	<u>2,621</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 821</u></u>	<u><u>\$ 3,062</u></u>	<u><u>\$ 2,241</u></u>

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 BEVERAGE RECYCLING SPECIAL REVENUE FUND

For the year ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 21,300</u>	<u>\$ 21,395</u>	<u>\$ 95</u>
EXPENDITURES:			
Current:			
Public works	<u>21,500</u>	<u>19,657</u>	<u>1,843</u>
TOTAL EXPENDITURES	<u>21,500</u>	<u>19,657</u>	<u>1,843</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(200)	1,738	1,938
FUND BALANCE - BEGINNING OF YEAR	<u>46,997</u>	<u>46,997</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 46,797</u></u>	<u><u>\$ 48,735</u></u>	<u><u>\$ 1,938</u></u>

CITY OF LAKE FOREST

BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 910,981	\$ 328,815	\$ (582,166)
Investment income	-	57	57
Other	65,000	600	(64,400)
TOTAL REVENUES	<u>975,981</u>	<u>329,472</u>	<u>(646,509)</u>
EXPENDITURES:			
Current:			
Community development	846,381	205,592	640,789
Capital outlay	205,070	75,915	129,155
TOTAL EXPENDITURES	<u>1,051,451</u>	<u>281,507</u>	<u>769,944</u>
EXCESS OF REVENUES OVER EXPENDITURES	(75,470)	47,965	123,435
FUND BALANCE - BEGINNING OF YEAR	<u>1,873,891</u>	<u>1,873,891</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,798,421</u>	<u>\$ 1,921,856</u>	<u>\$ 123,435</u>

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 3,786,700	\$ 3,469,026	\$ (317,674)
Investment income	14,500	68,441	53,941
Other	-	11,595	11,595
	3,801,200	3,549,062	(252,138)
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public works	1,954,300	1,788,076	166,224
Capital outlay	4,278,030	2,542,552	1,735,478
	6,232,330	4,330,628	1,901,702
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,431,130)	(781,566)	1,649,564
FUND BALANCE - BEGINNING OF YEAR	3,695,065	3,695,065	-
FUND BALANCE - END OF YEAR	\$ 1,263,935	\$ 2,913,499	\$ 1,649,564

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 CASP PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 5,000	\$ 5,352	\$ 352
TOTAL REVENUES	5,000	5,352	352
EXPENDITURES:			
Current:			
Community Development	5,000	-	5,000
TOTAL EXPENDITURES	5,000	-	5,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	5,352	5,352
FUND BALANCE - BEGINNING OF YEAR	7,116	7,116	-
FUND BALANCE - END OF YEAR	\$ 7,116	\$ 12,468	\$ 5,352

CITY OF LAKE FOREST

BUDGETARY COMPARISON SCHEDULE

LAKE FOREST TRANSPORTATION MITIGATION CAPITAL PROJECTS FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Developer contributions	\$ 1,042,600	\$ 1,364,879	\$ 322,279
Investment income	55,000	152,819	97,819
TOTAL REVENUES	1,097,600	1,517,698	420,098
EXPENDITURES:			
Capital outlay	2,935,598	114,905	2,820,693
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,837,998)	1,402,793	3,240,791
FUND BALANCE - BEGINNING OF YEAR	7,634,962	7,634,962	-
FUND BALANCE - END OF YEAR	<u>\$ 5,796,964</u>	<u>\$ 9,037,755</u>	<u>\$ 3,240,791</u>

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Developer contributions	\$ 646,700	\$ -	\$ (646,700)
Investment income	35,000	80,637	45,637
TOTAL REVENUES	681,700	80,637	(601,063)
EXPENDITURES:			
Capital outlay	5,110,503	4,450,957	659,546
EXCESS OF REVENUES UNDER EXPENDITURES	(4,428,803)	(4,370,320)	58,483
FUND BALANCE - BEGINNING OF YEAR	5,516,782	5,516,782	-
FUND BALANCE - END OF YEAR	\$ 1,087,979	\$ 1,146,462	\$ 58,483

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 AFFORDABLE HOUSING CAPITAL PROJECTS FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Developer contributions	\$ 486,800	\$ 593,178	\$ 106,378
Investment income	75,000	110,618	35,618
TOTAL REVENUES	561,800	703,796	141,996
EXPENDITURES			
Current:			
Public safety	50,000	49,844	156
TOTAL EXPEDITURES	50,000	49,844	156
EXCESS OF REVENUES OVER EXPENDITURES	511,800	653,952	142,152
FUND BALANCE - BEGINNING OF YEAR	5,584,923	5,584,923	-
FUND BALANCE - END OF YEAR	\$ 6,096,723	\$ 6,238,875	\$ 142,152

CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 FCPP CAPITAL PROJECTS FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Developer contributions	\$ 2,310,000	\$ 3,456,559	\$ 1,146,559
Investment income	-	39,603	39,603
TOTAL REVENUES	\$ 2,310,000	\$ 3,496,162	\$ 1,186,162
EXPENDITURES			
Capital outlay	550,900	30,845	520,055
TOTAL EXPENDITURES	550,900	30,845	520,055
EXCESS OF REVENUES OVER EXPENDITURES	1,759,100	3,465,317	1,706,217
FUND BALANCE - BEGINNING OF YEAR	320,522	320,522	-
FUND BALANCE - END OF YEAR	<u>\$ 2,079,622</u>	<u>\$ 3,785,839</u>	<u>\$ 1,706,217</u>

CITY OF LAKE FOREST, CALIFORNIA

Agency Funds

June 30, 2020

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 ASSETS AND LIABILITIES
ALL AGENCY FUNDS

June 30, 2020

	Road Construction Programs	Strong Motion Instrumentation Program	Building Standards Administration	Total
ASSETS				
Cash and investments	\$ 306,558	\$ 28,448	\$ 8,201	\$ 343,207
TOTAL ASSETS	<u>\$ 306,558</u>	<u>\$ 28,448</u>	<u>\$ 8,201</u>	<u>\$ 343,207</u>
LIABILITIES				
Deposits payable	\$ 306,558	\$ 28,448	\$ 8,201	\$ 343,207
TOTAL LIABILITIES	<u>\$ 306,558</u>	<u>\$ 28,448</u>	<u>\$ 8,201</u>	<u>\$ 343,207</u>

CITY OF LAKE FOREST

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ROAD CONSTRUCTION PROGRAMS				
ASSETS:				
Cash and investments	\$ 302,062	\$ 4,202,496	\$ 4,198,000	\$ 306,558
TOTAL ASSETS	\$ 302,062	\$ 4,202,496	\$ 4,198,000	\$ 306,558
LIABILITIES:				
Deposits payable	\$ 302,062	\$ 4,202,496	\$ 4,198,000	\$ 306,558
TOTAL LIABILITIES	\$ 302,062	\$ 4,202,496	\$ 4,198,000	\$ 306,558
STRONG MOTION INSTRUMENTATION PROGRAM				
ASSETS:				
Cash and investments	\$ 79,685	\$ 29,125	\$ 80,362	\$ 28,448
TOTAL ASSETS	\$ 79,685	\$ 29,125	\$ 80,362	\$ 28,448
LIABILITIES:				
Deposits payable	\$ 79,685	\$ 29,125	\$ 80,362	\$ 28,448
TOTAL LIABILITIES	\$ 79,685	\$ 29,125	\$ 80,362	\$ 28,448
BUILDING STANDARDS ADMINISTRATION				
ASSETS:				
Cash and investments	\$ 18,805	\$ 8,321	\$ 18,925	\$ 8,201
TOTAL ASSETS	\$ 18,805	\$ 8,321	\$ 18,925	\$ 8,201
LIABILITIES:				
Deposits payable	\$ 18,805	\$ 8,321	\$ 18,925	\$ 8,201
TOTAL LIABILITIES	\$ 18,805	\$ 8,321	\$ 18,925	\$ 8,201

(Continued)

CITY OF LAKE FOREST

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 (CONTINUED)

For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 400,552	\$ 4,239,942	\$ 4,297,287	\$ 343,207
TOTAL ASSETS	<u>\$ 400,552</u>	<u>\$ 4,239,942</u>	<u>\$ 4,297,287</u>	<u>\$ 343,207</u>
LIABILITIES:				
Deposits payable	\$ 400,552	\$ 4,239,942	\$ 4,297,287	\$ 343,207
TOTAL LIABILITIES	<u>\$ 400,552</u>	<u>\$ 4,239,942</u>	<u>\$ 4,297,287</u>	<u>\$ 343,207</u>

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2020

This section of the City of Lake Forest's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	110
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	119
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt.	125
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	129
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	131

Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual 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			
	2020	2019	2018	2017
Governmental activities:				
Net investment in capital assets	\$ 369,539,737	\$ 350,135,051	\$ 306,575,269	\$ 289,675,809
Restricted	33,443,619	46,500,440	85,056,220	86,935,224
Unrestricted	<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>\$ 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	\$ 369,539,737	\$ 350,135,051	\$ 306,575,269	\$ 289,675,809
Restricted	33,443,619	46,500,440	85,056,220	86,935,224
Unrestricted	<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>\$ 470,697,065</u>	<u>\$ 459,089,589</u>	<u>\$ 450,865,050</u>	<u>\$ 434,114,636</u>

Fiscal Year

2016	2015	2014	2013	2012	2011
\$ 290,672,787	\$ 295,972,599	\$ 279,126,412	\$ 261,724,142	\$ 230,847,108	\$ 196,180,216
57,690,609	29,800,383	21,073,548	9,879,415	7,250,841	10,548,032
53,161,871	46,337,745	47,136,786	41,298,066	71,885,182	81,447,176
<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>	<u>\$ 288,175,424</u>
\$ 290,672,787	\$ 295,972,599	\$ 279,126,412	\$ 261,724,142	\$ 230,847,108	\$ 196,180,216
57,690,609	29,800,383	21,073,548	9,879,415	7,250,841	10,548,032
53,161,871	46,337,745	47,136,786	41,298,066	71,885,182	81,447,176
<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>	<u>\$ 288,175,424</u>

CITY OF LAKE FOREST
CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2020	2019	2018	2017
Expenses:				
Governmental activities:				
General government	\$ 7,585,821	\$ 7,093,463	\$ 6,546,094	\$ 4,272,828
Public safety	18,535,864	18,425,493	17,923,801	17,077,527
Public works	28,288,176	24,444,530	24,687,112	23,524,052
Community development	4,288,351	3,911,748	3,416,043	4,099,647
Management services	2,152,820	1,984,013	1,685,829	3,530,256
Community services	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>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	25,113	38,118	111,937	53,071
Public safety	319,814	482,786	427,082	421,998
Public works	2,378,094	2,483,073	2,211,935	2,256,578
Community development	3,780,717	3,026,777	3,934,617	5,291,838
Management services	26,083	49,433	38,477	29,702
Community services	703,713	850,639	849,645	776,774
Operating grants and contributions	7,246,720	5,684,836	5,497,777	4,482,584
Capital grants and contributions	16,071,607	6,781,304	20,318,939	36,901,620
Total governmental activities program revenues	<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>30,551,861</u>	<u>19,396,966</u>	<u>33,390,409</u>	<u>50,214,165</u>
Net revenues (expenses):				
Governmental activities	<u>(33,991,197)</u>	<u>(40,663,569)</u>	<u>(26,246,288)</u>	<u>(7,650,857)</u>
Total net revenues (expenses)	<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	21,393,000	20,162,559	18,729,118	17,387,743
Transient occupancy taxes	2,922,220	3,670,842	3,809,393	3,775,297
Other taxes	2,477,570	2,663,628	2,506,724	2,355,130
Motor vehicle in lieu, unrestricted	-	-	-	-
Intergovernmental - sales tax	15,588,270	17,104,605	16,051,061	15,639,800
Investment income	2,344,469	3,606,918	1,621,638	740,011
Other general revenues	973,144	1,679,556	524,935	342,245
Total governmental activities	<u>45,698,673</u>	<u>48,888,108</u>	<u>43,242,869</u>	<u>40,240,226</u>
Total primary government	<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	11,707,476	8,224,539	16,996,581	32,589,369
Loss on sale of property	-	-	-	-
Gain on transfer to Successor Agency	-	-	-	-
Repayment of redevelopment agency transfers	-	-	-	-
Changes in net position-Governmental activities	<u>11,707,476</u>	<u>8,224,539</u>	<u>16,996,581</u>	<u>32,589,369</u>
Total primary government	<u>\$ 11,707,476</u>	<u>\$ 8,224,539</u>	<u>\$ 16,996,581</u>	<u>\$ 32,589,369</u>

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 3,335,882	\$ 3,332,153	\$ 3,401,844	\$ 3,631,087	\$ 4,431,490	\$ 4,377,337
14,853,065	14,194,696	13,112,376	13,042,863	12,727,476	12,873,177
20,500,898	20,092,962	16,586,125	15,675,226	18,319,374	16,115,328
3,085,798	2,952,975	3,365,898	2,276,925	3,157,839	2,660,830
4,282,761	3,851,942	3,921,282	3,573,679	1,925,802	1,606,779
3,513,867	3,583,291	2,982,195	2,860,468	3,196,803	3,058,292
1,303,781	1,399,347	1,257,816	1,129,619	2,470,827	2,958,997
355,732	383,724	415,851	437,281	789,553	332,045
<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>	<u>43,982,785</u>
29,163	24,083	351	19,310	24,229	29,311
539,537	445,789	585,640	403,329	455,602	560,819
1,557,687	1,201,162	972,382	2,440,566	1,343,146	936,195
4,007,925	2,892,724	3,809,208	1,730,035	1,712,059	1,388,941
22,175	19,212	36,251	-	-	-
796,292	562,548	325,946	1,129,883	679,038	272,446
3,883,399	4,407,227	4,355,113	4,003,150	4,082,601	4,830,388
<u>31,307,562</u>	<u>33,597,542</u>	<u>34,320,520</u>	<u>1,669,232</u>	<u>23,696,197</u>	<u>12,396,561</u>
<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>	<u>20,414,661</u>
<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>	<u>20,414,661</u>
(9,088,044)	(6,640,803)	(637,976)	(31,231,643)	(15,026,292)	(23,568,124)
<u>(9,088,044)</u>	<u>(6,640,803)</u>	<u>(637,976)</u>	<u>(31,231,643)</u>	<u>(15,026,292)</u>	<u>(23,568,124)</u>
16,481,857	15,556,617	14,999,228	14,395,454	17,348,415	17,314,284
3,575,733	3,406,661	3,140,515	2,823,471	2,670,446	2,439,443
2,565,754	2,620,206	2,358,139	2,249,330	2,229,573	2,269,023
-	-	-	33,397	40,353	398,659
15,425,638	13,810,581	13,333,699	13,063,075	13,046,917	12,630,144
893,502	304,820	324,078	215,956	350,785	479,877
453,558	465,899	872,777	1,369,432	3,094,968	418,151
<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>	<u>35,949,581</u>
<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>	<u>35,949,581</u>
30,307,998	29,523,981	34,390,460	2,918,472	23,755,165	12,381,457
(893,458)	-	-	-	-	-
-	-	-	-	2,229,560	-
-	-	-	-	(4,176,998)	-
<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>	<u>12,381,457</u>
<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>	<u>\$ 12,381,457</u>

CITY OF LAKE FOREST

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2020	2019	2018	2017
General fund:				
Nonspendable	\$ 3,518	\$ 264,614	\$ 177,773	\$ 226,841
Restricted	1,347,100	1,303,586	1,224,083	1,150,267
Assigned	11,988,737	21,165,375	9,664,400	9,278,800
Unassigned	55,915,468	31,438,240	41,264,992	38,435,970
Total general fund	<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	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>\$ 28,226,213</u>	<u>\$ 52,613,984</u>	<u>\$ 84,118,497</u>	<u>\$ 94,105,368</u>

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 178,475	\$ 303,476	\$ 163,350	\$ 267,395	\$ 198,110	\$ 166,614
1,043,297	-	-	-	-	-
8,849,600	8,222,100	8,149,100	-	-	-
<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>	<u>55,302,963</u>
<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>	<u>\$ 55,469,577</u>
\$ -	\$ -	\$ -	\$ 326,000	\$ 524,110	\$ 4,814
56,647,312	29,800,383	21,073,548	18,042,527	15,772,134	9,720,988
9,883,339	2,927,234	3,814,142	-	18,506,771	24,498,506
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,900,136)</u>	<u>40,967,573</u>	<u>(52,959)</u>
<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>	<u>\$ 34,171,349</u>

CITY OF LAKE FOREST

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2020	2019	2018	2017
Revenues:				
Taxes	\$ 26,792,790	\$ 26,497,028	\$ 25,045,234	\$ 23,518,169
Licenses and permits	2,395,798	1,911,831	2,896,694	4,143,620
Intergovernmental	6,816,782	6,266,256	5,656,807	6,082,999
Intergovernmental - sales tax	15,588,270	17,104,605	16,051,061	15,639,800
Charges for services	4,531,028	4,558,338	4,485,677	3,851,938
Developer contributions	14,577,646	5,245,729	14,154,993	34,508,514
Fines and forfeitures	319,814	482,786	427,082	421,998
Investment income	2,248,412	3,488,019	1,499,305	630,072
Other	1,799,981	8,044,385	1,544,301	445,176
Total revenues	<u>75,070,521</u>	<u>73,598,977</u>	<u>71,761,154</u>	<u>89,242,286</u>
Expenditures:				
Current:				
General government	6,564,058	7,047,438	8,505,683	4,016,228
Public safety	18,469,839	18,373,444	17,884,907	17,038,633
Public works	15,211,690	13,864,198	13,224,651	12,007,222
Community development	4,288,351	3,911,748	3,416,043	4,099,647
Management services	2,123,195	1,958,692	1,648,719	3,422,954
Community services	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	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>85,134,587</u>	<u>103,533,611</u>	<u>78,508,655</u>	<u>56,610,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,064,066)</u>	<u>(29,934,634)</u>	<u>(6,747,501)</u>	<u>32,631,749</u>
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 long-term debt	-	-	-	-
Total other financing sources (uses)	<u>759,205</u>	<u>270,786</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<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%	12.2%	2.0%	2.0%

Fiscal Year						
2016	2015	2014	2013	2012	2011	
\$ 22,623,344	\$ 21,583,487	\$ 20,497,881	\$ 19,468,255	\$ 22,248,435	\$ 22,022,750	
2,790,321	2,200,371	2,640,893	683,862	672,455	513,965	
5,299,236	5,290,837	5,680,608	6,310,356	5,541,814	5,746,688	
15,425,638	13,810,581	13,333,699	13,063,075	13,046,917	12,630,144	
3,622,922	2,499,356	2,503,247	1,684,363	1,495,078	1,341,009	
30,398,863	18,099,875	32,492,822	2,920,636	1,499,118	750,000	
539,537	445,789	585,640	403,329	455,603	557,083	
743,633	184,350	203,521	93,036	276,011	327,868	
560,925	660,722	1,550,729	1,906,036	3,480,543	666,952	
<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>	<u>44,556,459</u>	
3,581,304	3,420,787	3,243,702	3,620,347	4,371,323	4,080,480	
14,814,171	14,174,946	13,111,640	13,033,454	12,706,470	12,847,909	
11,856,321	10,209,731	8,902,113	8,901,096	9,102,263	8,585,160	
3,085,798	2,952,975	3,365,898	2,276,925	3,066,889	2,564,139	
8,023,916	3,699,805	3,766,966	3,414,653	2,648,656	1,489,604	
3,511,798	3,580,642	2,980,126	2,857,399	3,193,906	3,054,343	
1,614,624	1,399,347	1,257,817	1,285,719	1,065,433	1,517,755	
-	-	-	-	-	249,002	
3,257,753	12,195,149	35,175,690	26,824,641	25,189,687	24,672,951	
735,000	700,000	995,000	-	235,000	225,000	
358,146	386,022	419,118	432,021	571,068	322,138	
-	-	-	-	1,510,394	1,532,740	
<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>	<u>61,141,221</u>	
31,165,588	12,055,964	6,270,970	(16,113,307)	(14,945,115)	(16,584,762)	
10,784,300	1,511,022	11,815,048	4,587	901,704	24,389,199	
(10,784,300)	(1,511,022)	(11,815,048)	(4,587)	(927,733)	(24,389,199)	
-	-	-	-	-	-	
-	-	-	-	10,965,000	-	
-	-	-	-	10,938,971	-	
<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>	<u>\$ (16,584,762)</u>	
2.7%	2.6%	3.5%	1.2%	1.7%	1.4%	

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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
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%
2011	7,167,735	1,597,821	1,162,907	61,362	9,989,825	676,167	10,665,992	0.141%

Source: 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

Source: Orange County Assessor data, HDL Coren; 2008-09 and prior: prior year Comprehensive Annual Financial Reports

CITY OF LAKE FOREST

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)

	Fiscal Year			
	2020	2019	2018	2017
Basic Levy:				
City of Lake Forest	0.04190	0.04190	0.04186	0.04186
City of Lake Forest Community Service Area Reorganization	0.07070	0.07070	0.07075	0.07075
City of Lake Forest Lighting Fund	0.01692	0.01692	0.01692	0.01692
City of Lake Forest AB1406	0.01167	0.01167	0.01167	0.01167
Total City Direct Rate	0.14119	0.14119	0.14119	0.14119
Overlapping Rates				
Saddleback Valley Unified General Fund	0.43640	0.43640	0.43637	0.43637
Educational Revenue Augmentation Fund	0.11100	0.11100	0.11103	0.11103
Orange County Fire Authority	0.10821	0.10821	0.10821	0.10821
South Orange County Community College District	0.08522	0.08522	0.08522	0.08522
Orange County General Fund	0.03102	0.03102	0.03102	0.03103
Orange County Flood Control General Fund	0.01904	0.01904	0.01904	0.01904
Los Alisos Water District General Fund	0.01719	0.01719	0.01719	0.01719
Orange County Library District General Fund	0.01605	0.01605	0.01605	0.01605
Orange County Department of Education	0.01571	0.01571	0.01571	0.01571
Orange County Harbors, Beaches and Parks	0.01472	0.01472	0.01472	0.01472
Orange County Transportation Authority	0.00270	0.00270	0.00270	0.00270
Orange County Vector Control District	0.00107	0.00107	0.00107	0.00108
Orange County Cemetery District	0.00048	0.00048	0.00048	0.00048
Total Basic Levy	1.00000	1.00000	1.00000	1.00000
Additional Levies (Voter-Approved Rates)				
Irvine Ranch Water District	0.165000	0.165000	0.165000	0.253420
Metropolitan Water District	0.003500	0.003500	0.003500	0.003500
Saddleback Valley Unified School District Bond	0.022950	0.023920	0.023650	0.026680
Total Voter-Approved Levies	0.19145	0.19242	0.19215	0.28360
Total Tax Rate	1.19145	1.19242	1.19215	1.28360

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,

Fiscal Year					
2016	2015	2014	2013	2012	2011
0.04186	0.04186	0.04186	0.04186	0.04186	0.04186
0.07075	0.07075	0.07075	0.07075	0.07075	0.07075
0.01692	0.01692	0.01692	0.01692	0.01692	0.01692
0.01167	0.01167	0.01167	0.01167	0.01167	0.01167
0.14119	0.14119	0.14119	0.14119	0.14119	0.14120
0.43637	0.43637	0.43637	0.43637	0.43637	0.43637
0.11103	0.11103	0.11103	0.11103	0.11103	0.11103
0.10821	0.10821	0.10821	0.10821	0.10821	0.10821
0.08522	0.08522	0.08522	0.08522	0.08522	0.08522
0.03103	0.03103	0.03103	0.03103	0.03103	0.03102
0.01904	0.01904	0.01904	0.01904	0.01904	0.01904
0.01719	0.01719	0.01719	0.01719	0.01719	0.01719
0.01605	0.01605	0.01605	0.01605	0.01605	0.01605
0.01571	0.01571	0.01571	0.01571	0.01571	0.01571
0.01472	0.01472	0.01472	0.01472	0.01472	0.01472
0.00270	0.00270	0.00270	0.00270	0.00270	0.00270
0.00108	0.00108	0.00108	0.00108	0.00108	0.00107
0.00048	0.00048	0.00048	0.00048	0.00048	0.00047
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.253420	0.253420	0.37394	0.37394	0.37394	0.14637
0.003500	0.003500	0.00350	0.00350	0.00370	0.00370
0.030080	0.028060	0.03207	0.03265	0.03163	0.03194
0.28700	0.28498	0.40951	0.41009	0.40927	0.18201
<u>1.28700</u>	<u>1.28498</u>	<u>1.40951</u>	<u>1.41009</u>	<u>1.40927</u>	<u>1.18201</u>

CITY OF LAKE FOREST
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2019-20		2010/11	
	Assessed Value	Percent of Total Assessed Value	Assessed Value	Percent of Total Assessed Value
Oakley Inc.	160,714,561	0.94%	140,010,343	1.30%
Lennar Homes of California, Inc.	123,370,632	0.72%		0.00%
Orchard Lake Forest Ca Lp	130,402,853	0.76%		0.00%
Panasonic Avionics Corp	101,512,996	0.59%	59,969,254	0.56%
Avalon Baker Ranch LP	114,027,163	0.66%		0.00%
Drawbridge Pacific Vista LLC	78,221,760	0.46%		0.00%
Buchheim Properties II	74,393,735	0.43%	65,142,774	0.61%
Prologis California I LLC	124,812,359	0.73%	62,254,246	0.58%
Enterprise Income Partner Holding Co	71,081,070	0.41%		
Lake Forest 131 Investors LP	56,262,827	0.33%		
Comref So Ca Industrial Sub F	53,817,267	0.31%		0.00%
TaeTechnologies Inc.	55,630,652	0.32%		0.00%
Cref X Foothill Plaza Llc	52,442,799	0.31%		0.00%
Applied Medical Resources	65,011,966	0.38%		0.00%
Acquiport Three Corp	49,440,434	0.29%	42,069,690	0.39%
Avalon Arboretum LP	47,375,812	0.28%	32,777,673	0.31%
WLCO LF Partners	46,841,676	0.27%	40,521,492	0.38%
Olen Properties Corporation	51,222,566	0.30%		0.00%
U S Reif Lake Forest Village C	43,710,794	0.25%	37,070,888	0.35%
Cadigan Canyon Woods LLC	42,117,588	0.25%		0.00%
Lake Forest Income Partners Ho	42,381,402	0.25%		0.00%
Pinnacle Asset Mgmt Group LLC	41,616,000	0.24%		0.00%
The Arbors Lake Forest Owner LLC	40,029,707	0.23%		
Arden Realty LTD Ptnshp		0.00%	42,285,000	0.39%
Walton CWCA Spectrum 56 LLC		0.00%	58,124,334	0.54%
FPOC LLC		0.00%	34,940,000	0.33%
WALF LLC		0.00%	43,623,841	0.41%
MEPT Pacic Vista Business Center LLC		0.00%	49,549,431	0.46%
Bixby Land Company		0.00%	47,879,648	0.45%
Metropolitan Life		0.00%	47,405,688	0.44%
Western Digital Technolog		0.00%	52,067,463	0.48%
Shea Baker Ranch Associates LLC		0.00%	38,331,087	0.36%
Walton CWCA Lake Forest		0.00%	29,556,048	0.28%
Foothill Pacific Towne Centre	41,042,369	0.24%	34,900,619	0.32%
AEW LT 50 Icon LLC		0.00%	29,900,000	0.28%
L M No. 12 Lake Forest II		0.00%	34,593,279	0.32%
EQR Siena Terrace LLC	39,441,571	0.23%	34,139,603	0.32%
EQR Simbar 2008 LP			32,451,961	0.30%
Bayport Serran Assiciation LP			30,135,028	0.28%
Hillsboro Properties			50,294,662	
Top Twenty-Five Totals	<u>\$ 1,746,922,559</u>	<u>10.17%</u>	<u>\$ 1,169,994,052</u>	<u>10.42%</u>
City Totals	<u>\$ 17,183,987,585</u>	<u>100.00%</u>	<u>\$ 10,744,466,408</u>	<u>100.00%</u>

Note: 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
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%
2011	6,666,925	6,353,021	95.29%	-	6,353,021	95.29%

* 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.

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CITY OF LAKE FOREST
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year Ended June 30	Certificates of Participation	Total Governmental Activities	Total Primary Government	Percentage of Total Assessed Valuation	Percentage of Personal Income	Debt Per Capita
2020	\$ -	\$ -	\$ -	0.00%	*	\$ -
2019	\$ -	\$ -	\$ -	0.00%	*	\$ -
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
2011	8,100,000	8,100,000	8,100,000	0.08%	5.26%	95

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, 2020

<u>Direct and Overlapping Tax and Assessment Debt:</u>	Total Debt 6/30/2020	% Applicable (1)	City's Share of Debt
Metropolitan Water District	\$ 37,300,000	0.557%	\$ 207,761
Saddleback Valley Unified School District	107,545,000	39.309%	42,274,864
Irvine Ranch Water District I.D. No. 125	177,133,510	16.930%	29,988,703
Irvine Ranch Water District I.D. No. 185	3,298,460	100.000%	3,298,460
Irvine Ranch Water District I.D. No. 188	1,802,100	100.000%	1,802,100
Irvine Ranch Water District I.D. No. 225	254,349,580	19.310%	49,114,904
Irvine Ranch Water District I.D. No. 288	144,760	100.000%	144,760
TOTAL DIRECT & OVERLAPPING TAX & ASSESSMENT DEBT			126,831,553
<u>Overlapping General Fund Obligation Debt:</u>			
Orange County General Fund Obligations	\$ 386,745,000	2.755%	\$ 10,654,825
Orange County Pension Obligation	466,863,754	2.755%	12,862,096
Orange County Board of Education Certificates of Participation (COPS)	12,930,000	2.755%	356,222
City of Lake Forest Certificates of Participation	-	100%	-
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT			23,873,142
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 23,873,142
<u>Overlapping Tax Increment Debt (Successor Agencies)</u>			
City of Lake Forest El Toro Road Improvements Certificates of Participation	\$ 5,725,000	97.370%	\$ 5,574,433
Orange County Neighborhood Project Tax Allocation Bonds	4,460,000	30.085%	1,341,791
TOTAL OVERLAPPING TAX INCREMENT DEBT			6,916,224
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 157,620,918
TOTAL NET OVERLAPPING DEBT			\$ 157,620,918
GROSS COMBINED TOTAL DEBT			\$ 157,620,918 (2)
NET COMBINED TOTAL DEBT			\$ 157,620,918

(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
 June 30, 2020

Ratios to 2019-202018-19 Assessed Valuation:

2019-20 Assessed Valuation \$ 17,183,987,585

Total Overlapping Tax and Assessment Debt

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt 0.74%

Total Direct Debr (\$0) 0.00%

Combined Total Debt 0.91%

Ratios to Redevelopment Incremental Value (\$997371483)

Total Overlapping Tax Increment Debt 0.69%

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>
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
2011	10,744,518,458	15%	1,611,677,769	-	1,611,677,769

Source: City Finance Department

CITY OF LAKE FOREST
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2020	86,698	*	*	2.5%
2019	86,346	*	*	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%
2011	77,481	154,131,535	50,440	5.3%

* Data is unavailable.

- Sources:
- (1) State Department of Finance
 - (2) Bureau of Economic Analysis (Orange County data)
 - (3) California Employment Development Department (Lake Forest data)

CITY OF LAKE FOREST

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2020		2011	
	Number of Employees ¹	Percent of Total Employment	Number of Employees	Percent of Total Employment
Panasonic Avionics	2,290	4.83%	1,285	2.88%
Loan Depot	2,049	4.32%	450	1.01%
Oakley Inc.	1,400	2.95%	1,908	4.28%
Schneider Electric (formerly Invensys Corporation)	500	1.05%		0.00%
Spectrum Brands HHI	494	1.04%		0.00%
Cox Communications	491	1.04%		0.00%
Bal Seal Engineering	423	0.89%		0.00%
Home Depot USA Inc.	348	0.73%	350	0.78%
Wal-Mart	340	0.72%	245	0.55%
Alcon Research	315	0.66%		0.00%
Stanley Black & Decker			450	1.01%
Apria Healthcare Group Inc.		0.00%	350	0.78%
Wonderware Corp.		0.00%	322	0.72%
Wet Seal		0.00%	274	0.61%
U.S. Real Estate Services, Inc.		0.00%	230	0.52%
Sole Technology, Inc.		0.00%	277	0.62%
Dynacast			200	0.45%
Saddleback Valley School District		0.00%	200	0.45%
Varian, Inc.		0.00%	165	0.37%
	<u>8,650</u>	<u>18.23%</u>	<u>6,706</u>	<u>15.04%</u>
Total Employment ²	47,400		44,600	

Source: ¹ Information Provided by Companies

² California Employment Development Department - 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, 2019										
<u>Function</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General government	28	28	28	32	33	30	30	32	28	28
Public works	17	17	17	17	16	13	12	12	13	13
Development services	14	14	12	9	9	9	11	10	15	15
Community services ¹	116	116	100	90	85	87	66	74	61	55 ¹
Police services	<u>1</u>									
Total	<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>	<u>112</u>

¹ 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police: ¹										
Arrests	1,478	853	875	719	843	718	829	1,073	975	886
Number of calls responded to	29,375	32,294	29,591	29,300	30,447	23,093	23,187	23,563	24,114	25,006
Public works:										
Street resurfacing (miles)	6.85	-	-	3	10	16	9	7	9	25
Parks and recreation:										
Number of recreation classes ²	603	1,158	1,393	1,137	1,127	993	883	698	782	775
Number of facility rentals	538	636	633	659	679	439	349	331	241	226

¹ Police services are contracted through the County of Orange.

² 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	167	160	160	159	157	151	151	151	151	188
Traffic signals	104	102	102	97	97	98	97	97	95	95
Parks and recreation:										
Parks	30	29	29	29	29	29	27	27	27	27
Community centers	5	2	2	2	2	2	1	1	1	1

Source: City of Lake Forest

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