

CITY OF LAKE FOREST, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

Prepared by:

Finance Department

Kevin R. Shirah
Director of Finance/City Treasurer



CPAs | CONSULTANTS | WEALTH ADVISORS

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December 19, 2022

Mayor
Robert Pequeño

Mayor Pro Tem
Doug Cirbo

Council Members
Neeki Moatazedi
Mark Tetteimer
Scott Voigts

City Manager
Debra DeBruhl Rose

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

The City of Lake Forest Annual Comprehensive Financial Report “ACFR” for the fiscal year ended June 30, 2022, 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, 2022, 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, 2022, 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, 2022.



GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors Report.

Profile of the Government

The City of Lake Forest ("City"), incorporated on December 20, 1991, in southern Orange County, California, in the area commonly referred to as the Saddleback Valley. It currently occupies 16.6 square miles and serves a population of 86,775. 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 council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Council members serve four-year staggered terms. The mayor serves a one-year term and is selected for the position annually by the City Council as a whole. As of the 2018 election, the City holds district-based elections, with voters electing a member of the Council from within their district. The City is divided into five City Council districts.

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

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

Factors Affecting Financial Condition

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

Local Economy

The health of the general economy of the area has recovered more rapidly than originally expected after the closures of the COVID-19 pandemic. At the time of the development of the Fiscal Year 2021-22 budget, the City forecasted a stable but challenging economic environment as the City began reopening and resuming pre-pandemic activities. Due to immediate constraints on social activities, impacts to transient occupancy tax (TOT) and sales tax revenues were anticipated to be the most negatively impacted. While sales tax revenues were able to recover at a more rapid pace, the City's TOT ended the year at pre-pandemic levels. The City's overall revenues have remained stable during this uncertain period.

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

Major sources of employment from industries and companies located within the City's boundaries include sales, office, and administrative support services (32.6%); professional and related occupations (20.9%); management, business and financial operations (25.72%). In addition, companies contributing to the City's tax base are well diversified among general consumer goods, business and industry, restaurants, hotels, and autos/transportation.

During the last ten years, the national unemployment rate peaked at 11.8% in 2020 due to the impacts of the COVID-19 pandemic. Unemployment levels have drastically decreased even as the labor force fluctuates. The City's unemployment rate stood at 2.5% at the end of July 2022 compared to 5.5% as of the prior July, demonstrating continued recovery.

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 35.9% of the General Fund operating budget. Public works cost increases have also been attributed to the City Council's dedication to infrastructure and landscape maintenance and an increase from 19 to 31 public parks over the past ten years. Other functions in the City have increased in scope and budget on a lesser scale.

During the same ten-year period, the City's General Fund operating revenues have grown, with the largest components being property taxes, sales tax, transient occupancy taxes, franchise fees, and motor vehicle in lieu fees (a majority of which are now backfilled from the State). Although maintaining prior revenues was programmed into the Fiscal Year 2021-22 budget, the City's economy held stable and the budget was increased accordingly.

Long-Term Financial Planning

Unassigned fund balance in the General Fund of \$82 million exceeds the Target Reserve Level of the Risk Based Reserve Policy of \$52.3 million.

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

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

Over the past year, the City has shifted its focus to identifying and implementing policies and projects that position the City for success into the future. Projects initiated over the past year include Asset Management Planning, Audit Committee reviews of major contracts, the City's Finance System implementation, and the development of the City's Employee Telecommuting Policy.

To maintain the quality of life in Lake Forest into the future, it is critical to plan now for the repair and replacement of the City's physical assets – the streets, sidewalks, play equipment, artificial turf fields, bathroom roofs, etc. Asset Management Planning will allow the City to forecast and understand the long-term maintenance and replacement costs of the City's infrastructure. The information gathered will allow the City to plan and set aside adequate funding in reserves to prevent an insurmountable growth of repair and replacement costs.

Relevant Financial Policies

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

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

Major Initiatives

Continuous Public Engagement: Over the past year, the City initiated the Southwest Lake Forest Neighborhood Improvement Project, a project focused on improving the quality of life for residents living near the 1-5 freeway where community satisfaction – as measured by True North Research – has declined over the past 6 years. An interdepartmental task force started by obtaining feedback of residents living near the future Mountain View Affordable Housing project. The Needs Assessment identified issues such as street lighting, parking, and crime as top concerns. To date, staff initiated a clean-up day, enhanced graffiti removal, and met with business owners. New street signs will be installed in the area. While this is an ongoing, multi-year effort, the Southwest Lake Forest Neighborhood Improvement

Project won an American Planning Association – Orange Section 2022 Award of Merit in the category of Advancing Diversity and Social Change. In addition, the City also created and implemented a public engagement campaign related to Community Choice Energy Aggregation (CCA). The City's staff research and analysis framed the policy issues in an exemplary manner that several cities have mirrored to educate their own communities on CCAs.

Public Infrastructure Improvements: The City has maintained continuous emphasis on well-designed infrastructure and has sustained progress in completing traffic improvements. At this point, three Lake Forest Transportation Mitigation program projects are in design, including intersection improvements at Bake Parkway & Jeronimo, Lake Forest Drive & Jeronimo, and Los Alisos & Rockfield. All three Foothill Circulation Phasing Plan projects – Los Alisos & Muirlands intersection improvements, Jeronimo widening at El Toro, and El Toro Road raised medians from Jeronimo to Trabuco – are also in design. The City's Public Works Department is also progressing on the Baffin Bay median project.

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

Responding to State Mandates: As State Mandates are established, the City is actively responding to meet obligations. The City obtained State grant funding for consulting costs associated with both the Housing Element and Mixed-Use Zoning projects. The City is one of a few in Southern California to adopt and implement Mixed-Use Zoning to accommodate the regional housing needs assessment. The City also adopted ordinances implementing Urban Lot Splits (SB 9) and Objective Design Standards for Multi Family Development and objectives design standards. The Accessory Dwelling Unit ordinance has also been updated in accordance with state law. Another State Mandate with notable activity is the Organics Recycling program (AB 1826 & AB 1383). The City achieved the requirements for AB 1826 for commercial recycling and organics recycling and 90% completion on meeting all requirements of AB 1383 and expected to reach 100% compliance by the end of 2022.

Re-engaging the Community: The City strives to engage the community as city facilities and programs have relaunched. In Fiscal Year 2021-22 the City relaunched special events including the 4th of July concert and firework show, National Night Out and summer concerts, the City's 30th Anniversary Celebration and Tree Lighting, Snowfest and Bunny Blast, and the Spring Boutique. The City plans to introduce new events in the future. Community Services launched the Performing Arts Center rentals, hosting a children's theater, pageant, and cultural performances. As citizens have resumed recreational activities, the City has increased the number of tournaments held at the Lake Forest Sports Park, reopened the Senior Club House, and relaunched the Business Expo and Hotel Roundtable.

Public Safety: The City will continue prioritizing public safety through the Neighborhood Watch program, updating the Emergency Plan, and promoting crime prevention through the "Don't Make it Easy" program. The City will continue developing the Community Emergency

Response Team and host basic training classes that ensure residents have the tools and skills necessary to handle emergency situations. The Orange County Sheriff's Department will continue its enforcement and community safety programs to maintain the City's low crime rate and high quality of life. During Fiscal Year 2021-22 the City became the first OCSD contract city to adopt an Ordinance addressing catalytic converter thefts.

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

Awards and Acknowledgements

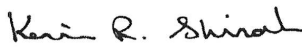
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its comprehensive annual financial report for the Fiscal Year ended June 30, 2021. This was the twenty-eighth consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully Submitted,


Debra Rose
City Manager


Kevin R. Shirah
Director of Finance/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lake Forest
California**

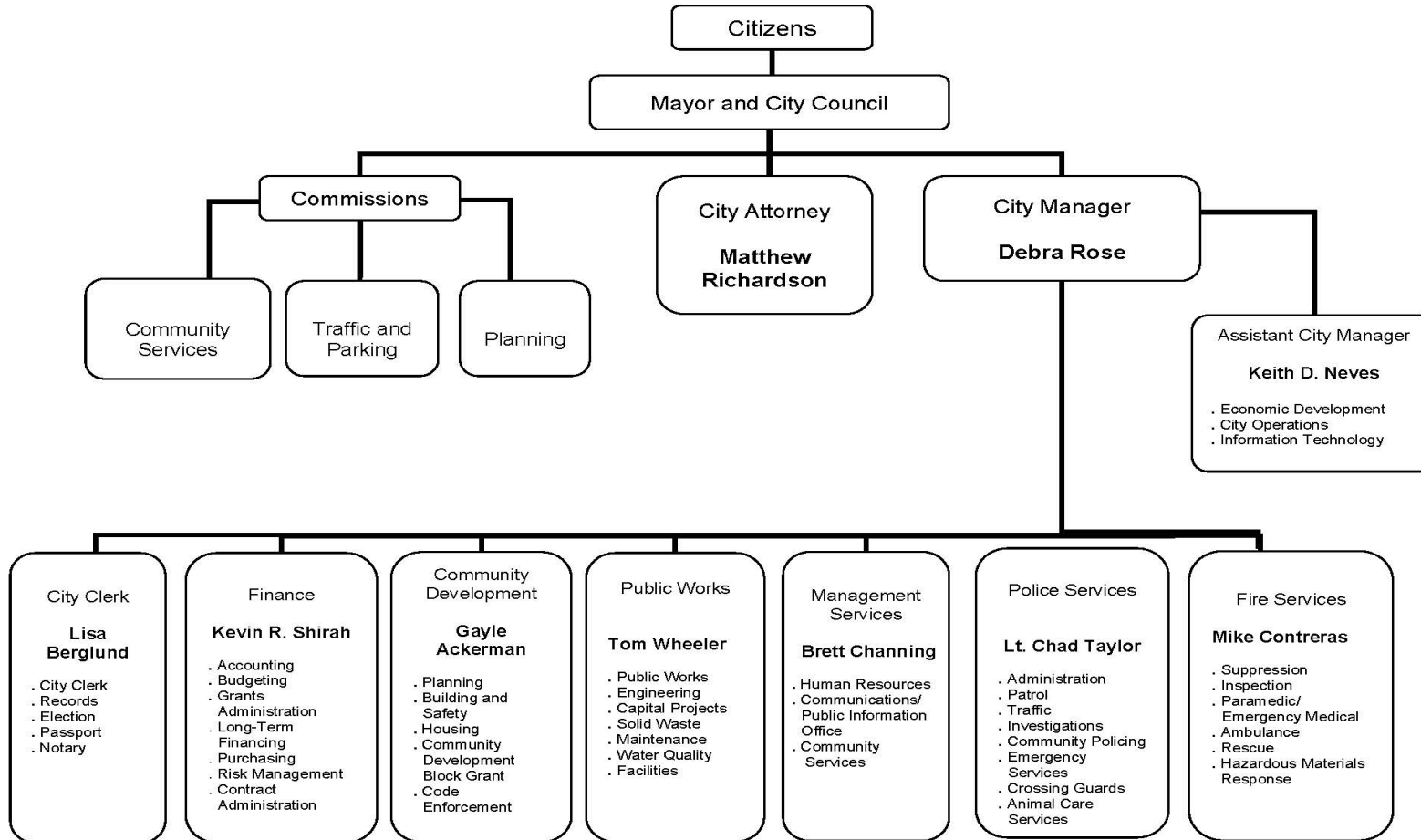
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



**CITY OF LAKE FOREST
CITY OFFICIALS
YEAR ENDED JUNE 30, 2022**

City Council

Robert Pequeño, Mayor
Doug Cirbo, Mayor Pro Tem
Neeki Moatazedi, Council Member
Mark Tettermer, 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, 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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lake Forest (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

Changes in Accounting Principles

As described in Note 1D to the financial statements, effective July 1, 2021, the City adopted new accounting guidance, Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*.

As described in Note 17 to the financial statements, effective July 1, 2021, the City has elected to change its accounting policy to revise their availability period from 90 days to 60 days.

Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

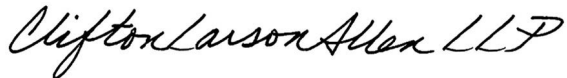
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover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

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

Honorable Mayor and City Council
City of Lake Forest

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
December 19, 2022

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, 2022. We encourage the readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal and the accompanying basic financial statements.

Financial Highlights

Government-Wide

- Assets plus deferred outflows of the City exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$532.5 million (net position). Of this amount, \$104.6 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 \$37.6 million. This increase is attributable to revenues being in excess of expenses.
- Total revenues from all sources were \$95.3 million as compared to the cost for all City programs of \$57.7 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 \$164.0 million. Nonspendable were \$0.07 million, restricted were \$72.7 million, assigned were \$9.2 million, and unassigned were \$82.1 million.
- Total governmental fund balances increased by \$34.3 million. This increase is attributable to an excess of revenues as compared to expenditures.
- Total governmental revenues from all sources were \$91.3 million as compared to expenditures of \$57.0 million.

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

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally-separate Lake Forest Housing Authority (Housing Authority) and the Rancho Cañada Financing Authority (Financing Authority) for which the City are financially accountable. 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.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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

The City maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Gas Tax Special Revenue Fund, and City Facilities Capital Projects and Improvement Fund, which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$532.5 million at the close of the most recent fiscal year. By far, the largest portion of the City's net position (66.6%) reflects its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment).

Table 1
Net Position
(in millions)

	Governmental Activities	
	2022	2021
Current and other assets	\$ 179.8	\$ 138.2
Capital assets	355.1	364.6
Net pension assets	4.6	
Total assets	539.5	502.8
Deferred outflows of resources:		
Deferred amount from pension plans	5.6	1.3
Current and other liabilities	9.4	6.6
Non-current liabilities	1.6	2.1
Total liabilities	11.0	8.7
Deferred inflows of resources:		
Deferred amount from pension plans	1.2	0.4
Deferred amount from leases	0.4	-
Total deferred inflows of resources	1.6	0.4
Net position:		
Net investment in capital assets	354.9	364.5
Restricted	73.0	56.8
Unrestricted	104.6	73.7
Total net position	\$ 532.5	\$ 495.0

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

An additional portion of the City's net position (13.7%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$104.6 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 \$37.5 million during the current fiscal year. Key elements of the increase are as follows:

Total revenues were \$95.3 million as compared to prior year revenues of \$86.5 million and material variances from prior year are described below.

- Charges for services increased by \$1.8 million, primarily attributable to increased building activity and the resumption of recreation services following the COVID-19 pandemic.
- Operating grants and contributions increased by \$11.1 million, primarily attributable to American Rescue Plan Act (ARPA) funds received from the US Treasury.
- Capital grants and contributions decreased by \$7.4 million, primarily attributable to a decrease in the development fees collected in the Opportunities Study Area.
- Property taxes increased by \$1.4 million, primarily attributable to the new residential housing development in recent years.
- Sales taxes increased by \$1.8 million, primarily attributable to an increase in receipt of sales taxes due as a result of the growth in taxable sales.
- Transient occupancy taxes increased by \$2.4 million attributable to an increase in hotel occupancy and the resulting hotel taxes paid.
- Investment income decreased by \$2.0 million attributable to a decrease in interest earned on investments in the low interest yield environment. The investment income also includes an adjustment for fair value per GASB 31 in the amount of a negative \$1.5 million.

Total costs for all City programs were \$57.8 million as compared to prior year costs of \$62.3 million and material variances from prior year are described below.

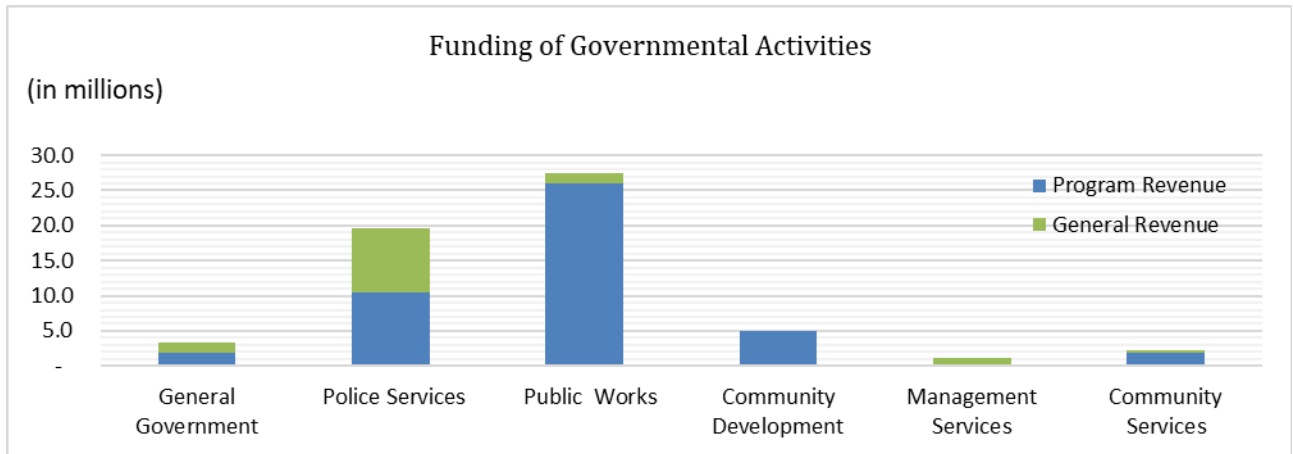
- General government costs decreased by \$8.3 million attributable to pension accounting adjustments in compliance with GASB 68.
- Public works costs increased by \$2.0 million attributable to higher operational and maintenance costs, including utility expenses.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Table 2
Changes in Net Position
(in millions)

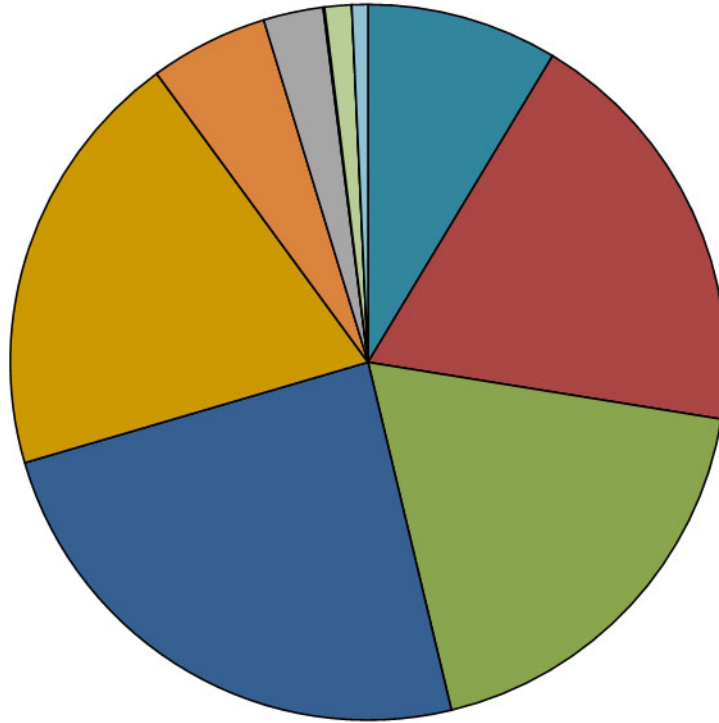
	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 8.4	\$ 6.6
Operating grants and contributions	18.5	7.4
Capital grants and contributions	18.3	25.7
General revenues:		
Taxes:		
Property taxes	23.7	22.3
Transient occupancy taxes	5.2	2.8
Franchise taxes	2.6	2.6
Other taxes	0.1	0.1
Intergovernmental - sales tax	19.0	17.2
Investment income	(1.2)	0.8
Gain on sale of capital assets	-	0.5
Other	0.7	0.5
Total revenues	<u>95.3</u>	<u>86.5</u>
Expenses:		
General government	3.3	11.6
Public safety	19.6	18.7
Public works	27.6	25.6
Community development	4.0	3.7
Management services	1.1	1.0
Community services	2.2	1.7
Interest on long-term liabilities	-	-
Total expenses:	<u>57.8</u>	<u>62.3</u>
Change in net position	37.5	24.2
Net position at beginning of year	<u>495.0</u>	<u>470.8</u>
Net position at end of year	<u>\$ 532.5</u>	<u>\$ 495.0</u>

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**



**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Revenues by Source - Governmental Activities



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

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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 \$164 million, an increase of \$34.3 million in comparison with the prior year. Of this amount, \$0.07 million is nonspendable, \$72.7 million is for a variety of restricted purposes, \$9.2 million is assigned to be used for specific purposes through the City Council budgetary actions, and \$82.1 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 \$82.1 million, while total fund balance reached \$92.7 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 168% of total General Fund expenditures, while total fund balance represents 190% of that same amount.

Fund balance in the City's General Fund increased \$17.5 million during the current fiscal year. Key factors in this increase are as follows:

- Revenues increased by \$13 million. Taxes increased by \$3.9 million, primarily attributable to residential development and a rebound in Transient Occupancy Tax. Licenses and Permits revenues increased by \$.8 million due to an increase in building permit issuances. Sales tax increased by \$2.2 million due to increased receipt of sales tax due. Investment income decreased by \$2.0 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 \$2.2 million. General Government expenditures increased by \$1.6 million attributable to higher operating costs, including salaries, wages, and information technology. Capital Outlay expenditures decreased by \$2.2 million primarily attributable to the completion of various park renovations. The remaining portion is related to smaller variances in various expenditure accounts in other departments.

The City has two other major funds, the Gas Tax Special Revenue Fund and City Facilities Capital Projects and Improvement Fund.

The Gas Tax Special Revenue 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. This fund ended the year with a decrease in fund balance of \$2.1 million. Expenditures increased by \$3.4 million due to street repaving and slurry seal, as well as work on the left turn phasing program.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The City Facilities Capital Projects and Improvement Fund is used to account for costs related to city facilities construction and improvements. This fund ended the year with an increase in fund balance of \$10.9 million. Revenues decreased by \$7.5 million, attributable to a decrease in activity related to negotiated developer agreements.

General Fund Budgetary Highlights

Revenues

The difference between original and final amended budgeted revenues was an increase of \$17.9 million. The most notable mid-year revenue adjustments included an increase in Taxes (\$2.7 million) and an increase in Intergovernmental (\$12.8 million) which was attributable to the City's anticipated receipt of ARPA funding.

Actual revenues were less than budgeted amounts by \$4.9 million. Tax revenues were more than budgeted by \$1.4 million, due to a rebound in Transient Occupancy Tax receipts following the COVID-19 pandemic. Sales tax revenues were more than budgeted by \$1.2 million, from an increase in underlying sales activity. Intergovernmental revenues were \$6.3 million less than budgeted due to timing of when the City received ARPA funds from the US Treasury.

Expenditures

The difference between original and final amended budgeted expenditures was \$19.4 million. The most notable adjustments were a \$10.2 million increase to Public Safety, a \$5.5 million increase to Capital Outlay, and a \$2.8 million increase to General Government for ARPA Personnel Rehiring. The remaining adjustments related to smaller variances in various expenditure accounts in other departments.

Total expenditures were under budgeted amounts by \$23.3 million primarily attributable to Public Safety, Capital Outlay, Finance, Community Services, and City Manager expenditure savings of anticipated costs within the departments during the year. The remaining portion related to smaller variances in various expenditure accounts in other departments.

Capital and Lease Assets

The City's investment in capital and lease assets for its governmental activities as of June 30, 2022, amounts to \$355.1 million, net of accumulated depreciation.

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

Park Improvements increased by \$1.8 million, and all other capital asset categories decreased due to depreciation expense booked against the value of assets.

**CITY OF LAKE FOREST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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

	Governmental Activities	
	2022	2021
Land	\$ 120.6	\$ 120.6
Machinery and equipment	\$ 0.1	\$ 0.2
Buildings and improvements	\$ 90.1	\$ 94.0
Construction in progress	\$ 1.4	\$ 1.5
Improvements other than buildings	\$ 27.9	\$ 29.1
Infrastructure:		
Streets	\$ 56.4	\$ 59.3
Curbs, gutters and sidewalks	\$ 20.3	\$ 21.1
Storm drain system	\$ 10.0	\$ 10.3
Traffic signal system	\$ 3.2	\$ 3.5
Medians	\$ 7.9	\$ 9.6
Park improvements	\$ 17.2	\$ 15.4
Right to Use Lease Assets	\$ 0.03	\$ -
TOTAL	\$ 355.13	\$ 364.60

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
YEAR ENDED JUNE 30, 2022**

Long-Term Liabilities

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$1.6 million, a decrease of \$0.9 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)

	2022	2021
Net OPEB liability	0.6	1.2
Net pension liability	-	0.4
Leases payable	0.03	-
Compensated absences	1.0	0.9
Total	1.63	2.50

Additional information on the City's lease payable, long-term liabilities, net OPEB liabilities, and net pension liabilities can be found in Notes 7, 8, 9, and 14, respectively, in the Financial Section of this report.

Economic Factors and Next Year's Budgets and Rates

The June 30, 2022, unemployment rate for the City was 2.5% as compared to the rate of 5.5% one year ago. The City's rate compares favorably to the State's unemployment rate of 3.8% and the national average rate of 3.7%.

The City's Fiscal Year 2022-23 Operating Budget takes into account the historical trends of property, hotel, and sales taxes as well as negative impacts of the ongoing COVID-19 pandemic. The Operating Budget will be fully reviewed at mid-year to assess any changes to revenue as additional information is available of the impacts of the pandemic.

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

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

Requests for Information

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

**CITY OF LAKE FOREST
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 159,669,857
Receivables:	
Taxes	1,606,051
Accounts	291,342
Interest	229,324
Grants	339,513
Loans	2,213,261
Lease	432,036
Notes	3,796,000
Due from Other Governments	9,686,954
Prepaid Items	68,807
Restricted Cash with Fiscal Agent	1,419,295
Capital Assets:	
Not Being Depreciated	121,973,802
Being Depreciated, Net	233,132,124
Lease Assets, Net	34,698
Net Pension Asset	4,611,435
Total Assets	<u>539,504,499</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amount from Pension Plans	5,156,574
Deferred Amount from OPEB	408,553
Total Deferred Outflows of Resources	<u>5,565,127</u>
LIABILITIES	
Accounts Payable	5,288,995
Accrued Salaries and Benefits	368,186
Retentions Payable	174,720
Deposits Payable	3,424,473
Unearned Revenue	168,829
Noncurrent Liabilities:	
Compensated Absence - Due Within One Year	535,900
Compensated Absence - Due in More than One Year	466,258
Leases Payable - Due Within One Year	14,039
Leases Payable - Due in More One Year	20,723
Net OPEB Liability - Due in More than One Year	535,053
Total Liabilities	<u>10,997,176</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Amount Related to Leases	436,784
Deferred Amount from Pension Plans	685,798
Deferred Amount from OPEB	465,306
Total Deferred Inflows of Resources	<u>1,587,888</u>
NET POSITION	
Net Investment in Capital Assets	354,931,142
Restricted:	
Low- and Moderate-Income Housing	8,367,230
Community Development	2,025,427
Public Safety	316,503
Public Works	57,987,593
Community Services	2,810,184
Pension Benefits	1,419,295
Unrestricted	104,627,188
Total Net Position	<u>\$ 532,484,562</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 3,449,709	\$ 36,944	\$ 1,867,571	\$ -	\$ (1,545,194)
Public Safety	19,621,667	417,969	10,129,509	-	(9,074,189)
Public Works	27,486,429	1,829,610	5,845,694	18,275,543	(1,535,582)
Community Development	4,018,880	4,320,387	551,073	-	852,580
Management Services	1,058,709	-	-	-	(1,058,709)
Community Services	2,201,187	1,828,298	75,137	-	(297,752)
Interest on Long-Term Liabilities	2,189	-	-	-	(2,189)
	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,189)</u>
 Total Governmental Activities	 <u>\$ 57,838,770</u>	 <u>\$ 8,433,208</u>	 <u>\$ 18,468,984</u>	 <u>\$ 18,275,543</u>	 <u>(12,661,035)</u>
 GENERAL REVENUES					
Taxes:					
Property Tax, Levied for General Purpose					23,650,507
Transient Occupancy Tax					5,228,021
Franchise Tax					2,640,596
Other Taxes					62,326
Unrestricted Intergovernmental - Sales Tax					19,024,143
Investment Income					(1,188,181)
Other					709,479
Total General Revenues					<u>50,126,891</u>
 CHANGE IN NET POSITION					
					37,465,856
Net Position - Beginning of Year					<u>495,018,706</u>
 NET POSITION - END OF YEAR					<u>\$ 532,484,562</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Special Revenue Fund Gas Tax
ASSETS		
Cash and Investments	\$ 93,237,095	\$ 2,866,426
Cash and Investments with Fiscal Agents	1,419,295	-
Receivables:		
Taxes	1,606,051	-
Accounts	223,846	67,496
Interest	229,324	-
Grants	222,034	-
Loans	-	-
Lease	432,036	-
Notes	-	-
Due from Other Governments	8,868,852	462,434
Due from Other Funds	10,257	-
Prepaid Items	68,807	-
	<u>\$ 106,317,597</u>	<u>\$ 3,396,356</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 3,361,089	\$ 1,530,487
Accrued Salaries and Benefits	368,186	-
Retentions Payable	23,150	129,630
Due to Other Funds	-	-
Deposits Payable	3,424,473	-
Unearned Revenues	168,829	-
Total Liabilities	<u>7,345,727</u>	<u>1,660,117</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues	5,796,605	-
Amounts Related to Leases	436,784	-
Total Deferred Inflows of Resources	<u>6,233,389</u>	<u>-</u>
FUND BALANCES		
Nonspendable	68,807	-
Restricted	1,419,295	1,736,239
Assigned	9,182,788	-
Unassigned	82,067,591	-
Total Fund Balances	<u>92,738,481</u>	<u>1,736,239</u>
	<u>\$ 106,317,597</u>	<u>\$ 3,396,356</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 106,317,597</u>	<u>\$ 3,396,356</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

	Capital Projects Fund City Facilities Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 29,981,395	\$ 33,584,941	\$ 159,669,857
Cash and Investments with Fiscal Agents	-	-	1,419,295
Receivables:			
Taxes	-	-	1,606,051
Accounts	-	-	291,342
Interest	-	-	229,324
Grants	-	117,479	339,513
Loans	-	2,213,261	2,213,261
Lease	-	-	432,036
Notes	-	3,796,000	3,796,000
Due from Other Governments	-	355,668	9,686,954
Due from Other Funds	-	-	10,257
Prepaid Items	-	-	68,807
	<u>\$ 29,981,395</u>	<u>\$ 40,067,349</u>	<u>\$ 179,762,697</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 7,171	\$ 390,248	\$ 5,288,995
Accrued Salaries and Benefits	-	-	368,186
Retentions Payable	-	21,940	174,720
Due to Other Funds	-	10,257	10,257
Deposits Payable	-	-	3,424,473
Unearned Revenues	-	-	168,829
Total Liabilities	<u>7,171</u>	<u>422,445</u>	<u>9,435,460</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	-	123,804	5,920,409
Amounts Related to Leases	-	-	436,784
Total Deferred Inflows of Resources	<u>-</u>	<u>123,804</u>	<u>6,357,193</u>
FUND BALANCES			
Nonspendable	-	-	68,807
Restricted	29,974,224	39,521,100	72,650,858
Assigned	-	-	9,182,788
Unassigned	-	-	82,067,591
Total Fund Balances	<u>29,974,224</u>	<u>39,521,100</u>	<u>163,970,044</u>
	<u>\$ 29,981,395</u>	<u>\$ 40,067,349</u>	<u>\$ 179,762,697</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Fund Balances - Total Governmental Funds \$ 163,970,044

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

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

Capital Assets	\$ 529,459,825	
Lease Assets	48,135	
Accumulated Depreciation and Amortization	<u>(174,367,336)</u>	
Total		355,140,624

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.

5,920,409

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

Compensated Absences	(1,002,158)
Lease Payable	(34,762)

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

Deferred Outflows of Resources Related to Pension	5,156,574	
Deferred Inflows of Resources Related to Pension	(685,798)	
Net Pension Asset	<u>4,611,435</u>	
Total		9,082,211

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

Deferred Outflows of Resources Related to OPEB	408,553	
Deferred Inflows of Resources Related to OPEB	(465,306)	
Net OPEB Liability	<u>(535,053)</u>	
Total		<u>(591,806)</u>

Net Position of Governmental Activities \$ 532,484,562

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General	Special Revenue Fund Gas Tax
REVENUES		
Taxes	\$ 31,674,290	\$ -
Licenses and Permits	3,193,228	-
Intergovernmental	6,927,604	-
Intergovernmental - Sales Tax	19,436,169	3,717,085
Charges for Services	5,125,898	-
Developer Contributions	360,040	-
Fines and Forfeitures	464,559	-
Investment Income	(1,500,741)	15,835
Other	524,576	67,496
Total Revenues	66,205,623	3,800,416
EXPENDITURES		
Current:		
General Government	8,205,436	-
Public Safety	19,404,832	-
Public Works	12,898,212	1,978,295
Community Development	3,661,925	-
Management Services	1,042,697	-
Community Services	2,145,935	-
Capital Outlay	1,365,920	3,934,287
Debt Service:		
Principal Retirement - Leases	13,373	-
Interest - Leases	2,189	-
Total Expenditures	48,740,519	5,912,582
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	17,465,104	(2,112,166)
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	17,465,104	(2,112,166)
Fund Balances - Beginning of Year, As Restated	75,273,377	3,848,405
FUND BALANCES - END OF YEAR	\$ 92,738,481	\$ 1,736,239

See accompanying Notes to Financial Statements.

CITY OF LAKE FOREST
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	<u>Capital Projects Fund City Facilities Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 31,674,290
Licenses and Permits	-	-	3,193,228
Intergovernmental	-	3,025,972	9,953,576
Intergovernmental - Sales Tax	-	-	23,153,254
Charges for Services	-	10,566	5,136,464
Developer Contributions	10,950,675	7,136,368	18,447,083
Fines and Forfeitures	-	-	464,559
Investment Income	-	119,400	(1,365,506)
Other	-	61,866	653,938
Total Revenues	<u>10,950,675</u>	<u>10,354,172</u>	<u>91,310,886</u>
EXPENDITURES			
Current:			
General Government	-	-	8,205,436
Public Safety	-	171,016	19,575,848
Public Works	-	135,666	15,012,173
Community Development	-	356,955	4,018,880
Management Services	-	-	1,042,697
Community Services	-	54,927	2,200,862
Capital Outlay	36,175	1,596,293	6,932,675
Debt Service:			
Principal Retirement - Leases	-	-	13,373
Interest - Leases	-	-	2,189
Total Expenditures	<u>36,175</u>	<u>2,314,857</u>	<u>57,004,133</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	10,914,500	8,039,315	34,306,753
OTHER FINANCING SOURCES (USES)			
Transfers In	27,041	117,251	144,292
Transfers Out	-	(144,292)	(144,292)
Total Other Financing Sources (Uses)	<u>27,041</u>	<u>(27,041)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	10,941,541	8,012,274	34,306,753
Fund Balances - Beginning of Year, As Restated	<u>19,032,683</u>	<u>31,508,826</u>	<u>129,663,291</u>
FUND BALANCES - END OF YEAR	<u>\$ 29,974,224</u>	<u>\$ 39,521,100</u>	<u>\$ 163,970,044</u>

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 34,306,753

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Depreciation	\$ (12,112,668)	
Capital Outlay, Net of Disposals	<u>2,587,432</u>	(9,525,236)

In the statement of activities, the cost of lease assets are allocated over their lease term as depreciation expense. (13,437)

Repayment of lease principal as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 13,373

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. 3,993,740

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. (88,745)

Pension expenditures reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. 8,896,823

OPEB expenditures reported in the governmental funds includes the insurance premiums paid. In the statement of activities, OPEB expense includes the change in the net OPEB liability and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources. (117,415)

Change in Net Position of Governmental Activities \$ 37,465,856

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Successor Agency to Lake Forest Redevelopment Agency Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Investments	\$ 596,801	\$ 163,200
LIABILITIES		
Current Liabilities:		
Interest Payable	17,819	-
Total Current Liabilities	17,819	-
Long-Term Liabilities:		
Due Within One Year	335,000	-
Due in More than One Year	4,755,000	-
Total Long-Term Liabilities	5,090,000	-
Total Liabilities	5,107,819	-
NET POSITION		
Restricted for Other Governments	-	163,200
Unrestricted	(4,511,018)	-
Total Net Position	\$ (4,511,018)	\$ 163,200

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Successor Agency to Lake Forest Redevelopment Agency Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Taxes	\$ 547,124	\$ -
Fees	-	4,775,937
Investment Income	1,711	-
Total Additions	548,835	4,775,937
DEDUCTIONS		
Interest and Fiscal Charges	219,239	-
Payments to Organizations	-	4,730,868
Administrative Expense	5,000	-
Total Deductions	224,239	4,730,868
CHANGE IN NET POSITION	324,596	45,069
Net Position - Beginning of Year	(4,835,614)	118,131
NET POSITION - END OF YEAR	\$ (4,511,018)	\$ 163,200

See accompanying Notes to Financial Statements.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Lake Forest (the City) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

A. Description of the Reporting Entity

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

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

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

The Financing Authority was established pursuant to the Rancho Cañada Financing Authority Joint Exercise of Powers Agreement, dated as of September 15, 1998, by and between the City and the Financing Authority, under the provision of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The board of directors of the Financing Authority is composed of the five members in connection with the acquisition, construction, and improvement of public capital improvements, working capital requirements, or insurance programs of the members. The Financing Authority had no transactions during the fiscal year.

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Government-Wide Financial Statements

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

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary funds. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Accrual basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when they occur, regardless of the timing of related cash flows.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories:

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

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

Governmental Funds

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds (Continued)

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

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

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

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

Fiduciary Funds

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classifications

The City reports the following major governmental funds:

General Fund

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

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.

City Facilities Capital Projects and Improvement Fund

The City Facilities Capital Projects and Improvement Fund is used to account for costs related to city facilities construction and improvements.

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

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

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

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

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements

GASB 87

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized 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. Under this standard, 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. The Entity adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

E. Investments

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

F. Prepaid Items

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

G. Property Taxes

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes (Continued)

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

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

H. Capital and Lease Assets

Capital assets, which include land, machinery, and equipment (furniture, vehicles, computers, etc.) leased assets, and infrastructure assets (street systems, storm drains, traffic signals, etc.) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at acquisition value at the date of donation or annexation. Leased assets, which include equipment, follow the same capitalization thresholds as capital assets. Leased assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term.

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

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

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital and Lease Assets (Continued)

Leased assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows from OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with OPEB through the plan.
- Deferred outflows related to pensions for the changes in the employer's proportion and differences between employer contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plan.
- Deferred outflows related to pensions resulting from the differences between projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

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

- Deferred inflows 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 from lease receivable is initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Continued)

- 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 plans.
- Deferred inflows related to pensions for the changes in the employer's proportion and differences between employer 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.

J. Lease Receivable

The City measures lease receivable at the present value of lease payments expected to be received during the lease term. Interest revenue is recognized ratably over the contract term.

K. 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.

L. Lease Payable

Lease payable represents the City's obligation to make lease payments arising from the lease. Lease payable is recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

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.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Postemployment Benefits Other Than Pensions (OPEB)

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

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.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2022, consist of the following:

	Government Wide Statement of Net Position	Fiduciary Statement of Net Position	Total
Cash and Investments	\$ 159,669,857	\$ 760,001	\$ 160,429,858
Restricted:			
Cash and Investments Held by Fiscal Agents	1,419,295	-	1,419,295
Total Cash and Investments	<u>\$ 161,089,152</u>	<u>\$ 760,001</u>	<u>\$ 161,849,153</u>

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

Cash in Hand	\$ 2,250
Deposits with Financial Institutions	2,911,810
Investments	158,935,093
Total Cash and Investments	<u>\$ 161,849,153</u>

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	No	5 Years	None	None
U.S. Treasury Obligations	Yes	5 Years	None	None
U.S. Agency Securities	Yes	5 Years	None	70%
Banker's Acceptances	Yes	180 Days	20%	5%
Commercial Paper	Yes	270 Days	25%	5%
Negotiable Certificates of Deposit	Yes	5 Years	30%	None
Nonnegotiable Certificates of Deposit	Yes	5 Years	30%	None
Repurchase Agreements	Yes	92 Days	10%	None
Reverse Repurchase Agreements	No	92 Days	20% of Base Value	None
Medium-Term Notes	No	5 Years	30%	\$1 Million
Money Market Mutual Funds	Yes	None	10%	None
Mortgage Pass-Through Securities	No	5 Years	20%	None
County Pooled Investment Funds	Yes	None	None	None
California Asset Management Program	Yes	None	30%	None
State Investment Pool (LAIF)	Yes	None	\$75 Million	None
JPA Pools (Other Investment Pools)	Yes	None	30%	None

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

Disclosures Relating to Interest Rate Risk

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

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

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	Total	12 Months or Less
State Investment Pool	\$ 73,791,731	\$ 73,791,731
Orange County Investment Pool	40,702,020	40,702,020
California Asset Management Program	43,017,047	43,017,047
Money Market Mutual Funds	5,000	5,000
Pension Trust - PARS Pooled Trust	1,419,295	
Total	<u>\$ 158,935,093</u>	

Disclosures Relating to Credit Risk

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

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, 2022	Minimum Legal Rating	AAA (Aaa)	AA+ (Aaa)	Not Rated
State Investment Pool	\$ 73,791,731	N/A	\$ -	\$ -	\$ 73,791,731
Orange County Investment Pool	40,702,020	N/A	-	-	40,702,020
California Asset Management Program	43,017,047	N/A	43,017,047	-	-
Money Market Mutual Funds	5,000	A	5,000	-	-
PARS Pooled Trusts:			-		
Pension Trust	1,419,295	N/A	-	-	1,419,295
Total	<u>\$ 158,935,093</u>		<u>\$ 43,022,047</u>	<u>\$ -</u>	<u>\$ 115,913,046</u>

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2022, there are no investments in any one issuer that represent 5% or more of the City's total investments.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial 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).

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, 2022, 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 U.S. Government and Agency obligations. The City is a voluntary participant in the investment trust.

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

California Asset Management Program (Continued)

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

Orange County Investment Pool

The City is a voluntary participant in the County Treasurer’s Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated and is not registered with the SEC. The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP at June 30, 2022, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the OCIP, refer to the County of Orange Annual Comprehensive Financial Report.

Pension Trust

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

The City-approved guidelines are as follows:

Risk Tolerance: Moderate High

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

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

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs. At June 30, 2022, the City had no investments that are subject to the fair value hierarchy.

NOTE 3 LEASE RECEIVABLE

The City, acting as lessor, leases portions of City-owned street light poles as well as portions of Serrano Creek Park and Heroes Park under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and provide various renewal options ranging from three months to six years. During the year ended June 30, 2022, the City recognized \$110,485 and \$4,126 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2022, the City received variable payments as required by lease agreements totaling \$34,341.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 121,421	\$ 3,551	\$ 124,972
2024	115,608	2,457	118,065
2025	102,187	936	103,123
2026	82,611	539	83,150
2027	10,209	11	10,220
Total Minimum Lease Payments	<u>\$ 432,036</u>	<u>\$ 7,494</u>	<u>\$ 439,530</u>

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 NOTES AND LOANS RECEIVABLE

In the fiscal year ended June 30, 2016, the City sold property to a nonprofit corporation that resulted in a note receivable of \$100,000 due to the Authority. The note is secured by a deed of trust in the name of the Authority and bears interest equal to the LAIF rate. Principal payments are made in 50 equal annual installments of \$2,000, together with any unpaid interest that has accrued at the time of each payment. Each annual payment shall be due and payable commencing on the fifth anniversary of the project completion date and on that same date each year until the balance of the principal and accrued interest is paid in full. However, if the borrower is in full compliance with the regulatory agreement during the 12 months preceding a payment, the interest accrued during that 12-month period shall be forgiven by the City. The balance of this note as of June 30, 2022, is \$96,000.

On December 15, 2021, the City entered into a promissory note with a developer for \$3,700,000. The note is secured by a deed of trust in the name of the City and bears interest equal to 3% per annum. Principal payments are made through 50% of annual residual receipts. Each annual payment shall be due and payable on May 31 of the following year. The balance of this note as of June 30, 2022, is \$3,700,000.

Housing loans receivable of \$214,145 and \$1,999,116 in the Housing Authority Special Revenue Fund and Community Development Block Grant Special Revenue Fund, respectively, consist of various low-interest home loans made to low-income families.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL AND LEASE ASSETS

Capital asset activity for the year ended June 30, 2022, is as follows:

	Balance at July 01, 2021	Additions	Deletions	Balance at June 30, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 120,575,809	\$ 34,675	\$ -	\$ 120,610,484
Construction in Progress	1,474,820	642,122	(753,624)	1,363,318
Total Capital Assets, Not Being Depreciated	122,050,629	676,797	(753,624)	121,973,802
Capital Assets, Being Depreciated:				
Buildings and Improvements	100,416,032	5,342	-	100,421,374
Improvements Other than Buildings	37,338,162	115,124	-	37,453,286
Machinery and Equipment	4,494,586	56,155	-	4,550,741
Infrastructure	262,572,984	2,487,638	-	265,060,622
Total Capital Assets, Being Depreciated	404,821,764	2,664,259	-	407,486,023
Less Accumulated Depreciation for:				
Buildings and Improvements	(6,430,286)	(3,937,228)	-	(10,367,514)
Improvements Other than Buildings	(8,201,572)	(1,350,367)	-	(9,551,939)
Machinery and Equipment	(4,331,034)	(96,080)	-	(4,427,114)
Infrastructure	(143,278,339)	(6,728,993)	-	(150,007,332)
Total Accumulated Depreciation	(162,241,231)	(12,112,668)	-	(174,353,899)
Total Capital Assets, Being Depreciated, Net	242,580,533	(9,448,409)	-	233,132,124
Lease Assets:				
Right to Use Asset - Equipment	48,135	-	-	48,135
Accumulated amortization	-	(13,437)	-	(13,437)
Total Lease Assets, Not Being Depreciated	48,135	(13,437)	-	34,698
Capital and Lease Assets, Net	<u>\$ 364,679,297</u>	<u>\$ (8,785,049)</u>	<u>\$ (753,624)</u>	<u>\$ 355,140,624</u>

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

General Government	\$ 3,921,499
Public Safety	45,819
Public Works, Including Depreciation of Infrastructure Assets	8,129,013
Management Services	16,012
Community Services	325
Total Depreciation Expense - Governmental Activities	<u>\$ 12,112,668</u>

Amortization expense was charged to general government.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL AND LEASE ASSETS (CONTINUED)

Construction Commitments

Significant construction contracts as of June 30, 2022, consisted of the following:

	Commitment
Sports Complex Paver Replacement	\$ 169,700
Vintage Park Renovation	944,047
Arbor Mini Park	234,833
Total	\$ 1,348,580

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

NOTE 6 INTERFUND ACTIVITIES

Due From/Due to Other Funds

Other Governmental Funds – Community Development Block Grant Special Revenue Fund borrowed \$10,257 from the General Fund to fund operations.

Interfund Transfers

Interfund transfers during the year ended June 30, 2022, consisted of the following:

			Transfers	Net
Governmental Activities	Purpose	Transfers In	Out	Transfers
Opportunities Study Area Capital	Program Support	\$ 27,041	\$ -	\$ 27,041
Other Governmental Funds	Program Support	117,252	(144,293)	(27,041)
Total		\$ 144,293	\$ (144,293)	\$ -

NOTE 7 LEASE PAYABLE

The City leases office equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2025 and provide for renewal options up to one year.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 LEASE PAYABLE (CONTINUED)

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 14,039	\$ 1,523	\$ 15,562
2024	14,766	796	15,562
2025	5,956	112	6,068
2026	-	-	-
2027	-	-	-
Total Minimum Lease Payments	<u>\$ 34,761</u>	<u>\$ 2,431</u>	<u>\$ 37,192</u>

NOTE 8 LONG-TERM LIABILITIES

The change in the City's long-term liabilities during the year ended June 30, 2022, consisted of the following:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year	Due in More than One Year
	Compensated Absences			<u>\$ 913,413</u>	<u>\$ 624,674</u>	<u>\$ (535,929)</u>

Compensated Absences

The City's policies relating to employee leave benefits are described in Note 1.K. This liability will be paid in future years from future resources primarily from the General Fund. As of June 30, 2022, the outstanding balance was \$1,002,158.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

In connection with the retirement benefits for employees described in Note 12, the City contributes to an agent multiple-employer defined benefit plan to provide postemployment health-care benefits through the California Public Employees Medical and Hospital Care Act (PEMHCA). These benefits are available to employees who retire with the City with at least five years of service with a minimum retirement age of 50 years. The retiree is entitled to participate in the City-sponsored medical plan, and the City contributes up to \$143 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Employees Covered

As of measurement date June 30, 2021, 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	57
Total Plan Participants	69

Contributions

Benefit provisions and contribution requirements of plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. The plan does not require employee contributions. Administrative costs of this plan are financed through investment earnings. The contributions to the OPEB Plan are generally made from the general fund. The OPEB liability for governmental activities is primarily liquidated from the general fund. For fiscal year ended June 30, 2022, the City did not make any contributions.

B. Total OPEB Liability

The City's net OPEB liability is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2021 using an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Market Value Projected to Fiscal Year-End 2020
Actuarial Assumptions:	
Discount Rate	2.59%
Long-Term Expected Rate of Return on Investments	5.75%
Inflation	2.50%
Payroll	2.75%
Health-Care Trend Rates	4% Per Year
Mortality	2017 CalPERS Retiree Mortality for Miscellaneous
Mortality	Employees

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Total OPEB Liability (Continued)

Actuarial Assumptions (Continued)

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 U.S. Domestic Stock	60.000 %	7.545 %
Long-Term Corporate Bonds	40.000	5.045
Total	<u>100.000 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 2.59%. The discount rate is a blended rate equivalent to discounting all expected future benefits payments that is expected to be funded by assets held in the OPEB Trust at the expected long-term rate of return with all other payments discounted using the 20-year index of yields on high-grade municipal bonds. The City used historic 34 year real rates of return for each asset class along with assumed long-term inflation assumption. The expected investment return was offset by investment expenses of 25 basis points. The City used the Bond Buyer 20 Index at June 30, 2021 and rounded the rate resulting in a rate of 2.16%.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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, 2020 (Measurement Date)	\$ 1,319,010	\$ 530,157	\$ 788,853
Changes in the Year:			
Service Cost	117,771	-	117,771
Interest on the Total OPEB Liability	36,888	-	36,888
Differences Between Actual and Expected Experience	(316,093)	-	(316,093)
Changes in Assumptions	20,339	-	20,339
Changes in Benefit Terms	-	-	-
Contributions - Employer	-	-	-
Net Investment Income	-	116,084	(116,084)
Benefit Payments	(22,632)	(22,632)	-
Administrative Expenses	-	(3,379)	3,379
Net Changes	<u>(163,727)</u>	<u>90,073</u>	<u>(253,800)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 1,155,283</u>	<u>\$ 620,230</u>	<u>\$ 535,053</u>

Change of Assumptions

In fiscal year 2021-2022, the financial reporting discount rate changed from 2.70% to 2.59%. In addition, the inflation rate decreased in fiscal year 2021-22 from 2.75% to 2.50%.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT 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 (1.59%) or one percentage point higher (3.59%) than the current discount rate:

	One Percent Decrease (1.59%)	Discount Rate (2.59%)	One Percent Increase (3.59%)
Net OPEB Liability	<u>\$ 745,157</u>	<u>\$ 535,053</u>	<u>\$ 367,120</u>

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:

	One Percent Decrease (3.0%)	Health Care Trend Rate (4.0%)	One Percent Increase (5.0%)
Net OPEB Liability	<u>\$ 338,386</u>	<u>\$ 535,053</u>	<u>\$ 790,742</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$117,440. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ -	\$ -
Differences Between Actual and Expected Experience	-	(400,012)
Changes in Assumptions	408,553	-
Differences Between Projected and Actual Earnings	-	(65,294)
Total	<u>\$ 408,553</u>	<u>\$ (465,306)</u>

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT 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
2023	\$ (9,566)
2024	(7,015)
2025	(6,307)
2026	(8,546)
2027	8,485
Thereafter	(33,804)
Total	\$ (56,753)

E. Payable to the OPEB Plan

At June 30, 2022, the City had no outstanding amount of contributions to the OPEB Plan required for the year ended June 30, 2022.

NOTE 10 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 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance and to arrange for group purchased insurance for property and other lines of coverage. The 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.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 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 \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a \$50 million per occurrence limit. 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 \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2021-22, the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased as part of a reinsurance policy, and Employer's liability losses from \$5 million to \$10 million are pooled among members.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 RISK MANAGEMENT (CONTINUED)

Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$96,166,056. 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 \$14,282,855. 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. The City also allows tenants to purchase liability insurance through private third party insurers.

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 2021-22.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES

Net Position Classifications

The City's net position at June 30, 2022, 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	\$ 121,973,802
Depreciable Capital Assets, Net	233,132,124
Lease Assets, Net	34,698
Less: Retention Payable	(174,720)
Less: Leases Payable	<u>(34,762)</u>
Net Investment in Capital Assets	354,931,142
Restricted Net Position:	
Low and Moderate-Income Housing	8,367,230
Community Development	2,025,427
Public Safety	316,503
Public Works	57,987,593
Community Services	2,810,184
Pension Benefits	<u>1,419,295</u>
Total Restricted Net Position	72,926,232
Unrestricted Net Position	<u>104,627,188</u>
Total Net Position	<u><u>\$ 532,484,562</u></u>

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

Net Position Flow Assumption

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

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 11 CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES
(CONTINUED)**

Governmental Fund Balance Classifications

The City's governmental fund balances at June 30, 2022, are tabulated below, followed by explanations as to the nature and purpose of each classification.

	General Fund	Gas Tax Special Revenue Fund	Opportunities Study Area Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$ 68,807	\$ -	\$ -	\$ -	\$ 68,807
Restricted for:					
Street Maintenance	-	1,736,239	-	1,993,616	3,729,855
Air Quality	-	-	-	565,903	565,903
Grant Programs	-	-	-	2,659,287	2,659,287
Housing Programs	-	-	-	8,271,230	8,271,230
Capital Projects	-	-	29,974,224	26,031,064	56,005,288
Pension Benefits	1,419,295	-	-	-	1,419,295
Assigned for:					
Infrastructure	5,189,908	-	-	-	5,189,908
Neighborhood Park Improvement	3,992,880	-	-	-	3,992,880
Unassigned	82,067,591	-	-	-	82,067,591
Total	<u>\$ 92,738,481</u>	<u>\$ 1,736,239</u>	<u>\$ 29,974,224</u>	<u>\$ 39,521,100</u>	<u>\$ 163,970,044</u>

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 11 CLASSIFICATION OF NET POSITION AND GOVERNMENTAL FUND BALANCES
(CONTINUED)**

Governmental Fund Balance Classifications (Continued)

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

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

NOTE 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, Westminster, Garden Grove, and Santa Ana joined the Fire Authority and City as members eligible for fire protection services. Effective July 1, 2020, City of Placentia withdrew its membership from the Fire Authority. The purpose of the Fire Authority is to provide for mutual fire protection, prevention, and suppression services and related and incidental services, including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Fire Authority's governing board consists of one representative from each city and two from the County. The operations of the Fire Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for the cities of Stanton, Tustin, San Clemente, Buena Park, Seal Beach, Garden Grove, and Santa Ana.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 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, 2022. Upon dissolution of the Fire Authority, all surplus money and property of the Fire Authority will be conveyed or distributed to each member in proportion to all funds provided to the Fire Authority by that member or by the County on behalf of that member during its membership.

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

NOTE 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.

NOTE 14 PENSION PLAN

A. Defined Benefit Plan

General Information about the Pension Plan

Plan Description

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 PENSION PLAN (CONTINUED)

A. Defined Benefit Plan

General Information about the Pension Plan (Continued)

Benefits Provided

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

Plan provisions and benefits in effect at the June 30, 2021 measurement date are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	Five Years of Service	Five Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 to 63	52 to 67
Monthly Benefits, as a Percentage of Eligible Compensation	1.426% to 2.418%	1.0% to 2.50%
Required Employee Contribution Rates	7.000%	6.250%
Required Employer Contribution Rates:		
Normal Cost Rate	11.031%	7.732%
Payment of Unfunded Liability	\$ 38,583	\$ 2,978

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.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 PENSION PLAN (CONTINUED)

A. Defined Benefit Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions (Continued)

Contributions for the fiscal year ended June 30, 2022, included \$60,513 for the UAL and \$651,648 for the normal cost rate resulting in a total amount paid of \$712,161.

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

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

As of June 30, 2022, the City reported a net pension asset of \$4,611,435 for its proportionate share of the net pension liability of all Plans.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, 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, 2020, rolled forward to June 30, 2021, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2020 and 2021, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2020	0.01005 %
Proportion - June 30, 2021	(0.24286)
Change	(0.01248)%

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 PENSION PLAN (CONTINUED)

A. Defined Benefit Plan (Continued)

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

For the year ended June 30, 2022, the City recognized pension income of \$8,184,661. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 712,161	\$ -
Differences Between Actual and Expected Experience	-	(517,123)
Change in Assumptions	-	-
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	418,874	(168,675)
Net Differences Between Projected and Actual Earnings on Plan Investments	4,025,539	-
Total	\$ 5,156,574	\$ (685,798)

An amount of \$712,161 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023. 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,	Amount
2023	\$ 765,057
2024	883,694
2025	997,411
2026	1,112,453
2027	-
Thereafter	-
Total	\$ 3,758,615

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 PENSION PLAN (CONTINUED)

A. Defined Benefit Plan (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2021, measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The total pension liability was based on the following assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
Postretirement Benefit Increase	The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

Long-Term Expected Rate of Return

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 PENSION PLAN (CONTINUED)

A. Defined Benefit Plan (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

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

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

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

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

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.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 PENSION PLAN (CONTINUED)

A. Defined Benefit Plan (Continued)

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

The following presents the City's proportionate share of the net pension liability 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	\$ 295,110
Current Discount Rate	7.15%
Net Pension Liability	\$ (4,611,435)
1% Increase	8.15%
Net Pension Liability (Asset)	\$ (8,667,605)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2022, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

B. Defined Contribution Plan

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

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

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 PENSION PLAN (CONTINUED)

B. Defined Contribution Plan (Continued)

For the year ended June 30, 2022, the City's payroll covered by the plan was \$692,601. Contributions to the plan totaled \$51,945, with employee contributions in the amount of \$42,942 (6.2% of current covered payroll) and City contributions in the amount of \$9,003 (1.3% of current covered payroll).

NOTE 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.

NOTE 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, 2022, was as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year	Due in More than One Year
Other Debt:						
2004 Certificates of Participation	\$ 5,415,000	\$ -	\$ (325,000)	\$ 5,090,000	\$ 335,000	\$ 4,755,000

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, 2022, was \$5,090,000.

**CITY OF LAKE FOREST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 16 SUCCESSOR AGENCY DISCLOSURES

Long-Term Liabilities (Continued)

2004 Certificates of Participation (Continued)

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>
2023	\$ 335,000	\$ 207,123	\$ 542,123
2024	350,000	193,248	543,248
2025	365,000	178,590	543,590
2026	380,000	163,128	543,128
2027	395,000	146,853	541,853
2028 to 2032	2,235,000	464,104	2,699,104
2033	1,030,000	44,200	1,074,200
Total	<u>\$ 5,090,000</u>	<u>\$ 1,397,244</u>	<u>\$ 6,487,244</u>

NOTE 17 CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2021, to be more consistent and comparable with industry standards, the City changed its accounting policy and changed their availability period for recognizing revenues under the modified accrual from 90 days to 60 days. Beginning fund balances as of July 1, 2021 were adjusted to reflect the cumulative effect of the City's change in accounting principle as follows:

	<u>Other Governmental Funds</u>			
	<u>General Fund</u>	<u>Measure M Fund</u>	<u>Supplemental</u>	<u>Community</u>
			<u>Law Enforcement Grant</u>	<u>Development Block Grant</u>
Fund Balance - July 1, 2021, as Originally Reported	\$ 76,003,973	\$ 986,515	\$ 358,010	\$ 1,970,929
Change in City's Availability Period	(730,596)	(314,414)	(78,863)	(132,581)
Fund Balance - June 30, 2021, as Restated	<u>\$ 75,273,377</u>	<u>\$ 672,101</u>	<u>\$ 279,147</u>	<u>\$ 1,838,348</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year Ended	Miscellaneous			
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Plan's Proportion of the Net Pension Liability	(24.28600)%	1.00500 %	(0.00741)%	(0.00917)%
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,611,435)	\$ 423,887	\$ (296,877)	\$ (883,666)
Plan's Covered Payroll	5,847,203	6,782,362	6,393,650	5,957,084
Plan's Proportionate Share of the Net Pension Liability (Asset) Percentage of Covered Payroll	(78.87)%	6.25 %	(4.64)%	(14.83)%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	112.41 %	98.77 %	75.26 %	75.26 %
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,643,019	\$ 1,523,671	\$ 1,347,538	\$ 1,163,795

NOTES TO SCHEDULE

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

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

There were no changes in assumptions.

From Fiscal Year June 30, 2020, to June 30, 2021:

There were no changes in assumptions.

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

See accompanying Notes to Required Supplementary Information.

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

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

See accompanying Notes to Required Supplementary Information.

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

Fiscal Year Ended	Miscellaneous			
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually Required Contribution (Actuarially Determined)	\$ 712,161	\$ 628,116	\$ 637,268	\$ 561,053
Contributions in Relation to the Actuarially Determined Contributions	<u>(712,161)</u>	<u>(628,116)</u>	<u>(637,268)</u>	<u>(561,053)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 6,658,335	\$ 5,847,203	\$ 6,782,362	\$ 6,393,650
Contributions as a Percentage of Covered Payroll	10.70%	10.74%	9.40%	8.78%

NOTES TO SCHEDULE

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Inflation	2.625%	2.625%	2.625%	2.75%
Salary Increases	(2)	(2)	(2)	(2)
Investment Rate of Return	7.25% (3)	7.25% (3)	7.25% (3)	7.375% (3)
Retirement Age	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)

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

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

See accompanying Notes to Required Supplementary Information.

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

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

NOTES TO SCHEDULE

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

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

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

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

Fiscal Year End	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:					
Service Cost	\$ 117,771	\$ 88,328	\$ 62,082	\$ 41,280	\$ 40,175
Interest on Total OPEB Liability	36,888	38,927	40,575	29,933	37,110
Differences Between Actual and Expected Experience	(316,093)	(1,120)	(142,818)	-	-
Changes In Assumptions	20,339	222,172	105,362	192,537	-
Benefit Payments, Including Refunds	(22,632)	(20,153)	(19,518)	(21,242)	(12,270)
Net Change in Total OPEB Liability	(163,727)	328,154	45,683	242,508	65,015
Total OPEB Liability - Beginning of Year	1,319,010	990,856	945,173	702,665	637,650
Total OPEB Liability - End of Year (a)	1,155,283	1,319,010	990,856	945,173	702,665
Plan Fiduciary Net Position:					
Contributions - Employer	-	-	-	-	49,125
Net Investment Income	116,084	20,094	34,120	32,331	(1,222)
Benefit Payments	(22,632)	(20,153)	(19,518)	(21,242)	(12,270)
Administrative Expenses	(3,379)	(2,820)	(1,293)	-	-
Net Change in Plan Fiduciary Net Position	90,073	(2,879)	13,309	11,089	35,633
Plan Fiduciary Net Position - Beginning of Year	530,157	533,036	519,727	508,638	473,005
Plan Fiduciary Net Position - End of Year (b)	620,230	530,157	533,036	519,727	508,638
Net OPEB Liability - Ending (a)-(b)	\$ 535,053	\$ 788,853	\$ 457,820	\$ 425,446	\$ 194,027
Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability	53.69%	40.19%	53.80%	54.99%	72.39%
Covered - Employee Payroll	\$ 5,847,203	\$ 6,782,362	\$ 6,393,650	\$ 5,957,084	\$ 6,123,728
Net OPEB Liability as a Percentage of Covered-Employee Payroll	9.15%	11.63%	7.16%	7.14%	3.17%

NOTES TO SCHEDULE

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

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

From Fiscal Year June 30, 2020, to June 30, 2021:

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

From Fiscal Year June 30, 2021, to June 30, 2022:

The Discount Rate was changed from 2.7% To 2.59%.

The Inflation Rate was changed from 2.75% To 2.50%.

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

See accompanying Notes to Required Supplementary Information.

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 27,524,000	\$ 30,262,600	\$ 31,674,290	\$ 1,411,690
Licenses and Permits	2,386,000	3,316,000	3,193,228	(122,772)
Intergovernmental	435,600	13,209,985	6,927,604	(6,282,381)
Intergovernmental - Sales Tax	17,500,000	18,250,000	19,436,169	1,186,169
Charges for Services	4,216,800	4,714,800	5,125,898	411,098
Developer Contributions	247,000	422,000	360,040	(61,960)
Fines and Forfeitures	410,000	410,000	464,559	54,559
Investment Income	250,000	250,000	(1,500,741)	(1,750,741)
Other	239,000	259,000	524,576	265,576
Total Revenues	<u>53,208,400</u>	<u>71,094,385</u>	<u>66,205,623</u>	<u>(4,888,762)</u>
EXPENDITURES				
Current:				
General Government:				
City Council	56,600	63,825	63,776	49
City Manager	3,560,600	3,660,038	2,629,056	1,030,982
City Attorney	1,286,000	1,286,000	886,220	399,780
City Clerk	757,100	749,875	583,598	166,277
Finance	3,598,200	3,598,200	2,175,216	1,422,984
ARPA- Personnel Rehiring	-	2,774,385	1,867,570	906,815
Public Safety:				
Police Services	20,179,800	30,334,715	19,404,832	10,929,883
Public Works	13,561,800	13,716,579	12,898,212	818,367
Community Development	3,697,800	4,314,800	3,661,925	652,875
Management Services	1,238,800	1,270,187	1,042,697	227,490
Community Services	3,283,100	3,377,355	2,145,935	1,231,420
Capital Outlay	1,362,600	6,832,687	1,365,920	5,466,767
Debt Service:				
Principal Retirement - Leases	-	13,373	13,373	-
Interest - Leases	-	2,189	2,189	-
Total Expenditures	<u>52,582,400</u>	<u>71,994,208</u>	<u>48,740,519</u>	<u>23,253,689</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	626,000	(899,823)	17,465,104	18,364,927
Fund Balance - Beginning of Year, As Restated	<u>75,273,377</u>	<u>75,273,377</u>	<u>75,273,377</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 75,899,377</u></u>	<u><u>\$ 74,373,554</u></u>	<u><u>\$ 92,738,481</u></u>	<u><u>\$ 18,364,927</u></u>

See accompanying Notes to Required Supplementary Information.

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
GAS TAX SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,672,100	\$ 3,739,596	\$ 3,717,085	\$ (22,511)
Investment Income	5,000	5,000	15,835	10,835
Other	-	-	67,496	67,496
Total Revenues	<u>3,677,100</u>	<u>3,744,596</u>	<u>3,800,416</u>	<u>55,820</u>
EXPENDITURES				
Current:				
Public Works	2,137,000	2,137,000	1,978,295	158,705
Capital Outlay	2,049,400	4,635,103	3,934,287	700,816
Total Expenditures	<u>4,186,400</u>	<u>6,772,103</u>	<u>5,912,582</u>	<u>859,521</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(509,300)	(3,027,507)	(2,112,166)	915,341
Fund Balance - Beginning of Year	<u>3,848,405</u>	<u>3,848,405</u>	<u>3,848,405</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,339,105</u></u>	<u><u>\$ 820,898</u></u>	<u><u>\$ 1,736,239</u></u>	<u><u>\$ 915,341</u></u>

See accompanying Notes to Required Supplementary Information.

**CITY OF LAKE FOREST
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

BUDGETARY POLICY AND CONTROL

Budgetary Basis of Accounting

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

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

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

Continuing Appropriations

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

SUPPLEMENTARY INFORMATION

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**CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL FACILITIES CAPITAL PROJECTS AND IMPROVEMENT FUND – MAJOR FUND
 YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Developer Contributions	<u>\$ 13,264,800</u>	<u>\$ 10,950,675</u>	<u>\$ (2,314,125)</u>
Total Revenues	13,264,800	10,950,675	(2,314,125)
EXPENDITURES			
Capital Outlay	<u>288,474</u>	<u>36,175</u>	<u>252,299</u>
Total Expenditures	<u>288,474</u>	<u>36,175</u>	<u>252,299</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,976,326	10,914,500	(2,061,826)
OTHER FINANCING SOURCES			
Transfers In	<u>27,041</u>	<u>27,041</u>	<u>-</u>
Total Other Financing Sources	<u>27,041</u>	<u>27,041</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	13,003,367	10,941,541	(2,061,826)
Fund Balance - Beginning of Year	<u>19,032,683</u>	<u>19,032,683</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 32,036,050</u></u>	<u><u>\$ 29,974,224</u></u>	<u><u>\$ (2,061,826)</u></u>

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**CITY OF LAKE FOREST
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2022**

SPECIAL REVENUE FUNDS

Air Quality Improvement Fund

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

Supplemental Law Enforcement Grant Fund

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

Housing Authority Fund

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

AB 939 Fund

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

Beverage Recycling Fund

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

Community Development Block Grant Fund

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

Measure M Special Revenue Fund

This 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.

CASP Program Special Revenue Fund

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

SB 1383 Organic Waste Recycling Special Revenue Fund

This fund is used to account for revenue and expenditures related to grant funding received from the California State Department of Resources Recycling and Recovery for the purpose of implementing SB1383 organic waste recycling requirements.

**CITY OF LAKE FOREST
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2022**

CAPITAL PROJECTS FUNDS

Lake Forest Transportation Mitigation Fund

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

Park Development Fund

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

Affordable Housing Fund

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

Foothill Circulation Phasing Plan (FCPP) Fund

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

Meadows Traffic Improvement Fund

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

**CITY OF LAKE FOREST
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds			
	Air Quality Improvement	Supplemental Law Enforcement Grant	Housing Authority	AB 939
ASSETS				
Cash and Investments	\$ 585,671	\$ 316,503	\$ 997,970	\$ 5,217
Receivables:				
Grants	-	-	-	-
Loans	-	-	214,145	-
Notes	-	-	96,000	-
Due from Other Governments	27,804	-	-	-
	<u>27,804</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 613,475</u>	<u>\$ 316,503</u>	<u>\$ 1,308,115</u>	<u>\$ 5,217</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 19,769	\$ -	\$ 369	\$ -
Retentions Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>19,769</u>	<u>-</u>	<u>369</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	27,804	-	96,000	-
Total Deferred Inflows of Resources	<u>27,804</u>	<u>-</u>	<u>96,000</u>	<u>-</u>
FUND BALANCES				
Restricted	565,902	316,503	1,211,746	5,217
Total Fund Balances	<u>565,902</u>	<u>316,503</u>	<u>1,211,746</u>	<u>5,217</u>
	<u>\$ 613,475</u>	<u>\$ 316,503</u>	<u>\$ 1,308,115</u>	<u>\$ 5,217</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 613,475</u>	<u>\$ 316,503</u>	<u>\$ 1,308,115</u>	<u>\$ 5,217</u>

**CITY OF LAKE FOREST
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

	Special Revenue Funds				
	Beverage Recycling	Community Development Block Grant	Measure M	CASP Program	SB1383 Organic Waste Recycling
ASSETS					
Cash and Investments	\$ 28,833	\$ -	\$ 1,840,330	\$ 26,534	\$ 120,168
Receivables:					
Grants		117,479	-	-	-
Loans	-	1,999,116	-	-	-
Notes	-	-	-	-	-
Due from Other Governments	-	-	327,864	-	-
	<u>-</u>	<u>-</u>	<u>327,864</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 28,833</u>	<u>\$ 2,116,595</u>	<u>\$ 2,168,194</u>	<u>\$ 26,534</u>	<u>\$ 120,168</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 107,222	\$ 5,022	\$ 223	\$ 6,416
Retentions Payable	-	-	-	-	-
Due to Other Funds	-	10,257	-	-	-
Total Liabilities	<u>-</u>	<u>117,479</u>	<u>5,022</u>	<u>223</u>	<u>6,416</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	28,833	1,999,116	2,163,172	26,311	113,752
Total Fund Balances	<u>28,833</u>	<u>1,999,116</u>	<u>2,163,172</u>	<u>26,311</u>	<u>113,752</u>
	<u>\$ 28,833</u>	<u>\$ 2,116,595</u>	<u>\$ 2,168,194</u>	<u>\$ 26,534</u>	<u>\$ 120,168</u>

**CITY OF LAKE FOREST
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

	Capital Projects Funds					Total Other Governmental Funds
	Lake Forest Transportation Mitigation	Park Development	Affordable Housing	FCPP	Meadows Traffic Improvement	
ASSETS						
Cash and Investments	\$ 10,338,168	\$ 2,760,287	\$ 3,359,484	\$ 10,595,385	\$ 2,610,391	\$ 33,584,941
Receivables:						
Grants	-	-	-	-	-	117,479
Loans	-	-	-	-	-	2,213,261
Notes	-	-	3,700,000	-	-	3,796,000
Due from Other Governments	-	-	-	-	-	355,668
Total Assets	\$ 10,338,168	\$ 2,760,287	\$ 7,059,484	\$ 10,595,385	\$ 2,610,391	\$ 40,067,349
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 49,965	\$ 95,873	\$ -	\$ 93,824	\$ 11,565	\$ 390,248
Retentions Payable	-	21,940	-	-	-	21,940
Due to Other Funds	-	-	-	-	-	10,257
Total Liabilities	49,965	117,813	-	93,824	11,565	422,445
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	123,804
Total Deferred Inflows of Resources	-	-	-	-	-	123,804
FUND BALANCES						
Restricted	10,288,203	2,642,474	7,059,484	10,501,561	2,598,826	39,521,100
Total Fund Balances	10,288,203	2,642,474	7,059,484	10,501,561	2,598,826	39,521,100
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,338,168	\$ 2,760,287	\$ 7,059,484	\$ 10,595,385	\$ 2,610,391	\$ 40,067,349

**CITY OF LAKE FOREST
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – OTHER GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds			
	Supplemental			
	Air Quality Improvement	Law Enforcement Grant	Housing Authority	AB 939
REVENUES				
Intergovernmental	\$ 81,448	\$ 208,372	\$ -	\$ -
Charges for Services	-	-	-	-
Developer Contributions	-	-	-	-
Investment Income	2,224	-	4,059	-
Other	-	-	14,158	47,198
Total Revenues	<u>83,672</u>	<u>208,372</u>	<u>18,217</u>	<u>47,198</u>
EXPENDITURES				
Current:				
Public Safety	-	171,016	-	-
Public Works	52,251	-	-	45,800
Community Development	-	-	42,173	-
Community Services	-	-	-	-
Capital Outlay	3,284	-	-	-
Total Expenditures	<u>55,535</u>	<u>171,016</u>	<u>42,173</u>	<u>45,800</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	28,137	37,356	(23,956)	1,398
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(117,251)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(117,251)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	28,137	37,356	(141,207)	1,398
Fund Balances - Beginning of Year, As Restated	<u>537,765</u>	<u>279,147</u>	<u>1,352,953</u>	<u>3,819</u>
FUND BALANCES - END OF YEAR	<u>\$ 565,902</u>	<u>\$ 316,503</u>	<u>\$ 1,211,746</u>	<u>\$ 5,217</u>

**CITY OF LAKE FOREST
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds				
	Beverage Recycling	Community Development Block Grant	Measure M	CASP Program	SB1383 Organic Waste Recycling
REVENUES					
Intergovernmental	\$ 21,183	\$ 474,721	\$ 1,931,580	\$ -	\$ 120,168
Charges for Services	-	-	2,977	7,589	-
Developer Contributions	-	-	-	-	-
Investment Income	-	-	5,211	-	-
Other	-	510	-	-	-
Total Revenues	<u>21,183</u>	<u>475,231</u>	<u>1,939,768</u>	<u>7,589</u>	<u>120,168</u>
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	-
Public Works	24,010	-	-	-	6,416
Community Development	-	277,517	-	-	-
Community Services	-	-	54,927	-	-
Capital Outlay	-	36,946	393,770	-	-
Total Expenditures	<u>24,010</u>	<u>314,463</u>	<u>448,697</u>	<u>-</u>	<u>6,416</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(2,827)	160,768	1,491,071	7,589	113,752
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(27,041)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(27,041)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(29,868)	160,768	1,491,071	7,589	113,752
Fund Balances - Beginning of Year, As Restated	<u>58,701</u>	<u>1,838,348</u>	<u>672,101</u>	<u>18,722</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 28,833</u>	<u>\$ 1,999,116</u>	<u>\$ 2,163,172</u>	<u>\$ 26,311</u>	<u>\$ 113,752</u>

**CITY OF LAKE FOREST
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Capital Projects Funds					Total Other Governmental Funds
	Lake Forest Transportation Mitigation	Park Development	Affordable Housing	FCPP	Meadows Traffic Improvement	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 188,500	\$ 3,025,972
Charges for Services	-	-	-	-	-	10,566
Developer Contributions	75,556	-	411,179	4,149,633	2,500,000	7,136,368
Investment Income	42,015	11,878	19,218	34,795	-	119,400
Other	-	-	-	-	-	61,866
Total Revenues	117,571	11,878	430,397	4,184,428	2,688,500	10,354,172
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	171,016
Public Works	-	7,189	-	-	-	135,666
Community Development	-	-	37,265	-	-	356,955
Community Services	-	-	-	-	-	54,927
Capital Outlay	234,949	588,238	-	249,432	89,674	1,596,293
Total Expenditures	234,949	595,427	37,265	249,432	89,674	2,314,857
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(117,378)	(583,549)	393,132	3,934,996	2,598,826	8,039,315
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	117,251	-	-	117,251
Transfers Out	-	-	-	-	-	(144,292)
Total Other Financing Sources (Uses)	-	-	117,251	-	-	(27,041)
NET CHANGE IN FUND BALANCES	(117,378)	(583,549)	510,383	3,934,996	2,598,826	8,012,274
Fund Balances - Beginning of Year, As Restated	10,405,581	3,226,023	6,549,101	6,566,565	-	31,508,826
FUND BALANCES - END OF YEAR	\$ 10,288,203	\$ 2,642,474	\$ 7,059,484	\$ 10,501,561	\$ 2,598,826	\$ 39,521,100

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 110,000	\$ 81,448	\$ (28,552)
Investment Income	-	2,224	2,224
Total Revenues	110,000	83,672	(26,328)
 EXPENDITURES			
Current:			
Public Works	59,200	52,251	6,949
Capital Outlay	559,417	3,284	556,133
Total Expenditures	618,617	55,535	563,082
 EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(508,617)	28,137	536,754
 Fund Balance - Beginning of Year	537,765	537,765	-
 FUND BALANCE - END OF YEAR	\$ 29,148	\$ 565,902	\$ 536,754

**CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT GRANT SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 125,000	\$ 208,372	\$ 83,372
Total Revenues	125,000	208,372	83,372
EXPENDITURES			
Current:			
Public Safety	185,000	171,016	13,984
Total Expenditures	185,000	171,016	13,984
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(60,000)	37,356	97,356
Fund Balance - Beginning of Year, As Restated	279,147	279,147	-
FUND BALANCE - END OF YEAR	\$ 219,147	\$ 316,503	\$ 97,356

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Income	\$ 5,000	\$ 4,059	\$ (941)
Other	7,600	14,158	6,558
Total Revenues	12,600	18,217	5,617
 EXPENDITURES			
Current:			
Community Development	99,700	42,173	57,527
 EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(87,100)	(23,956)	63,144
 OTHER FINANCING SOURCES (USES)			
Transfers Out	(117,251)	(117,251)	-
 NET CHANGE IN FUND BALANCE	(204,351)	(141,207)	63,144
 Fund Balance - Beginning of Year	1,352,953	1,352,953	-
 FUND BALANCE - END OF YEAR	\$ 1,148,602	\$ 1,211,746	\$ 63,144

**CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 AB 939 SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Other	\$ 45,800	\$ 47,198	\$ 1,398
EXPENDITURES			
Current:			
Public Works	45,800	45,800	-
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,398	1,398
Fund Balance - Beginning of Year	3,819	3,819	-
FUND BALANCE - END OF YEAR	\$ 3,819	\$ 5,217	\$ 1,398

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
BEVERAGE RECYCLING SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 21,300	\$ 21,183	\$ (117)
EXPENDITURES			
Current:			
Public Works	<u>31,660</u>	<u>24,010</u>	<u>7,650</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(10,360)	(2,827)	7,533
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(27,041)</u>	<u>(27,041)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(37,401)	(29,868)	7,533
Fund Balance - Beginning of Year	<u>58,701</u>	<u>58,701</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 21,300</u>	<u>\$ 28,833</u>	<u>\$ 7,533</u>

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,579,253	\$ 474,721	\$ (1,104,532)
Other	-	510	510
Total Revenues	1,579,253	475,231	(1,104,022)
EXPENDITURES			
Current:			
Community Development	1,293,153	277,517	1,015,636
Capital Outlay	367,625	36,946	330,679
Total Expenditures	1,660,778	314,463	1,346,315
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(81,525)	160,768	242,293
Fund Balance - Beginning of Year, As Restated	1,838,348	1,838,348	-
FUND BALANCE - END OF YEAR	\$ 1,756,823	\$ 1,999,116	\$ 242,293

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
MEASURE M SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 1,597,638	\$ 1,931,580	\$ 333,942
Charges for Services	12,500	2,977	(9,523)
Investment Income	600	5,211	4,611
Total Revenues	<u>1,610,738</u>	<u>1,939,768</u>	<u>329,030</u>
EXPENDITURES			
Current:			
Community Services	82,500	54,927	27,573
Capital Outlay	1,686,445	393,770	1,292,675
Total Expenditures	<u>1,768,945</u>	<u>448,697</u>	<u>1,320,248</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(158,207)	1,491,071	1,649,278
Fund Balance - Beginning of Year, As Restated	<u>672,101</u>	<u>672,101</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 513,894</u>	<u>\$ 2,163,172</u>	<u>\$ 1,649,278</u>

**CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 CASP PROGRAM SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 5,000	\$ 7,589	\$ 2,589
EXPENDITURES			
Current:			
Community Development	5,000	-	5,000
EXCESS OF REVENUES OVER EXPENDITURES	-	7,589	7,589
Fund Balance - Beginning of Year	18,722	18,722	-
FUND BALANCE - END OF YEAR	\$ 18,722	\$ 26,311	\$ 7,589

**CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 SB1383 ORGANIC WASTE RECYCLING SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 111,899	\$ 120,168	\$ 8,269
Total Revenues	<u>111,899</u>	<u>120,168</u>	<u>8,269</u>
 EXPENDITURES			
Public Works	111,899	6,416	105,483
Total Expenditures	<u>111,899</u>	<u>6,416</u>	<u>105,483</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 -	 113,752	 113,752
 Fund Balance - Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ -</u></u>	 <u><u>\$ 113,752</u></u>	 <u><u>\$ 113,752</u></u>

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
LAKE FOREST TRANSPORTATION MITIGATION CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Developer Contributions	\$ 134,100	\$ 75,556	\$ (58,544)
Investment Income	-	42,015	42,015
Total Revenues	134,100	117,571	(16,529)
 EXPENDITURES			
Capital Outlay	3,498,087	234,949	3,263,138
 EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(3,363,987)	(117,378)	3,246,609
 Fund Balance - Beginning of Year	10,405,581	10,405,581	-
 FUND BALANCE - END OF YEAR	\$ 7,041,594	\$ 10,288,203	\$ 3,246,609

**CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Developer Contributions	\$ -	\$ -	\$ -
Investment Income	-	11,878	11,878
Total Revenues	<u>-</u>	<u>11,878</u>	<u>11,878</u>
 EXPENDITURES			
Public Works	10,000	7,189	2,811
Capital Outlay	619,842	588,238	31,604
Total Expenditures	<u>629,842</u>	<u>595,427</u>	<u>34,415</u>
 EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	 (629,842)	 (583,549)	 46,293
 Fund Balance - Beginning of Year	 <u>3,226,023</u>	 <u>3,226,023</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 2,596,181</u>	 <u>\$ 2,642,474</u>	 <u>\$ 46,293</u>

**CITY OF LAKE FOREST
BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Developer Contributions	\$ 408,679	\$ 411,179	\$ 2,500
Investment Income	2,500	19,218	16,718
Total Revenues	<u>411,179</u>	<u>430,397</u>	<u>19,218</u>
EXPENDITURES			
Current:			
Community Development	<u>3,800,000</u>	<u>37,265</u>	<u>3,762,735</u>
Total Expenditures	<u>3,800,000</u>	<u>37,265</u>	<u>3,762,735</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(3,388,821)	393,132	(3,743,517)
OTHER FINANCING USES			
Transfers In	<u>117,251</u>	<u>117,251</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>117,251</u>	<u>117,251</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,271,570)	510,383	(3,743,517)
Fund Balance - Beginning of Year	<u>6,549,101</u>	<u>6,549,101</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,277,531</u>	<u>\$ 7,059,484</u>	<u>\$ (3,743,517)</u>

**CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 FCPP CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Developer Contributions	\$ 3,532,300	\$ 4,149,633	\$ 617,333
Investment Income	-	34,795	34,795
Total Revenues	<u>3,532,300</u>	<u>4,184,428</u>	<u>652,128</u>
EXPENDITURES			
Capital Outlay	<u>874,659</u>	<u>249,432</u>	<u>625,227</u>
Total Expenditures	<u>874,659</u>	<u>249,432</u>	<u>625,227</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	2,657,641	3,934,996	1,277,355
Fund Balance - Beginning of Year	<u>6,566,565</u>	<u>6,566,565</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 9,224,206</u></u>	<u><u>\$ 10,501,561</u></u>	<u><u>\$ 1,277,355</u></u>

**CITY OF LAKE FOREST
 BUDGETARY COMPARISON SCHEDULE
 MEADOWS TRAFFIC IMPROVEMENT CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 188,500	\$ 188,500
Developer Contributions	2,500,000	2,500,000	-
Total Revenues	<u>2,500,000</u>	<u>2,688,500</u>	<u>188,500</u>
EXPENDITURES			
Capital Outlay	<u>275,000</u>	<u>89,674</u>	<u>185,326</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	2,225,000	2,598,826	373,826
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,225,000</u></u>	<u><u>\$ 2,598,826</u></u>	<u><u>\$ 373,826</u></u>

**CITY OF LAKE FOREST
CUSTODIAL FUNDS
JUNE 30, 2022**

Road Construction Programs Fund

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

Strong Motion Instrumentation Program Fund

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

Building Standards Administration Fund

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

**CITY OF LAKE FOREST
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL CUSTODIAL FUNDS
 JUNE 30, 2022**

	<u>Road Construction Programs</u>	<u>Strong Motion Instrumentation Program</u>	<u>Building Standards Administration</u>	<u>Total</u>
ASSETS				
Cash and Investments	<u>\$ 144,223</u>	<u>\$ 15,946</u>	<u>\$ 3,031</u>	<u>\$ 163,200</u>
NET POSITION				
Restricted for Other Governments	<u><u>\$ 144,223</u></u>	<u><u>\$ 15,946</u></u>	<u><u>\$ 3,031</u></u>	<u><u>\$ 163,200</u></u>

**CITY OF LAKE FOREST
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 ALL CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2022**

	<u>Road Construction Programs</u>	<u>Strong Motion Instrumentation Program</u>	<u>Building Standards Administration</u>	<u>Total Custodial Funds</u>
ADDITIONS				
Fees Collected	\$ 4,717,020	\$ 47,302	\$ 11,615	\$ 4,775,937
DEDUCTIONS				
Payments to Organizations	<u>4,683,656</u>	<u>36,995</u>	<u>10,217</u>	<u>4,730,868</u>
CHANGE IN NET POSITION	33,364	10,307	1,398	45,069
Net Position - Beginning of Year	<u>110,859</u>	<u>5,639</u>	<u>1,633</u>	<u>118,131</u>
NET POSITION - END OF YEAR	<u><u>\$ 144,223</u></u>	<u><u>\$ 15,946</u></u>	<u><u>\$ 3,031</u></u>	<u><u>\$ 163,200</u></u>

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STATISTICAL SECTION

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**CITY OF LAKE FOREST
DESCRIPTION OF STATISTICAL SECTION CONTENTS
JUNE 30, 2022**

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

Contents

Financial Trends	109
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	117
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity	122
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt.	
Demographic and Economic Information	126
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	128
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources:

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

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental activities:					
Net investment in capital assets	\$ 354,931,142	\$ 364,478,865	\$ 369,539,737	\$ 350,135,051	\$ 306,575,269
Restricted	72,926,232	56,821,382	33,443,619	46,500,440	85,056,220
Unrestricted	104,627,188	73,718,459	67,713,709	62,454,098	59,233,561
Total governmental activities net position	<u>\$ 532,484,562</u>	<u>\$ 495,018,706</u>	<u>\$ 470,697,065</u>	<u>\$ 459,089,589</u>	<u>\$ 450,865,050</u>
Primary government:					
Net investment in capital assets	\$ 354,931,142	\$ 364,478,865	\$ 369,539,737	\$ 350,135,051	\$ 306,575,269
Restricted	72,926,232	56,821,382	33,443,619	46,500,440	85,056,220
Unrestricted	104,627,188	73,718,459	67,713,709	62,454,098	59,233,561
Total primary government net position	<u>\$ 532,484,562</u>	<u>\$ 495,018,706</u>	<u>\$ 470,697,065</u>	<u>\$ 459,089,589</u>	<u>\$ 450,865,050</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities:					
Net investment in capital assets	\$ 289,675,809	\$ 290,672,787	\$ 295,972,599	\$ 279,126,412	\$ 261,724,142
Restricted	86,935,224	57,690,609	29,800,383	21,073,548	9,879,415
Unrestricted	57,503,603	53,161,871	46,337,745	47,136,786	41,298,066
Total governmental activities net position	<u>\$ 434,114,636</u>	<u>\$ 401,525,267</u>	<u>\$ 372,110,727</u>	<u>\$ 347,336,746</u>	<u>\$ 312,901,623</u>
Primary government:					
Net investment in capital assets	\$ 289,675,809	\$ 290,672,787	\$ 295,972,599	\$ 279,126,412	\$ 261,724,142
Restricted	86,935,224	57,690,609	29,800,383	21,073,548	9,879,415
Unrestricted	57,503,603	53,161,871	46,337,745	47,136,786	41,298,066
Total primary government net position	<u>\$ 434,114,636</u>	<u>\$ 401,525,267</u>	<u>\$ 372,110,727</u>	<u>\$ 347,336,746</u>	<u>\$ 312,901,623</u>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Expenses:					
Governmental activities:					
General government	\$ 1,582,139	\$ 11,572,488	\$ 7,585,821	\$ 7,093,463	\$ 6,546,094
Public safety	21,489,237	18,692,435	18,535,864	18,425,493	17,923,801
Public works	27,486,429	25,618,790	28,288,176	24,444,530	24,687,112
Community development	4,018,880	3,782,269	4,288,351	3,911,748	3,416,043
Management services	1,058,709	968,139	2,152,820	1,984,013	1,685,829
Community services	2,201,187	1,687,425	3,692,026	4,020,637	3,822,054
Redevelopment/economic development	-	-	-	-	1,259,409
Interest on long-term debt	2,189	-	-	180,651	296,355
Total governmental activities expenses	<u>57,838,770</u>	<u>62,321,546</u>	<u>64,543,058</u>	<u>60,060,535</u>	<u>59,636,697</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	36,944	26,831	25,113	38,118	111,937
Public safety	417,969	351,282	319,814	482,786	427,082
Public works	1,829,610	1,783,741	2,378,094	2,483,073	2,211,935
Community development	4,320,387	3,662,837	3,780,717	3,026,777	3,934,617
Management services	-	-	26,083	49,433	38,477
Community services	1,828,298	739,802	703,713	850,639	849,645
Operating grants and contributions	18,468,984	7,423,897	7,246,720	5,684,836	5,497,777
Capital grants and contributions	18,275,543	25,703,805	# 16,071,607	# 6,781,304	# 20,318,939
Total governmental activities program revenues	<u>45,177,735</u>	<u>39,692,195</u>	<u>30,551,861</u>	<u>19,396,966</u>	<u>33,390,409</u>
Total primary government program revenues	<u>45,177,735</u>	<u>39,692,195</u>	<u>30,551,861</u>	<u>19,396,966</u>	<u>33,390,409</u>
Net revenues (expenses):					
Governmental activities	<u>(12,661,035)</u>	<u>(22,629,351)</u>	<u>(33,991,197)</u>	<u>(40,663,569)</u>	<u>(26,246,288)</u>
Total net revenues (expenses)	<u>(12,661,035)</u>	<u>(22,629,351)</u>	<u>(33,991,197)</u>	<u>(40,663,569)</u>	<u>(26,246,288)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	23,650,507	22,325,072	21,393,000	20,162,559	18,729,118
Transient occupancy taxes	5,228,021	2,883,787	2,922,220	3,670,842	3,809,393
Other taxes	2,702,922	2,641,459	2,477,570	2,663,628	2,506,724
Motor vehicle in lieu, unrestricted	-	-	-	-	-
Intergovernmental - sales tax	19,024,143	17,241,510	15,588,270	17,104,605	16,051,061
Investment income	(1,188,181)	829,264	2,344,469	3,606,918	1,621,638
Other general revenues	709,479	929,900	973,144	1,679,556	524,935
Total governmental activities	<u>50,126,891</u>	<u>46,850,992</u>	<u>45,698,673</u>	<u>48,888,108</u>	<u>43,242,869</u>
Total primary government	<u>50,126,891</u>	<u>46,850,992</u>	<u>45,698,673</u>	<u>48,888,108</u>	<u>43,242,869</u>
Changes in net position-Governmental activities before extraordinary items	37,465,856	24,221,641	11,707,476	8,224,539	16,996,581
Gain/(Loss) on sale of property	-	454,896	-	-	-
Gain on transfer to Successor Agency	-	-	-	-	-
Repayment of redevelopment agency transfers	-	-	-	-	-
Changes in net position-Governmental activities	<u>37,465,856</u>	<u>24,676,537</u>	<u>11,707,476</u>	<u>8,224,539</u>	<u>16,996,581</u>
Total primary government	<u>\$ 37,465,856</u>	<u>\$ 24,676,537</u>	<u>\$ 11,707,476</u>	<u>\$ 8,224,539</u>	<u>\$ 16,996,581</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses:					
Governmental activities:					
General government	\$ 4,272,828	\$ 3,335,882	\$ 3,332,153	\$ 3,401,844	\$ 3,631,087
Public safety	17,077,527	14,853,065	14,194,696	13,112,376	13,042,863
Public works	23,524,052	20,500,898	20,092,962	16,586,125	15,675,226
Community development	4,099,647	3,085,798	2,952,975	3,365,898	2,276,925
Management services	3,530,256	4,282,761	3,851,942	3,921,282	3,573,679
Community services	3,669,210	3,513,867	3,583,291	2,982,195	2,860,468
Redevelopment/economic development	1,364,991	1,303,781	1,399,347	1,257,816	1,129,619
Interest on long-term debt	326,511	355,732	383,724	415,851	437,281
Total governmental activities expenses	57,865,022	51,231,784	49,791,090	45,043,387	42,627,148
Program revenues:					
Governmental activities:					
Charges for services:					
General government	53,071	29,163	24,083	351	19,310
Public safety	421,998	539,537	445,789	585,640	403,329
Public works	2,256,578	1,557,687	1,201,162	972,382	2,440,566
Community development	5,291,838	4,007,925	2,892,724	3,809,208	1,730,035
Management services	29,702	22,175	19,212	36,251	-
Community services	776,774	796,292	562,548	325,946	1,129,883
Operating grants and contributions	4,482,584	3,883,399	4,407,227	4,355,113	4,003,150
Capital grants and contributions	36,901,620 #	31,307,562 #	33,597,542 #	34,320,520	1,669,232
Total governmental activities program revenues	50,214,165	42,143,740	43,150,287	44,405,411	11,395,505
Total primary government program revenues	50,214,165	42,143,740	43,150,287	44,405,411	11,395,505
Net revenues (expenses):					
Governmental activities	(7,650,857)	(9,088,044)	(6,640,803)	(637,976)	(31,231,643)
Total net revenues (expenses)	(7,650,857)	(9,088,044)	(6,640,803)	(637,976)	(31,231,643)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	17,387,743	16,481,857	15,556,617	14,999,228	14,395,454
Transient occupancy taxes	3,775,297	3,575,733	3,406,661	3,140,515	2,823,471
Other taxes	2,355,130	2,565,754	2,620,206	2,358,139	2,249,330
Motor vehicle in lieu, unrestricted	-	-	-	-	33,397
Intergovernmental - sales tax	15,639,800	15,425,638	13,810,581	13,333,699	13,063,075
Investment income	740,011	893,502	304,820	324,078	215,956
Other general revenues	342,245	453,558	465,899	872,777	1,369,432
Total governmental activities	40,240,226	39,396,042	36,164,784	35,028,436	34,150,115
Total primary government	40,240,226	39,396,042	36,164,784	35,028,436	34,150,115
Changes in net position-Governmental activities					
before extraordinary items	32,589,369	30,307,998	29,523,981	34,390,460	2,918,472
Gain/(Loss) on sale of property	-	(893,458)	-	-	-
Gain on transfer to Successor Agency	-	-	-	-	-
Repayment of redevelopment agency transfers	-	-	-	-	-
Changes in net position-Governmental activities	32,589,369	29,414,540	29,523,981	34,390,460	2,918,472
Total primary government	\$ 32,589,369	\$ 29,414,540	\$ 29,523,981	\$ 34,390,460	\$ 2,918,472

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

	Fiscal Year				
	2022	2021	2020	2019	2018
General fund:					
Nonspendable	\$ 68,807	\$ 729,906	\$ 3,518	\$ 264,614	\$ 177,773
Restricted	1,419,295	1,638,794	1,347,100	1,303,586	1,224,083
Assigned	9,182,788	9,933,798	11,988,737	21,165,375	9,664,400
Unassigned	82,067,591	63,701,475	55,915,468	31,438,240	41,264,992
Total general fund	\$ 92,738,481	\$ 76,003,973	\$ 69,254,823	\$ 54,171,815	\$ 52,331,248
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	71,231,563	54,915,772	29,272,151	44,642,003	78,509,217
Assigned	-	-	-	7,971,979	5,609,280
Unassigned	-	-	(1,045,938)	2	-
Total all other governmental funds	\$ 71,231,563	\$ 54,915,772	\$ 28,226,213	\$ 52,613,984	\$ 84,118,497

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

	Fiscal Year				
	2017	2016	2015	2014	2013
General fund:					
Nonspendable	\$ 226,841	\$ 178,475	\$ 303,476	\$ 163,350	\$ 267,395
Restricted	1,150,267	1,043,297	-	-	-
Assigned	9,278,800	8,849,600	8,222,100	8,149,100	-
Unassigned	38,435,970	33,963,474	38,472,716	34,469,805	42,921,495
Total general fund	\$ 49,091,878	\$ 44,034,846	\$ 46,998,292	\$ 42,782,255	\$ 43,188,890
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 326,000
Restricted	85,612,637	56,647,312	29,800,383	21,073,548	18,042,527
Assigned	8,063,531	9,883,339	2,927,234	3,814,142	-
Unassigned	429,200	-	-	-	(1,900,136)
Total all other governmental funds	\$ 94,105,368	\$ 66,530,651	\$ 32,727,617	\$ 24,887,690	\$ 16,468,391

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues:					
Taxes	\$ 31,674,290	\$ 27,799,188	\$ 26,792,790	\$ 26,497,028	\$ 25,045,234
Licenses and permits	3,193,228	2,467,593	2,395,798	1,911,831	2,896,694
Intergovernmental	9,953,576	7,722,209	6,816,782	6,266,256	5,656,807
Intergovernmental - sales tax	23,153,254	17,241,510	15,588,270	17,104,605	16,051,061
Charges for services	5,136,464	3,423,212	4,531,028	4,558,338	4,485,677
Developer contributions	18,447,083	26,035,925	14,577,646	5,245,729	14,154,993
Fines and forfeitures	464,559	370,443	319,814	482,786	427,082
Investment income	(1,365,506)	688,377	2,248,412	3,488,019	1,499,305
Other	653,938	1,172,984	1,799,981	8,044,385	1,544,301
Total revenues	<u>91,310,886</u>	<u>86,921,441</u>	<u>75,070,521</u>	<u>73,598,977</u>	<u>71,761,154</u>
Expenditures:					
Current:					
General government	6,337,866	6,598,978	6,564,058	7,047,438	8,505,683
Public safety	21,443,418	18,626,410	18,469,839	18,373,444	17,884,907
Public works	15,012,173	13,901,909	15,211,690	13,864,198	13,224,651
Community development	4,018,880	3,782,269	4,288,351	3,911,748	3,416,043
Management services	1,042,697	940,529	2,123,195	1,958,692	1,648,719
Community services	2,200,862	1,683,018	3,687,619	4,016,020	3,817,436
Redevelopment/economic development	-	-	-	-	1,259,409
SERAF payment to State	-	-	-	-	-
Capital outlay	6,932,675	8,730,515	34,789,835	47,168,469	27,662,859
Debt service:					
Principal retirement	13,373	-	-	6,990,000	790,000
Interest and fiscal charges	2,189	-	-	203,602	298,948
Pass-through payments	-	-	-	-	-
Total expenditures	<u>57,004,133</u>	<u>54,263,628</u>	<u>85,134,587</u>	<u>103,533,611</u>	<u>78,508,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,306,753</u>	<u>32,657,813</u>	<u>(10,064,066)</u>	<u>(29,934,634)</u>	<u>(6,747,501)</u>
Other financing sources (uses):					
Transfers in	144,292	-	460,131	12,626,644	19,685,984
Transfers out	(144,292)	-	-	(12,626,644)	(19,685,984)
Insurance proceeds	-	-	299,074	270,786	-
Proceeds from sale of capital assets	-	780,896	-	-	-
Proceeds from long-term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>780,896</u>	<u>759,205</u>	<u>270,786</u>	<u>-</u>
Net change in fund balances	<u>\$ 34,306,753</u>	<u>\$ 33,438,709</u>	<u>\$ (9,304,861)</u>	<u>\$ (29,663,848)</u>	<u>\$ (6,747,501)</u>
Debt service as a percentage of non-capital expenditures	0.0%	0.0%	0.0%	12.2%	2.0%

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues:					
Taxes	\$ 23,518,169	\$ 22,623,344	\$ 21,583,487	\$ 20,497,881	\$ 19,468,255
Licenses and permits	4,143,620	2,790,321	2,200,371	2,640,893	683,862
Intergovernmental	6,082,999	5,299,236	5,290,837	5,680,608	6,310,356
Intergovernmental - sales tax	15,639,800	15,425,638	13,810,581	13,333,699	13,063,075
Charges for services	3,851,938	3,622,922	2,499,356	2,503,247	1,684,363
Developer contributions	34,508,514	30,398,863	18,099,875	32,492,822	2,920,636
Fines and forfeitures	421,998	539,537	445,789	585,640	403,329
Investment income	630,072	743,633	184,350	203,521	93,036
Other	445,176	560,925	660,722	1,550,729	1,906,036
Total revenues	<u>89,242,286</u>	<u>82,004,419</u>	<u>64,775,368</u>	<u>79,489,040</u>	<u>46,532,948</u>
Expenditures:					
Current:					
General government	4,016,228	3,581,304	3,420,787	3,243,702	3,620,347
Public safety	17,038,633	14,814,171	14,174,946	13,111,640	13,033,454
Public works	12,007,222	11,856,321	10,209,731	8,902,113	8,901,096
Community development	4,099,647	3,085,798	2,952,975	3,365,898	2,276,925
Management services	3,422,954	8,023,916	3,699,805	3,766,966	3,414,653
Community services	3,664,055	3,511,798	3,580,642	2,980,126	2,857,399
Redevelopment/economic development	1,364,991	1,614,624	1,399,347	1,257,817	1,285,719
SERAF payment to State	-	-	-	-	-
Capital outlay	9,912,817	3,257,753	12,195,149	35,175,690	26,824,641
Debt service:					
Principal retirement	755,000	735,000	700,000	995,000	-
Interest and fiscal charges	328,990	358,146	386,022	419,118	432,021
Pass-through payments	-	-	-	-	-
Total expenditures	<u>56,610,537</u>	<u>50,838,831</u>	<u>52,719,404</u>	<u>73,218,070</u>	<u>62,646,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,631,749</u>	<u>31,165,588</u>	<u>12,055,964</u>	<u>6,270,970</u>	<u>(16,113,307)</u>
Other financing sources (uses):					
Transfers in	1,084,000	10,784,300	1,511,022	11,815,048	4,587
Transfers out	(1,084,000)	(10,784,300)	(1,511,022)	(11,815,048)	(4,587)
Insurance proceeds	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 32,631,749</u>	<u>\$ 31,165,588</u>	<u>\$ 12,055,964</u>	<u>\$ 6,270,970</u>	<u>\$ (16,113,307)</u>
Debt service as a percentage of non-capital expenditures	2.0%	2.7%	2.6%	3.5%	1.2%

**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
2022	\$ 14,141,017	\$ 2,342,479	\$ 1,528,133	\$ 20,209	\$ 18,031,838	\$ 846,366	\$ 18,878,204	0.141%
2021	13,358,706	2,229,640	1,438,474	3,773	17,030,593	866,811	17,897,404	0.141%
2020	12,630,711	2,130,260	1,384,127	3,701	16,148,799	866,510	17,015,309	0.141%
2019	11,557,423	2,023,829	1,318,444	3,630	14,903,326	837,756	15,741,082	0.141%
2018	10,695,451	1,826,903	1,244,976	9,411	13,776,741	829,827	14,606,568	0.141%
2017	9,729,426	1,791,989	1,220,858	70,883	12,813,156	787,421	13,600,577	0.141%
2016	8,745,124	1,757,313	1,196,728	108,993	11,808,158	764,235	12,572,393	0.141%
2015	8,181,992	1,717,288	1,140,991	76,036	11,116,307	804,932	11,921,239	0.141%
2014	7,617,416	1,702,038	1,222,872	79,979	10,622,305	610,661	11,232,966	0.141%
2013	7,436,920	1,601,855	1,161,150	78,415	10,278,340	633,967	10,912,307	0.141%

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

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Basic Levy:					
City of Lake Forest	0.04190	0.04190	0.04190	0.04190	0.04186
City of Lake Forest Community Service Area Reorganization	0.07070	0.07070	0.07070	0.07070	0.07075
City of Lake Forest Lighting Fund	0.01692	0.01692	0.01692	0.01692	0.01692
City of Lake Forest AB1406	0.01167	0.01167	0.01167	0.01167	0.01167
Total City Direct Rate	0.14119	0.14119	0.14119	0.14119	0.14119
Overlapping Rates					
Saddleback Valley Unified General Fund	0.43640	0.43640	0.43640	0.43640	0.43637
Educational Revenue Augmentation Fund	0.11100	0.11100	0.11100	0.11100	0.11103
Orange County Fire Authority	0.10821	0.10821	0.10821	0.10821	0.10821
South Orange County Community College District	0.08522	0.08522	0.08522	0.08522	0.08522
Orange County General Fund	0.03102	0.03102	0.03102	0.03102	0.03102
Orange County Flood Control General Fund	0.01904	0.01904	0.01904	0.01904	0.01904
Los Alisos Water District General Fund	0.01719	0.01719	0.01719	0.01719	0.01719
Orange County Library District General Fund	0.01605	0.01605	0.01605	0.01605	0.01605
Orange County Department of Education	0.01571	0.01571	0.01571	0.01571	0.01571
Orange County Harbors, Beaches and Parks	0.01472	0.01472	0.01472	0.01472	0.01472
Orange County Transportation Authority	0.00270	0.00270	0.00270	0.00270	0.00270
Orange County Vector Control District	0.00107	0.00107	0.00107	0.00107	0.00107
Orange County Cemetery District	0.00048	0.00048	0.00048	0.00048	0.00048
Total Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000
Additional Levies (Voter-Approved Rates)					
Irvine Ranch Water District	0.089200	0.089200	0.165000	0.165000	0.165000
Metropolitan Water District	0.003500	0.003500	0.003500	0.003500	0.003500
Saddleback Valley Unified School District Bond	0.022000	0.023360	0.022950	0.023920	0.023650
Total Voter-Approved Levies	0.11470	0.11606	0.19145	0.19242	0.19215
Total Tax Rate	1.11470	1.11606	1.19145	1.19242	1.19215

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 ACFR and annual reports to reflect a consistent reporting methodology in compliance with GASB 44.

Source: Orange County Auditor/Controller data,

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Basic Levy:					
City of Lake Forest	0.04186	0.04186	0.04186	0.04186	0.04186
City of Lake Forest Community Service Area Reorganization	0.07075	0.07075	0.07075	0.07075	0.07075
City of Lake Forest Lighting Fund	0.01692	0.01692	0.01692	0.01692	0.01692
City of Lake Forest AB1406	0.01167	0.01167	0.01167	0.01167	0.01167
Total City Direct Rate	0.14119	0.14119	0.14119	0.14119	0.14119
Overlapping Rates					
Saddleback Valley Unified General Fund	0.43637	0.43637	0.43637	0.43637	0.43637
Educational Revenue Augmentation Fund	0.11103	0.11103	0.11103	0.11103	0.11103
Orange County Fire Authority	0.10821	0.10821	0.10821	0.10821	0.10821
South Orange County Community College District	0.08522	0.08522	0.08522	0.08522	0.08522
Orange County General Fund	0.03103	0.03103	0.03103	0.03103	0.03103
Orange County Flood Control General Fund	0.01904	0.01904	0.01904	0.01904	0.01904
Los Alisos Water District General Fund	0.01719	0.01719	0.01719	0.01719	0.01719
Orange County Library District General Fund	0.01605	0.01605	0.01605	0.01605	0.01605
Orange County Department of Education	0.01571	0.01571	0.01571	0.01571	0.01571
Orange County Harbors, Beaches and Parks	0.01472	0.01472	0.01472	0.01472	0.01472
Orange County Transportation Authority	0.00270	0.00270	0.00270	0.00270	0.00270
Orange County Vector Control District	0.00108	0.00108	0.00108	0.00108	0.00108
Orange County Cemetery District	0.00048	0.00048	0.00048	0.00048	0.00048
Total Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000
Additional Levies (Voter-Approved Rates)					
Irvine Ranch Water District	0.253420	0.253420	0.253420	0.37394	0.37394
Metropolitan Water District	0.003500	0.003500	0.003500	0.00350	0.00350
Saddleback Valley Unified School District Bond	0.026680	0.030080	0.028060	0.03207	0.03265
Total Voter-Approved Levies	0.28360	0.28700	0.28498	0.40951	0.41009
Total Tax Rate	1.28360	1.28700	1.28498	1.40951	1.41009

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

Taxpayer	2021-22		2012-2013	
	Assessed Value	Percent of Total Assessed Value	Assessed Value	Percent of Total Assessed Value
Oakley Inc.	\$ 179,289,437	0.95%	\$ 140,034,123	1.29%
Orchard Lake Forest Ca Lp	130,293,809	0.69%	56,293,027	0.52%
Prologis California I LLC	128,709,961	0.68%	39,091,223	0.36%
Avalon Baker Ranch LP	117,512,651	0.62%		0.00%
Lennar Homes of California, Inc.	116,506,310	0.62%		0.00%
Toll Brothers West, Inc.	100,100,616	0.53%		0.00%
Panasonic Avionics Corporation	94,365,377	0.50%	103,482,804	0.95%
Exchange Pacific Vista Commercentre Dr.	80,859,779	0.43%		0.00%
Applied Medical Resources Corporation	78,818,411	0.42%		0.00%
Buchheim Properties	76,702,637	0.41%	45,489,571	0.42%
CCF Industries Spectrum LLC	60,900,182	0.32%		0.00%
Lake Forest 131 Investors LP	58,114,295	0.31%		0.00%
ComRef SO CA Industrial Sub F/G LLC	55,462,308	0.29%		0.00%
Cref X Foothill Plaza LLC	54,035,925	0.29%		0.00%
Acquiport Three Corporation	50,925,343	0.27%	43,664,025	0.40%
Avalon Arboretum LP	48,823,957	0.26%	42,075,000	0.39%
WLCO LF Partners	48,270,747	0.26%	41,579,928	0.38%
BCORE Retail Heritage Hill LLC	48,093,135	0.26%		0.00%
ValueRock Lake Forest LLC S S Heritage	46,877,290	0.25%		0.00%
U.S. REIF Lake Forest Village California	45,035,175	0.24%	37,727,887	0.35%
Foothill-Pacific Towne Centre	43,871,092	0.23%	35,646,520	0.33%
Lake Forest Income Partners Holdco LLC	43,688,834	0.23%		0.00%
Cadigan Canyon Woods Apartments LLC	43,369,432	0.23%		0.00%
Pinnacle Asset Management Group LLC	42,888,083	0.23%		0.00%
Tae Technologies Inc	41,773,249	0.22%		0.00%
Shea Baker Ranch Associates LLC	-	0.00%	63,042,250	0.58%
Walton CWCA Spectrum 56 LLC	-	0.00%	59,733,250	0.55%
CREF Pacific Vista, LLC.	-	0.00%	50,920,988	0.47%
Metropolitan Life Insurance Co	-	0.00%	48,717,902	0.45%
CPUS Foothill Plaza LP	-	0.00%	35,907,159	0.33%
L M NO 12 (LAKE FOREST II)	-	0.00%	35,550,841	0.33%
Arden Realty LP	-	0.00%	35,128,800	0.32%
EQR Sombra 2008 LP	-	0.00%	33,350,250	0.31%
Bayport Serrano Association LP	-	0.00%	30,935,532	0.28%
AEW LT 50 Icon LLC	-	0.00%	30,727,648	0.28%
Walton CWCA Lake Forest 67 LLC	-	0.00%	30,414,975	0.28%
Casa Pacifica	-	0.00%	30,066,084	0.28%
Enterprise Income PTRS Holding	-	0.00%	28,926,150	0.27%
Sequoia Equities-Paloma	-	0.00%	28,921,160	0.27%
EQR-Siena Terrace LLC	-	0.00%	35,064,357	0.32%
Top Twenty-Five Totals	\$ 1,835,288,035	9.74%	\$ 1,162,491,454	10.68%
City Totals	\$ 18,841,069,329	100.00%	\$ 10,885,703,574	100.00%

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
2022	\$ 11,012,192	\$ 10,828,603	98.33%		\$ 10,828,603	98.33%
2021	10,548,960	10,389,916	98.49%	-	10,389,916	98.49%
2020	10,163,586	9,986,140	98.25%	-	9,986,140	98.25%
2019	9,569,152	9,396,696	98.20%	-	9,396,696	98.20%
2018	8,855,280	8,705,865	98.31%	-	8,705,865	98.31%
2017	8,304,110	8,172,103	98.41%	-	8,172,103	98.41%
2016	7,819,055	7,659,963	97.97%	-	7,659,963	97.97%
2015	7,305,141	7,113,455	97.38%	-	7,113,455	97.38%
2014	6,949,847	6,773,880	97.47%	-	6,773,880	97.47%
2013	6,774,000	6,574,158	97.05%	-	6,574,158	97.05%

* 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.

**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
2022	\$ -	\$ -	\$ -	0.00%	*	\$ -
2021	\$ -	\$ -	\$ -	0.00%	*	\$ -
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%	90
2016	8,535,000	8,535,000	8,535,000	0.07%	4.33%	99
2015	9,270,000	9,270,000	9,270,000	0.08%	5.06%	107
2014	9,970,000	9,970,000	9,970,000	0.09%	5.75%	115
2013	10,965,000	10,965,000	10,965,000	0.10%	6.61%	127

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, 2022**

	Total Debt 6/30/2022	% Applicable (1)	City's Share of Debt
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 20,175,000	0.556%	\$ 112,173
Saddleback Valley Unified School District	92,040,000	39.177%	36,058,511
Irvine Ranch Water District I.D. No. 125	92,040,000	16.931%	28,293,914
Irvine Ranch Water District I.D. No. 185	3,229,716	100.000%	3,229,716
Irvine Ranch Water District I.D. No. 188	1,766,868	100.000%	1,766,868
Irvine Ranch Water District I.D. No. 225	242,588,694	19.276%	46,761,397
Irvine Ranch Water District I.D. No. 288	141,743	100.000%	141,743
TOTAL DIRECT & OVERLAPPING TAX & ASSESSMENT DEBT			116,364,322
Overlapping General Fund Obligation Debt:			
Orange County General Fund Obligations	\$ 376,780,000	2.772%	\$ 10,444,342
Orange County Pension Obligation	521,784,000	2.772%	14,463,852
Orange County Board of Education Certificates of Participation (COPS)	11,620,000	2.772%	322,106
City of Lake Forest Certificates of Participation	-	100%	-
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT			25,230,300
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 25,230,300
Overlapping Tax Increment Debt (Successor Agencies)			
City of Lake Forest El Toro Road Improvements Certificates of Participation	\$ 5,090,000	97.480%	\$ 4,961,732
Orange County Neighborhood Project Tax Allocation Bonds	790,000	29.427%	232,473
TOTAL OVERLAPPING TAX INCREMENT DEBT			5,194,205
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 146,788,828
TOTAL NET OVERLAPPING DEBT			\$ 146,788,828
GROSS COMBINED TOTAL DEBT			\$ 146,788,828
NET COMBINED TOTAL DEBT			\$ 146,788,828

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

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

**CITY OF LAKE FOREST
DIRECT AND OVERLAPPING DEBT (CONTINUED)
JUNE 30, 2022**

<u>Ratios to 2021-2022 Assessed Valuation:</u>	
2021-22 Assessed Valuation	\$ 18,890,932,774
Total Overlapping Tax and Assessment Debt	
<u>Ratios to Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	0.62%
Total Direct Debt (\$0)	0.00%
Combined Total Debt	0.78%
 <u>Ratios to Redevelopment Incremental Value (\$1,083,840,512)</u>	
Total Overlapping Tax Increment Debt	0.48%

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**

Fiscal Year	Total Assessed Value of all Real and Personal Property	Debt Limit Percentage	Debt Limit	Amount of Debt Applicable to Debt Limit	Legal Debt Margin
2022	\$ 19,208,640,861	15%	\$ 2,881,296,129	-	\$ 2,881,296,129
2021	18,890,932,774	15%	2,833,639,916	-	2,833,639,916
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

**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)
2022	86,775	*	*	2.5%
2021	84,538	\$ 247,744,952	\$ 81,177	5.5%
2020	84,711	236,303,451	74,618	9.7%
2019	86,346	221,803,099	69,951	2.7%
2018	84,845	220,684,684	69,268	2.6%
2017	84,931	208,635,019	65,400	2.3%
2016	83,910	196,920,661	62,071	2.9%
2015	80,070	183,052,341	57,749	2.9%
2014	79,139	173,305,650	55,096	3.3%
2013	78,501	165,857,885	54,519	4.3%

* Data is unavailable.

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

Employer	2022		2013	
	Number of Employees ¹	Percent of Total Employment	Number of Employees	Percent of Total Employment
Oakley Inc.	1,275	2.69%	2,291	4.90%
Cox Communications	450	0.95%	-	0.00%
Bal Seal Engineering	420	0.89%	450	0.96%
Wal-Mart	334	0.70%	277	0.59%
Loan Depot	333	0.70%	869	1.86%
Home Depot USA Inc.	300	0.63%	300	0.64%
Kawasaki Motors Corp., U.S.A.	300	0.63%	-	0.00%
Spectrum Brands HHI	238	0.50%	500	1.07%
Dynacast	185	0.39%	285	0.61%
Schneider Electric (formerly Invensys Corporation)	67	0.14%	540	1.15%
Panasonic Avionics	-	0.00%	1,724	3.68%
Stanley Black & Decker	-	0.00%	-	0.00%
Apria Healthcare Group Inc.	-	0.00%	477	1.02%
Wonderware Corp.	-	0.00%	-	0.00%
Wet Seal	-	0.00%	274	0.59%
U.S. Real Estate Services, Inc.	-	0.00%	-	0.00%
Sole Technology, Inc.	-	0.00%	-	0.00%
Saddleback Valley School District	-	0.00%	-	0.00%
Skilled Healthcare	-	0.00%	350	0.75%
Alcon Research	-	0.00%	300	0.64%
Spectrum Care	-	0.00%	300	0.64%
Ossur Americas	-	0.00%	290	0.62%
Varian, Inc.	-	0.00%	-	0.00%
	<u>3,902</u>	<u>8.23%</u>	<u>9,227</u>	<u>19.72%</u>
Total Employment ²	47,400		46,800	

Source: ¹ Information Provided by Companies

² California Employment Development Department - December 2022

**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, 2022

<u>Function</u>	<u>2022</u>	<u>2021</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>
General government	31	26	28	28	28	32	33	30	30	32
Public works	17	17	17	17	17	17	16	13	12	12
Development services	12	12	14	14	12	9	9	9	11	10
Community services ¹	61	65	116	116	100	90	85	87	66	74
Police services	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>122</u>	<u>121</u>	<u>176</u>	<u>176</u>	<u>158</u>	<u>149</u>	<u>144</u>	<u>140</u>	<u>120</u>	<u>129</u>

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police: ¹										
Arrests	1,428	1,429	1,478	853	875	719	843	718	829	1,073
Number of calls responded to	27,339	26,678	29,375	32,294	29,591	29,300	30,447	23,093	23,187	23,563
Public works:										
Street resurfacing (miles)	1.60	-	6.85	-	-	3	10	16	9	7
Parks and recreation:										
Number of recreation classes ²	941	1,767	603	1,158	1,393	1,137	1,127	993	883	698
Number of facility rentals	552	400	538	636	633	659	679	439	349	331

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	204	170	167	160	160	159	157	151	151	151
Traffic signals	104	104	104	102	102	97	97	98	97	97
Parks and recreation:										
Parks	31	31	30	29	29	29	29	29	27	27
Community centers	5	5	5	2	2	2	2	2	1	1



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