



City of
San Juan Capistrano,
California

Annual Financial Report
For the Fiscal Year Ended
June 30, 2023

CITY OF SAN JUAN CAPISTRANO, CALIFORNIA

Annual Financial Report
with Report on Audit by Independent
Certified Public Accountants

For the Fiscal Year Ended June 30, 2023

Prepared by Finance Department

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INTRODUCTORY SECTION

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MEMBERS OF THE CITY COUNCIL

TROY BOURNE
JOHN CAMPBELL
SERGIO FARIAS
HOWARD HART
JOHN TAYLOR

June 25, 2024

To the Honorable Mayor and Members of the City Council:

It is a pleasure to present the Fiscal Year 2022-23 Annual Financial Report of the City of San Juan Capistrano. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Responsibility for accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management.

To provide sufficient reliable information for the preparation of the City's financial statements, City staff has established a comprehensive internal control framework designed to minimize the risk of error or misstatement, as well as the risk of loss, theft, or misuse of City assets. Because the cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP, certified public accountants. The independent audit firm concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2023. This means, in the auditors' opinion, the City's financial statements fairly present the City's financial position in accordance with generally accepted accounting principles.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides narrative information, overview and analysis of the basic financial statements.

Profile of San Juan Capistrano

San Juan Capistrano is a general law City incorporated in 1961. The City is located in the southeastern portion of Orange County, approximately 62 miles south of the City of Los Angeles and 65 miles north of the City of San Diego. The City occupies a land area of 14.4 square miles with a population of approximately 35,000 people as of January 1, 2024. The City receives property taxes that are levied on both real and personal property located within its boundaries. Increases in property tax rates are subject to state legal restrictions and voter approval. The City

is empowered by state statute to extend its corporate limits by annexation, which has occurred periodically in the past when deemed appropriate by the governing council.

The City is governed by a five-member City Council under the council-manager form of government. The City Council is elected with staggered four-year terms, and the positions of Mayor and Mayor Pro-Tem are selected annually by a majority vote of the City Council members. Each councilmember must reside in one of the five districts and is elected solely by the voters of that district. The City Council appoints the City Manager, who in turn appoints the heads of the various departments.

During the 2022-23 Fiscal Year, the City provided a range of municipal services that included, but was not limited to: public works, planning and zoning services, park and recreation services and development services. The City contracted with the Orange County Sheriff's Department for police services. Fire services were provided to the community by the Orange County Fire Authority under the taxing authority of the Orange County Structural Fire Fund.

The City is financially accountable for two other legally separate entities, the San Juan Capistrano Housing Authority and the San Juan Capistrano Public Financing Authority. The former San Juan Capistrano Community Redevelopment Agency (CRA) was dissolved on February 1, 2012, in accordance with the statewide dissolution of all redevelopment agencies that took effect at that time. Upon the dissolution of the CRA, its assets and liabilities were transferred to the Successor Agency to the CRA (Successor Agency). The City is obligated to report the resources and activities of the Successor Agency in a separate private purpose trust fund, which is also included in these financial statements. All uses of the resources of the Successor Agency must be approved by the Orange Countywide Oversight Board, comprised of members appointed by various taxing entities, and by the California Department of Finance ("DOF"). Additional information for all these legally separate entities can be found in Note 1 to the basic financial statements.

To manage its finances, the City Council adopts an annual budget prior to the beginning of the fiscal year. The budget is organized by fund (e.g., General Fund), department (e.g., Community Services) and division (e.g., Athletic Programs). The legal level of budgetary control is at the fund and department level. The Successor Agency does not adopt a budget because the amounts paid out of the Successor Agency Private Purpose Trust Fund can only be used to pay those enforceable obligations that have been approved by the DOF. Payments associated with these enforceable obligations are approved annually by the DOF through the submission of a Recognized Obligation Payment Schedule.

Local Economy

Since its incorporation, San Juan Capistrano has had a strong and well-diversified property tax base. During Fiscal Year 2022-23, the City experienced growth in its property tax revenue due to the addition of new housing stock and increases in the market value of property within the city. A dwindling supply of homes available for purchase due to high interest rates led to properties selling at all-time record prices. Property tax revenue (which includes property tax received in-lieu of motor vehicle fees) represents 38% of General Fund revenues. The assessed valuation of property in the City has grown 68% since Fiscal Year 2012-13 (ten years ago). The City's assessed valuation showed an increase of 6% when compared to Fiscal Year 2021-22.

San Juan Capistrano is home to approximately 2,000 businesses. Major industries include retail trade companies such as Costco Wholesale, various auto dealerships, food manufacturers

and entities engaged in financial, construction and agricultural businesses. San Juan Capistrano's unemployment rate has typically been below that of State and national levels. Job openings steadily increased as the economy has continued to open since the pandemic. However, many workers recently left the workforce causing a labor shortage. The City's unemployment rate was 2.9% as of June 2023. In comparison, Orange County's unemployment rate was 3.2% and the State's rate was 4.5% as of June 2023. The three largest employers in the city are the Capistrano Unified School District, St. Margaret's Episcopal School and Costco Wholesale. The City's largest employer, Capistrano Unified School District (CUSD), is the second largest school district in Orange County and eighth largest in California. St. Margaret's Episcopal School, the City's second largest employer, is a college preparatory school that was founded in 1979. It serves 1,200 students and employs approximately 400 employees. Costco Wholesale, the City's third largest employer with approximately 340 employees, is a membership warehouse club that provides a wide variety of merchandise and services. The services available at the San Juan Capistrano facility include a fueling station, a car wash, a food court, an optical department, a tire service center and a pharmacy.

Sales tax revenue represents 29% of General Fund revenues. The City has a diverse sales tax base. The City's Top 100 sales tax producers include various industries such as new and used automobile dealerships, gasoline service stations, restaurants, general retail and construction. Like most California cities, San Juan Capistrano experienced a flattening of its sales tax revenue growth in Fiscal Year 2022-23, with varying results from quarter to quarter. This is largely due to the effects of limited new car inventories and higher interest rates on new car sales that combined to dampen sales. Higher interest rates also reduced sales for construction and home improvement retailers. Lower gasoline prices contributed to a flattening of the City's sales tax growth. San Juan Capistrano's sales tax revenue generated from merchant sales from July through September 2022 was 2.4% higher than the same period of the prior fiscal year. The City's revenue from October through December 2022 was unchanged from the same period of the prior fiscal year. Sales tax revenue from January through March 2023 was 3.9% lower than the same period of the prior fiscal year. Sales tax revenue from April through June 2023 was 4.3% lower than the same period of the prior fiscal year.

The City's three hotels are performing at a high level, contributing a combined \$2.3 million annually to the General Fund.

Other Relevant Financial Information

With an annual budget of \$35 million, the City's General Fund is strong, holding a fund balance of \$42.6 million, including funds committed to capital projects in process.

Summary of Current Year Accomplishments

Significant progress was made on several key initiatives of the City. In Fiscal Year 2022-23, the City:

- Rehabilitated and resurfaced Camino Capistrano, between the City limits of Dana Point and Laguna Niguel
- Completed the Ramos Street Parking Lot Expansion Project
- Sold a portion of the City Hall site to Jamboree Housing Corporation so that 50 units of permanent supportive housing could be constructed at that site
- Began construction of a new City Hall facility at the existing City Hall site using the proceeds of the land sale to Jamboree Housing Corporation

- Began construction of a new Council Chamber at the Community Center
- Completed negotiations toward a long-term lease of the City's Riding Park
- Began design of the Skatepark Project

Future Work Plan Initiatives and Accomplishments

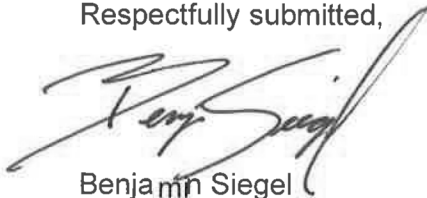
City work plan goals for Fiscal Year 2023-24 and 2024-25 include the following:

- Finalize construction of the permanent supportive housing project that includes a new City Hall facility at the existing City Hall site, and a new City Council Chamber at the Community Center
- Continue citywide road rehabilitation effort (residential and arterial streets)
- Complete Riding Park water quality projects
- Complete construction of the Windmill Passive Park
- Complete construction of the Skatepark
- Complete construction of the Calle Arroyo Traffic Signal Project
- Complete the Sports Park Improvement Project
- Complete the Arguello Way Beautification Project
- Complete Los Rios District Improvements, including paving Los Rios parking lot
- Complete the Country Hills Storm Drain Project
- Renovate Serra Park
- Renovate Acu Park
- Begin construction of La Novia East Park
- Reorganize City departments by combining the Public Works Department and the Community Services Department and creating a new Engineering and Environmental Services Department (effective July 1, 2024)

Acknowledgements

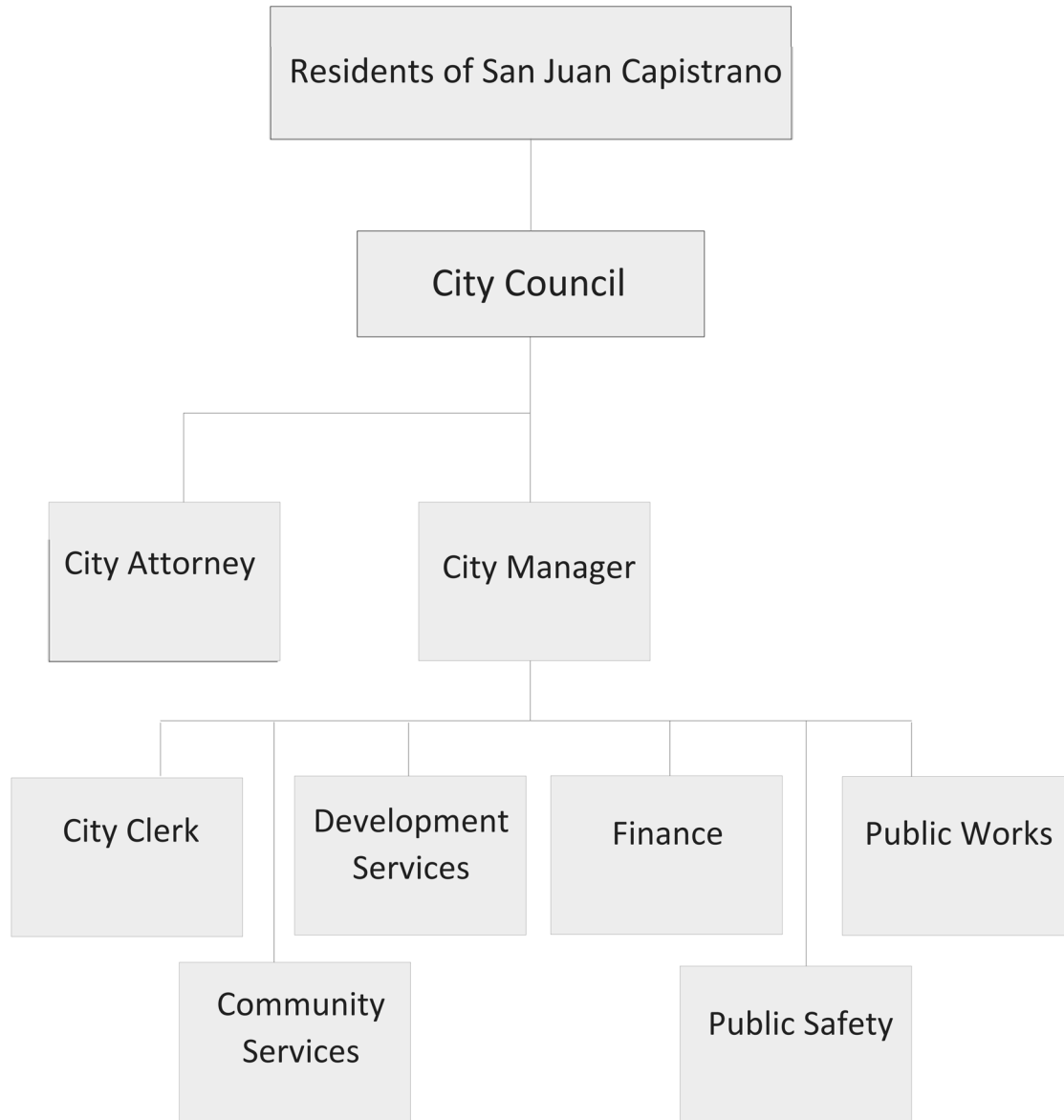
I would like to thank the members of the City Council for their leadership and the City's Executive Team for their commitment to maintain the highest standards of professionalism in managing the City's operations and finances. Also, the preparation of this report would not have been possible without the dedicated services of the entire staff of the City's Finance Department, as well as the City's independent auditors, Lance, Soll & Lunghard LLP.

Respectfully submitted,



Benjamin Siegel
City Manager

City of San Juan Capistrano Organizational Chart



CITY OF SAN JUAN CAPISTRANO CITY OFFICIALS

CITY COUNCIL

Sergio Farias, Mayor
Troy A. Bourne, Mayor Pro Tem
John Campbell, Council Member
Howard Hart, Council Member
John Taylor, Council Member

COMMISSIONS & COMMITTEES

Cultural Heritage Commission
Design Review Committee
Parks, Equestrian and Community Services Commission
Planning Commission

EXECUTIVE TEAM

Benjamin Siegel, City Manager
Jeff Ballinger, City Attorney
Matisse Reischl, Assistant City Manager
Shelley Velez, Human Resources Manager
Christy Jakl, City Clerk
Thomas Toman, Public Works Director
Joel Rojas, Development Services Director
Ken Al-Imam, Chief Financial Officer/City Treasurer
Heidi Ivanoff, Community Services Manager
OCSD Captain Justin Montano, Chief of Police Services
OCFA Division Chief Cheyenne Maule, Chief of Fire Services

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of San Juan Capistrano, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of San Juan Capistrano, California (the "City"), as of and for the year ended June 30, 2023, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, as listed in the table of contents, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in the notes to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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.



To the Honorable Mayor and Members of the City Council
City of San Juan Capistrano, California

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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, budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and other postemployment benefits schedules, as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Honorable Mayor and Members of the City Council
City of San Juan Capistrano, California

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 accompanying combining and individual 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

In connection with our audit of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
June 25, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of San Juan Capistrano (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, 2023. Please read it in conjunction with the accompanying transmittal letter at the front of this report, and the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of June 30, 2023, by \$198.4 million. This amount is referred to as the net position of the City. Of this amount, \$54.8 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2022-23, the City's overall net position increased by \$40.8 million primarily as a result of the sale of a portion of the city hall parcel to a developer to build 50 units of permanent supportive housing and revenues of the City exceeding expenses for fiscal year 2022-23.
- The City's total long-term liabilities include bonds payable net of unamortized bond premiums, capital leases, claims and judgments payable, compensated absences payable, net pension liability and total other post-employment benefit liability. Total long-term liabilities decreased by \$1.0 million, or 3.6% during the fiscal year ended June 30, 2023, primarily as a result of scheduled reductions of principal.
- As of June 30, 2023, the City's governmental funds (the General Fund, Special Revenue, Debt Service and Capital Projects funds) reported combined ending fund balances of \$86.5 million. Governmental fund revenues and other financing sources exceeded expenditures and other financing uses by \$17.7 million during fiscal year 2022-23. Of the \$86.5 million combined ending fund balances at June 30, 2023, \$37.2 million is categorized as unassigned, \$3.7 million is categorized as assigned, \$45.6 million is categorized as restricted, and \$76,488 is categorized as non-spendable. More detailed information regarding these amounts can be found in Note 13 in the Notes to Basic Financial Statements.
- The combined \$40.9 million of assigned and unassigned fund balance of the General Fund represented 92.8% of total General Fund revenues including transfers in. For purposes of the Basic Financial Statements, the General Fund includes other funds that hold unrestricted resources available to support General Fund programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. There are two government-wide financial statements: the Statement of Net Position and the Statement of Activities. They present information for the government as a whole and present a longer-term view of the City's finances. These two statements help to answer the question: "Is the City as a whole better off or worse off as a result of this year's activities?"

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

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events 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 the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, development services, community services, and public works. The business-type activities of the City include housing activities.

Government-wide financial statements. The government-wide financial statements include not only the City itself (known as the *primary government*), but also two other legally separate entities: the San Juan Capistrano Housing Authority ("Authority") and the San Juan Capistrano Public Financing Authority ("SJCPFA"), a joint powers authority formed by the City to assist in the financing and refinancing of capital improvements. The City is financially accountable for these two legally separate entities, which are referred to as blended component units. The Housing Authority and SJCPFA function for all practical purposes as an integral part of the City, and therefore, these component units have been included in the accompanying financial statements as a part of the primary government.

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 of the City 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 on spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental fund 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 government's near-term financing decisions.

Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various 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, Housing In-Lieu Fund, Other Grants Fund, Developer Impact Fees Fund, and General City Capital Projects Fund, all of which are considered major funds. Data from other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual budget for all its governmental and proprietary funds. Annual appropriations are approved prior to the beginning of the year. A budgetary comparison schedule has been provided for each of the governmental funds to demonstrate compliance with this budget. The definition of the General Fund for purposes of these audited financial statements is different than for budgetary purposes. For budgeting purposes, the following funds are separated from the General Fund: Successor Agency/Housing Authority Administration Fund, Farm Operations Fund, Parking Maintenance Fund, Eastern Open Space Fund, Public Benefit Contributions Fund, Developer Deposits Fund, and Deposits Fund. However, these funds have been combined into the General Fund for these financial statements.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its housing operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, vehicles, information systems, support services and facilities.

Proprietary funds provide the same type of informational data as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the housing operations of the City, which is considered to be a major fund of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City utilizes one private-purpose trust fund to account for the assets, liabilities, and activities of the Successor Agency to the dissolved Community Redevelopment Agency.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary policies and supplementary information on the City's defined benefit plans.

The combining statements referred to earlier in connection with other governmental funds and internal service funds are presented immediately following the required supplementary information as supplementary information. The City's supplementary information section also presents combining statements for the following: the General Fund, the Internal Service Funds, and the Fiduciary Funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

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 (primary government), assets and deferred outflows exceeded liabilities by \$198.4 million as of June 30, 2023. In comparison, net position was \$157.6 million as of June 30, 2022. The primary reason for the increase in net position the excess of revenues over expenses for the year ended June 30, 2023.

The largest portion of the City's net position at June 30, 2023, (\$96.9 million or 48.9% of total net position), reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt and capital-related payables, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$46.7 million of the City's net position is restricted net position, representing resources that are subject to external restrictions or enabling legislation on how they may be used. The breakdown of restricted net positions by function of the City's primary government is as follows: 1) debt service (\$4.2 million); 2) capital projects (\$39.6 million); 3) development services projects (\$0.7 million); public facilities (\$0.9 million); and 4) affordable housing projects (\$1.3 million).

The remaining \$54.8 million is unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position increased \$21.9 million, or 66.3%, from June 30, 2022. The primary reason for the increase in unrestricted net position was sale of a portion of the city hall parcel to a developer to build 50 units of permanent supportive housing, along with revenues of the city generally exceeding expenses of the city for the year ended June 30, 2023.

A summary of the government-wide *Statement of Net Position* follows:

	Governmental Activities		Business-type Activities		Totals		
	2023	2022	2023	2022	2023	2022	% Change
Current and other assets	\$ 123,440,265	\$ 96,659,969	\$ 14,847,893	\$ 14,503,442	\$ 138,288,158	\$ 111,163,411	24.4%
Capital assets, net	117,562,809	105,599,290	4,018,812	4,116,419	121,581,621	109,715,709	10.8%
Total assets	241,003,074	202,259,259	18,866,705	18,619,861	259,869,779	220,879,120	17.7%
Deferred outflows of resources	8,816,530	7,922,261	-	-	8,816,530	7,922,261	11.3%
Long-term liabilities	48,191,207	41,522,822	-	-	48,191,207	41,522,822	16.1%
Other liabilities	11,016,719	14,364,085	86,160	61,959	11,102,879	14,426,044	-23.0%
Total liabilities	59,207,926	55,886,907	86,160	61,959	59,294,086	55,948,866	6.0%
Deferred inflows of resources	10,945,400	15,247,619	-	-	10,945,400	15,247,619	-28.2%
Net position:							
Net investment in capital assets	92,929,063	80,754,391	4,018,812	4,116,419	96,947,875	84,870,810	14.2%
Restricted	45,443,698	33,694,027	1,297,897	6,097,268	46,741,595	39,791,295	17.5%
Unrestricted	41,293,517	24,598,576	13,463,836	8,344,215	54,757,353	32,942,791	66.2%
Total net position	\$ 179,666,278	\$ 139,046,994	\$ 18,780,545	\$ 18,557,902	\$ 198,446,823	\$ 157,604,896	25.9%

At the end of the current fiscal year, the City's overall net position increased by \$40.8 million. This is a combination of an increase of \$40.6 million from governmental activities and an increase of \$0.2 million from business-type activities. The increase in net position of governmental activities was due to revenues exceeding expenses for the year ended June 30, 2023.

Business-type activities increased by \$0.2 million primarily due to the normal operations of the City's Housing Authority.

A summary of the government-wide *Statement of Activities* follows:

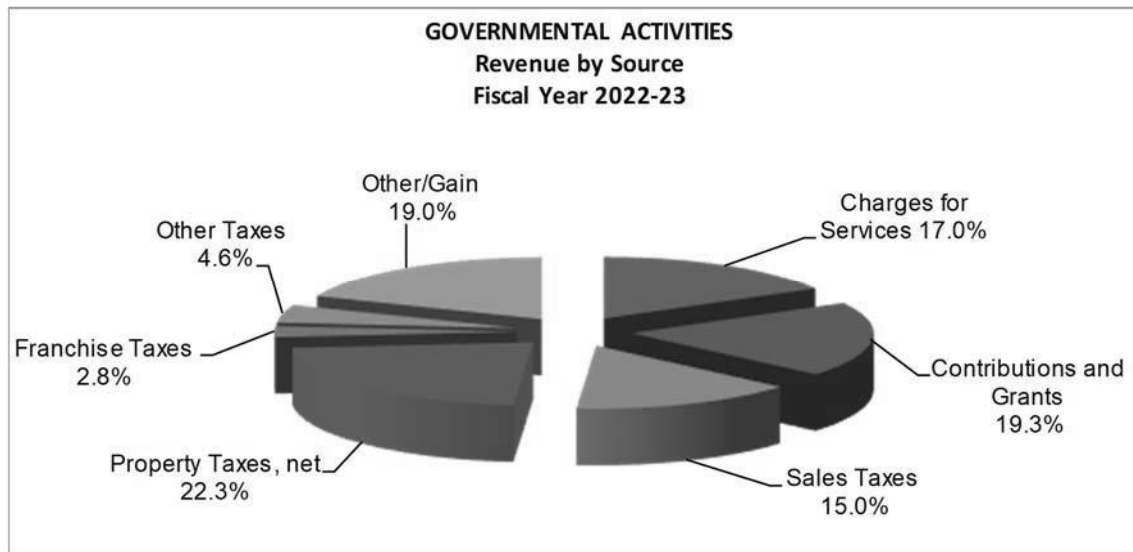
**CITY OF SAN JUAN CAPISTRANO
CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Revenues:							
Program Revenues:							
Charges for services	\$ 13,346,876	\$ 8,353,758	\$ 305,470	\$ 11,756,348	\$ 13,652,346	\$ 20,110,106	-32.1%
Operating grants and contributions	3,825,558	3,668,359	-	133,600	3,825,558	3,801,959	0.6%
Capital grants and contributions	11,262,993	4,079,938	-	-	11,262,993	4,079,938	176.1%
General revenues:							
Taxes:							
Sales tax	11,713,117	11,931,538	-	-	11,713,117	11,931,538	-1.8%
Property taxes	17,489,798	16,158,767	-	166,542	17,489,798	16,325,309	7.1%
Franchise tax	2,175,855	1,389,016	-	-	2,175,855	1,389,016	56.6%
Other taxes	3,600,041	3,549,273	-	-	3,600,041	3,549,273	1.4%
Investment income, unrestricted	629,805	(347,552)	353,023	117,922	982,828	(229,630)	-528.0%
Intergovernmental	3,156,568	8,002,801	-	-	3,156,568	8,002,801	-60.6%
Gain on sale of capital asset	9,524,130	-	-	-	9,524,130	-	
Miscellaneous	1,571,099	346,556	-	1,807,374	1,571,099	2,153,930	-27.1%
Total revenues	<u>78,295,840</u>	<u>57,132,454</u>	<u>658,493</u>	<u>13,981,786</u>	<u>78,954,333</u>	<u>71,114,240</u>	<u>11.0%</u>
Expenses:							
General government	5,949,837	4,003,323	-	-	5,949,837	4,003,323	48.6%
Public safety	12,222,224	11,598,096	-	-	12,222,224	11,598,096	5.4%
Development services	5,078,742	4,785,688	-	-	5,078,742	4,785,688	6.1%
Community services	2,591,994	2,083,952	-	-	2,591,994	2,083,952	24.4%
Public works/utilities	10,951,685	25,094,371	-	-	10,951,685	25,094,371	-56.4%
Interest and fiscal charges	924,028	929,293	-	-	924,028	929,293	-0.6%
Water	-	-	-	8,862,692	-	8,862,692	-100.0%
Municipal Sewer	-	-	-	2,836,572	-	2,836,572	-100.0%
Housing Authority	-	-	435,850	389,841	435,850	389,841	11.8%
Total expenses	<u>37,718,510</u>	<u>48,494,723</u>	<u>435,850</u>	<u>12,089,105</u>	<u>38,154,360</u>	<u>60,583,828</u>	<u>-37.0%</u>
Increase (decrease) in net position before transfers and extraordinary item							
	40,577,330	8,637,731	222,643	1,892,681	40,799,973	10,530,412	287.4%
Transfers (1)	-	1,283,736	-	(1,283,736)	-	-	
Special Item (see note 16)	-	-	-	(72,108,319)	-	(72,108,319)	
Change in Net Position	40,577,330	9,921,467	222,643	(71,499,374)	40,799,973	(61,577,907)	-166.3%
Net position, beginning of year, as restated	139,088,948	129,125,527	18,557,902	90,057,276	157,646,850	219,182,803	-28.1%
Net position, end of year	<u>\$179,666,278</u>	<u>\$ 139,046,994</u>	<u>\$18,780,545</u>	<u>\$ 18,557,902</u>	<u>\$ 198,446,823</u>	<u>\$157,604,896</u>	25.9%

Governmental activities

During the current fiscal year, the City's revenues from governmental activities increased by \$19.9 million or 34.0% in comparison to the prior fiscal year, primarily due to the sale of a portion of the city hall parcel to a developer who will use that land for permanent supportive housing, higher than normal property tax revenue and development revenue:

GOVERNMENTAL ACTIVITIES				
Revenue by Source				
REVENUE SOURCE	Fiscal Year 2022-23	Percent of Total	Increase (Decrease) From 2021-22	Percent Increase (Decrease)
Charges for Services	\$ 13,346,876	17.0%	\$ 4,993,118	59.8%
Contributions and Grants	15,088,551	19.3%	7,340,254	94.7%
Sales Taxes	11,713,117	15.0%	(218,421)	-1.8%
Property Taxes, net	17,489,798	22.3%	1,331,031	8.2%
Franchise Taxes	2,175,855	2.8%	786,839	56.6%
Other Taxes	3,600,041	4.6%	50,768	1.4%
Other/Gain	14,881,602	19.0%	5,596,061	60.3%
TOTAL REVENUES	\$ 78,295,840	100.0%	\$ 19,879,650	34.0%

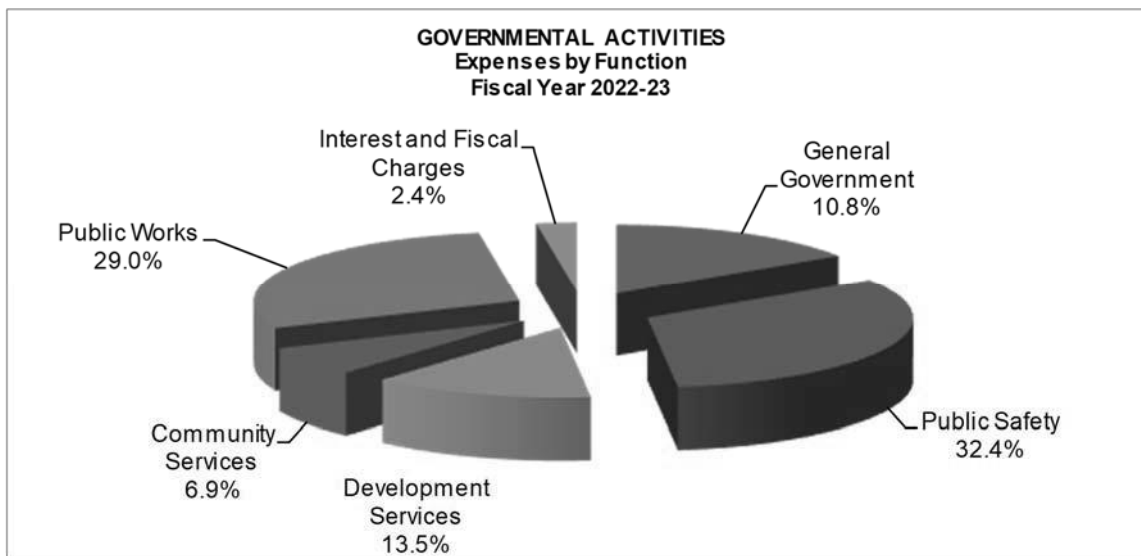


The increase of \$5.0 million, or 59.8%, in charges for services was attributable to increases in fee and permit revenue as a result of strong development activity. Property taxes increased \$1.3 million, or 8.2%, due to an active housing market. A dwindling supply of homes available for purchase and low interest rates led to properties selling at all-time high pricing. Sales Taxes decreased by \$0.2 million, or 1.8%. Like most California cities, San Juan Capistrano experienced little change in the amount of its annual sales tax revenue Fiscal Year 2022-23 in comparison to that of the prior year. This is largely due to the combined effects of limited new car inventories and higher interest rates on new car sales that combined to dampen sales. Higher interest rates also reduced sales for construction and home improvement retailers. Lower gasoline prices contributed to a flattening of the City's sales tax growth.

The cost of all governmental activities during fiscal year 2022-23 was \$37.7 million. The following table summarizes and presents governmental activities expenses by function and percentages for the fiscal year ended June 30, 2023, along with the percentage changes from the prior year:

**GOVERNMENTAL ACTIVITIES
Expenses by Function**

FUNCTION	Fiscal Year 2022-23	Percent of Total	Increase (Decrease) From 2021-22	Percent Increase (Decrease)
General Government	\$ 5,949,837	15.8%	\$ 1,946,514	48.6%
Public Safety	12,222,224	32.4%	624,128	5.4%
Development Services	5,078,742	13.5%	293,054	6.1%
Community Services	2,591,994	6.9%	508,042	24.4%
Public Works	10,951,685	29.0%	(14,142,686)	-56.4%
Interest and Fiscal Charges	924,028	2.4%	(5,265)	-0.6%
TOTAL EXPENSES	\$ 37,718,510	100.0%	\$ (10,776,213)	-22.2%



Expenses (including depreciation and amortization) associated with governmental activities decreased overall by \$10.8 million, or 22.2%, from the previous fiscal year. Of this amount, Development Services expenses increased by \$0.3 million as the result of additional permit processing costs associated with high development activity in the community, the revenues from which funded this increase in expenditures. Public Works expenditures decreased by \$14.1 million. This decrease is primarily due to prior year costs associated with the design phase of the Ortega Widening project that was managed by Caltrans.

Business-type activities

During the current fiscal year, net position for business-type activities increased by \$0.2 million from the prior fiscal year due to normal operating results of the City's Housing Authority. Information regarding the operational results of the proprietary funds reported as business-type activities can be found below in the section below called Financial Analysis of the City's Funds.

FINANCIAL ANALYSIS OF THE CITY'S FUND FINANCIAL STATEMENTS

As noted earlier, the City uses fund accounting to ensure 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 *spending* 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 discretionary spending as this category of fund balance represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2023, the City's governmental funds reported combined fund balances of \$86.6 million. Approximately \$37.2 million consists of unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$76,488), 2) legally required to be spent on specific uses or maintained intact through federal, state or local law or contractual obligation (\$45.6 million), or 3) assigned for a particular purpose (\$3.7 million). Refer to Note 13 in the Notes to Basic Financial Statements for more detailed information regarding nonspendable, restricted, assigned, and unassigned fund balances.

General Fund. The General Fund in the Basic Financial Statements includes the City's chief operating fund and seven other funds that are used to account for activities in the administration of the Successor Agency and Housing Authority, farm operations, parking maintenance, eastern open space operations, public benefit contributions, developer deposits and other deposits. As of June 30, 2023, the total fund balance of the General Fund was \$42.6 million, an increase of \$6.7 million, or 18.6%, from the restated fund balance of the previous year. This is a result of revenues increasing by 8.7% while expenditures only increased by 8.0%.

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Nonspendable	\$ 51,423	\$ 56,876	\$ (5,453)	-9.6%
Restricted	1,601,798	683,788	918,010	134.3%
Assigned	3,731,445	5,518,419	(1,786,974)	-32.4%
Unassigned - contingency reserve	<u>37,180,312</u>	<u>29,618,799</u>	<u>7,561,513</u>	25.5%
Total	<u>\$ 42,564,978</u>	<u>\$ 35,877,882</u>	<u>\$ 6,687,096</u>	18.6%

The General Fund's restricted fund balance in the amount of \$1.6 million includes amounts received from certain developers that are restricted under the terms of the development agreements to be used only for capital facilities.

The City's discretionary fund balance (assigned and unassigned amounts) includes reserves for cash flow, economic uncertainty, capital projects and other contingencies. The City's discretionary fund balance at June 30, 2023, was \$40.9 million, or 96.1% of total General Fund balance. This amount includes \$1.9 million that had been set aside for water quality projects.

The components of fund balance with significant changes include assigned and unassigned fund balance. Assigned fund balance decreased by \$1.8 million primarily due to the expenditure of \$2.0 million that had been set aside for street projects. Unassigned fund balance increased \$7.6 million, or 25.7%, primarily due to revenues exceeding expenditures, a portion of which will be carried over into fiscal year 2023-24 to fund continuing appropriations.

Additional information on the City's General Fund balance can be found in Note 13 in the Notes to the Basic Financial Statements.

Housing In-Lieu Fund. As of June 30, 2023, the Housing In-Lieu Fund reported a restricted fund balance of \$12.6 million that was restricted for affordable housing.

Other Grants Fund. As of June 30, 2023, the Other Grants Fund reported a restricted fund balance of \$12,924 that was restricted for grant funding.

Developer Impact Fees Capital Projects Fund. As of June 30, 2023, the Developer Impact Fees Capital Projects Fund reported a restricted fund balance of \$20.3 million, which represents an increase of \$3.0 million, or 17.3%, from the prior fiscal year, primarily due to fee revenue exceeding expenditures in Fiscal Year 2022-23.

General City Capital Projects Fund. This fund had a substantial increase in expenditures, primarily due to the City's unprecedented investment in a multi-year major refurbishment of its entire street system.

Proprietary Funds:

The proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Housing Authority Enterprise Fund. The Housing Authority Enterprise Fund's unrestricted net position was \$13.5 million at the end of the year, of which \$12.4 million was invested in long-term loans to affordable housing developers and were not available to fund the ongoing operations of the Authority. During the year ended June 30, 2023, net position increased by \$222,643. Operating revenues in the Housing Authority Enterprise Fund increased by \$11,098, or 3.8%, from the prior fiscal year due to higher occupancy for rented units. The Housing Authority Enterprise Fund's expenses increased by \$46,009, or 11.8%, from the prior fiscal year due to higher administrative, general, and maintenance expenses.

Internal Service Funds. As of June 30, 2023, the net position of the Internal Service Funds increased by \$8.2 million, primarily due to the sale of a portion of the city hall parcel to a nonprofit developer responsible for constructing 50 units of permanent supportive housing on the land sold to the developer. The proceeds of sale were recorded in the Facilities Operations Fund, which is the fund used by the City to report facilities used to support City-wide operations. The proceeds of sale are being used to construct a new city hall facility to replace the modular units that had been used by the City for its city hall facility for over forty years.

GENERAL FUND BUDGETARY HIGHLIGHTS

In preparing the budget, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of revenues to allow for the expansion of existing programs, if required.

For the year ended June 30, 2023, the General Fund reported a net increase in fund balance of \$6.7 million. Tax revenues exceeded budgeted amounts by \$1.2 million, or 3.8%, primarily due to higher than expected growth in property taxes. Property tax revenue exceeded the amount budgeted due to rising real estate prices and an active housing market. Expenditures, excluding transfers out, were less than final budgeted amounts by \$1.7 million. This was primarily due to legal service, public safety, and public works expenditures coming in less than the amount budgeted for those classifications.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental activities and business-type activities as of June 30, 2023, amounted to \$121.6 million, net of accumulated depreciation. This includes land, buildings, improvements, equipment, improvements other than buildings, infrastructure, subscriptions, and leased assets. The total net increase in capital assets was 10.8 million, or 9.7%, primarily due to ongoing infrastructure investment by the City.

A summary of capital assets follows:

	CAPITAL ASSETS (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Totals		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Land	\$ 58,640,473	\$ 58,712,580	\$ 784,008	\$ 784,008	\$ 59,424,481	\$ 59,496,588	-0.1%
Trees	25,257	25,257	-	-	25,257	25,257	0.0%
Construction in progress	14,997,249	5,173,095	-	-	14,997,249	5,173,095	189.9%
Buildings	1,682,006	2,323,873	3,234,804	3,332,411	4,916,810	5,656,284	-13.1%
Improvements other than buildings	8,026,502	5,815,826	-	-	8,026,502	5,815,826	38.0%
Equipment, machinery and tools	418,326	500,545	-	-	418,326	500,545	-16.4%
Infrastructure	32,047,209	32,283,258	-	-	32,047,209	32,283,258	-0.7%
Subscriptions	1,029,535	1,115,165	-	-	1,029,535	1,115,165	-7.7%
Leased assets	696,252	764,856	-	-	696,252	764,856	-9.0%
Totals	<u>\$117,562,809</u>	<u>\$106,714,455</u>	<u>\$ 4,018,812</u>	<u>\$ 4,116,419</u>	<u>\$121,581,621</u>	<u>\$110,830,874</u>	9.7%

Additional information regarding the City's capital assets can be found in Note 4 of the Notes to the Basic Financial Statements.

Long-term Liabilities

At the end of the current fiscal year, the City had long-term liabilities outstanding of \$26.3 million. The City's total debt decreased by \$1.1 million, or 3.8%, from the prior year, primarily due to scheduled principal payments applied to outstanding debt.

LONG-TERM LIABILITIES

	Governmental Activities		<u>% Change</u>
	<u>2023</u>	<u>2022</u>	
<i>Direct borrowings and placements:</i>			
Capital leases	\$ 715,083	\$ 805,055	-11.2%
<i>Other debt:</i>			
General obligation bonds, net	23,495,000	24,440,000	-3.9%
<i>Other long-term liabilities:</i>			
Subscriptions	727,113	817,496	-11.1%
Compensated absences	1,365,737	1,292,792	5.6%
Totals	<u>\$ 26,302,933</u>	<u>\$ 27,355,343</u>	-3.8%

Additional information on the City's long-term debt can be found in Note 7 of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City continues to see increases in property tax revenue, sales tax revenue, and development revenue to levels exceeding those of prior years. In future budgets, the City plans to explore appropriate uses of these additional resources, including continued investment in public facilities and infrastructure.

The Fiscal Year 2023-24 Operating and Capital Improvement Budget reflects the City's commitment to the residents of San Juan Capistrano. A copy of the budget is available on the City's website.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer/City Treasurer, 32400 Paseo Adelanto, San Juan Capistrano, California 92675.

CITY OF SAN JUAN CAPISTRANO
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 102,125,611	\$ 1,125,826	\$ 103,251,437
Receivables:			
Accounts	369,105	3,573	372,678
Taxes	2,816,417	-	2,816,417
Notes and loans	10,277,727	12,418,945	22,696,672
Accrued interest	378,859	1,652	380,511
Leases	3,578,903	-	3,578,903
Prepaid costs	2,389,046	-	2,389,046
Due from other governments	1,504,597	-	1,504,597
Restricted assets:			
Cash and investments	-	1,297,897	1,297,897
Capital assets not being depreciated	73,662,979	784,008	74,446,987
Capital assets, net of depreciation	43,899,830	3,234,804	47,134,634
Total Assets	241,003,074	18,866,705	259,869,779
Deferred Outflows of Resources:			
Deferred charge on refunding	303,450	-	303,450
Pension deferred outflows	8,024,975	-	8,024,975
OPEB deferred outflows	488,105	-	488,105
Total Deferred Outflows of Resources	8,816,530	-	8,816,530
Liabilities:			
Accounts payable	4,261,207	39,385	4,300,592
Accrued liabilities	438,795	-	438,795
Accrued interest	368,780	-	368,780
Unavailable revenue	-	-	-
Unearned revenue	210,761	13,059	223,820
Deposits payable	5,730,283	33,716	5,763,999
Due to other governments	6,893	-	6,893
Noncurrent liabilities:			
Due within one year	1,479,123	-	1,479,123
Due in more than one year	24,823,810	-	24,823,810
Net pension liability	18,650,484	-	18,650,484
OPEB liability	3,237,790	-	3,237,790
Total Liabilities	59,207,926	86,160	59,294,086
Deferred Inflows of Resources:			
Pension deferred inflows	5,741,906	-	5,741,906
OPEB deferred inflows	1,590,252	-	1,590,252
Lease deferred inflows	3,613,242	-	3,613,242
Total Deferred Inflows of Resources	10,945,400	-	10,945,400
Net Position:			
Net investment in capital assets	92,929,063	4,018,812	96,947,875
Restricted for:			
Community development projects	670,236	-	670,236
Public works	195,849	-	195,849
Capital projects	39,441,397	-	39,441,397
Debt service	4,193,141	-	4,193,141
Public facilities	918,010	-	918,010
Housing authority affordable housing projects	-	1,297,897	1,297,897
Unrestricted	41,318,582	13,463,836	54,782,418
Total Net Position	\$ 179,666,278	\$ 18,780,545	\$ 198,446,823

See Notes to Financial Statement.

CITY OF SAN JUAN CAPISTRANO
Statement of Activities
Year Ended June 30, 2023

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 6,009,346	\$ 1,785,662	\$ 669,706	\$ -
Public safety	12,222,224	786,148	306,550	-
Development services	5,078,742	8,013,571	162,068	96,109
Community services	2,591,994	-	59,527	170,879
Public works	10,951,685	2,761,495	2,627,707	10,996,005
Interest on long-term debt	924,028	-	-	-
Total Governmental Activities	37,778,019	13,346,876	3,825,558	11,262,993
Business-Type Activities:				
Housing Authority	435,850	305,470	-	-
Total Business-Type Activities	435,850	305,470	-	-
Total Primary Government	\$ 38,213,869	\$ 13,652,346	\$ 3,825,558	\$ 11,262,993

General Revenues:

Taxes:
Property taxes, levied for general purpose
Transient occupancy taxes
Sales taxes
Franchise taxes
Business licenses taxes
Other taxes
Interest, unrestricted
Intergovernmental, unrestricted
Other
Rental income
Gain on sale of capital asset

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,553,978)	\$ -	\$ (3,553,978)
(11,129,526)	-	(11,129,526)
3,193,006	-	3,193,006
(2,361,588)	-	(2,361,588)
5,433,522	-	5,433,522
(924,028)	-	(924,028)
(9,342,592)	-	(9,342,592)
-	(130,380)	(130,380)
-	(130,380)	(130,380)
(9,342,592)	(130,380)	(9,472,972)
17,489,798	-	17,489,798
2,292,115	-	2,292,115
11,713,117	-	11,713,117
2,175,855	-	2,175,855
196,866	-	196,866
1,111,060	-	1,111,060
629,805	-	629,805
3,156,568	-	3,156,568
1,517,534	-	1,517,534
113,074	353,023	466,097
9,524,130	-	9,524,130
49,919,922	353,023	50,272,945
40,577,330	222,643	40,799,973
139,046,994	18,557,902	157,604,896
41,954	-	41,954
\$ 179,666,278	\$ 18,780,545	\$ 198,446,823

CITY OF SAN JUAN CAPISTRANO
 Balance Sheet
 Governmental Funds
 June 30, 2023

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing In- Lieu</u>	<u>Other Grants</u>
Assets:			
Pooled cash and investments	\$ 47,489,270	\$ 6,525,160	\$ 12,924
Receivables:			
Accounts	363,394	-	-
Taxes	2,763,462	-	-
Notes and loans	-	10,277,727	-
Accrued interest	378,859	-	-
Leases	3,578,903	-	-
Prepaid costs	51,423	-	-
Due from other governments	774,915	-	-
Total Assets	\$ 55,400,226	\$ 16,802,887	\$ 12,924
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 2,409,536	\$ 3,244	\$ -
Retentions payable	-	-	-
Accrued liabilities	438,795	-	-
Unearned revenues	123,129	-	-
Deposits payable	4,625,969	-	-
Due to other governments	6,893	-	-
Total Liabilities	7,604,322	3,244	-
Deferred Inflows of Resources:			
Unavailable revenues	1,617,684	4,164,378	-
Deferred lease items	3,613,242	-	-
Total Deferred Inflows of Resources	5,230,926	4,164,378	-
Fund Balances:			
Nonspendable	51,423	-	-
Restricted	1,601,798	12,635,265	12,924
Assigned	3,731,445	-	-
Unassigned	37,180,312	-	-
Total Fund Balances	42,564,978	12,635,265	12,924
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 55,400,226	\$ 16,802,887	\$ 12,924

CITY OF SAN JUAN CAPISTRANO
Balance Sheet
Governmental Funds
June 30, 2023

	Capital Projects Fund			
	Developer Impact Fees Capital Projects	General City Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled cash and investments	\$ 20,269,252	\$ 2,335,954	\$ 11,505,356	\$ 88,137,916
Receivables:				
Accounts	-	-	-	363,394
Taxes	-	-	52,955	2,816,417
Notes and loans	-	-	-	10,277,727
Accrued interest	-	-	-	378,859
Leases	-	-	-	3,578,903
Prepaid costs	-	25,065	-	76,488
Due from other governments	-	-	729,682	1,504,597
Total Assets	\$ 20,269,252	\$ 2,361,019	\$ 12,287,993	\$ 107,134,301
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 1,706,725	\$ 34,393	\$ 4,153,898
Retentions payable	-	433,380	-	433,380
Accrued liabilities	-	-	-	438,795
Unearned revenues	-	-	82,099	205,228
Deposits payable	-	-	1,104,314	5,730,283
Due to other governments	-	-	-	6,893
Total Liabilities	-	2,140,105	1,220,806	10,968,477
Deferred Inflows of Resources:				
Unavailable revenues	-	-	224,869	6,006,931
Deferred lease items	-	-	-	3,613,242
Total Deferred Inflows of Resources	-	-	224,869	9,620,173
Fund Balances:				
Nonspendable	-	25,065	-	76,488
Restricted	20,269,252	195,849	10,842,318	45,557,406
Assigned	-	-	-	3,731,445
Unassigned	-	-	-	37,180,312
Total Fund Balances	20,269,252	220,914	10,842,318	86,545,651
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,269,252	\$ 2,361,019	\$ 12,287,993	\$ 107,134,301

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CITY OF SAN JUAN CAPISTRANO
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Fund balances of governmental funds		\$ 86,545,651
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		115,649,662
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (23,495,000)	
Lease payables	<u>(644,745)</u>	(24,139,745)
Pension and OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities.		
Deferred outflows of resources - pension related	7,539,440	
Deferred inflows of resources - pension related	(5,637,343)	
Net pension liability	(17,801,569)	
Deferred outflows of resources - OPEB related	479,216	
Deferred inflows of resources - OPEB related	(1,561,293)	
OPEB liability	<u>(3,178,828)</u>	(20,160,377)
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds		303,450
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(368,780)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		6,006,931
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>15,829,486</u>
Net Position of governmental activities		<u>\$ 179,666,278</u>

CITY OF SAN JUAN CAPISTRANO
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing In- Lieu</u>	<u>Other Grants</u>
Revenues:			
Taxes	\$ 32,303,057	\$ -	\$ -
Licenses, fees and permits	5,597,343	6,538,091	-
Intergovernmental	2,260,772	-	8,460,656
Interest and rental	436,029	96,109	88,071
Fines and forfeitures	786,148	-	-
Miscellaneous	2,700,745	-	-
Total Revenues	44,084,094	6,634,200	8,548,727
Expenditures:			
Current:			
General government	6,511,192	-	-
Public safety	12,070,181	-	-
Development services	3,949,576	104,201	-
Parks and recreation	2,631,338	-	-
Public works	9,992,802	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	41,862	-	-
Interest and fiscal charges	17,042	-	-
Total Expenditures	35,213,993	104,201	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,870,101	6,529,999	8,548,727
Other Financing Sources (Uses):			
Transfers in	740,869	-	-
Transfers out	(2,923,874)	-	(8,535,803)
Total Other Financing Sources (Uses)	(2,183,005)	-	(8,535,803)
Net Change in Fund Balances	6,687,096	6,529,999	12,924
Fund Balances, Beginning of Year	35,877,882	6,105,266	-
Fund Balances, End of Year	\$ 42,564,978	\$ 12,635,265	\$ 12,924

CITY OF SAN JUAN CAPISTRANO
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	Capital Projects Fund			
	Developer Impact Fees Capital Projects	General City Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 619,589	\$ -	\$ 2,056,165	\$ 34,978,811
Licenses, fees and permits	2,495,322	-	247,916	14,878,672
Intergovernmental	-	-	3,400,003	14,121,431
Interest and rental	303,778	-	119,027	1,043,014
Fines and forfeitures	-	-	-	786,148
Miscellaneous	-	-	152,624	2,853,369
Total Revenues	3,418,689	-	5,975,735	68,661,445
Expenditures:				
Current:				
General government	-	-	-	6,511,192
Public safety	-	-	141,211	12,211,392
Development services	-	-	335,415	4,389,192
Parks and recreation	-	-	-	2,631,338
Public works	-	-	145,019	10,137,821
Capital outlay	-	13,699,591	-	13,699,591
Debt service:				
Principal retirement	-	-	945,000	986,862
Interest and fiscal charges	-	-	899,210	916,252
Total Expenditures	-	13,699,591	2,465,855	51,483,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,418,689	(13,699,591)	3,509,880	17,177,805
Other Financing Sources (Uses):				
Transfers in	-	13,920,505	-	14,661,374
Transfers out	(405,545)	-	(2,248,835)	(14,114,057)
Total Other Financing Sources (Uses)	(405,545)	13,920,505	(2,248,835)	547,317
Net Change in Fund Balances	3,013,144	220,914	1,261,045	17,725,122
Fund Balances, Beginning of Year	17,256,108	-	9,581,273	68,820,529
Fund Balances, End of Year	\$ 20,269,252	\$ 220,914	\$ 10,842,318	\$ 86,545,651

CITY OF SAN JUAN CAPISTRANO
Reconciliation of the Statements of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023

Net change in fund balances - total governmental funds \$ 17,725,122

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.

Capital outlay	\$ 14,167,966	
Depreciation/amortization	\$ (2,267,843)	
Gain/(loss) on sale of capital assets	<u>(118,177)</u>	11,781,946

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	945,000	
Lease repayments	<u>89,972</u>	1,034,972

Deferred loss on refunding is reported as deferred outflows of resources on the Statement of Net Position. This is the total amortization of the deferred loss on refunding in the current period and the interest accrued to the date of the refunding. (17,634)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 9,844

Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related changes in pension amounts for deferred outflows of resources and deferred inflows of resources. 384,688

Other postemployment benefit expense reported in the governmental funds includes payment of premiums for the current year. In the Statement of Activities, pension expense includes the change in the total other post-employment benefit liability and OPEB related deferred inflows of resource 5,919

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,450,679

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 8,201,794

Change in net position of governmental activities \$ 40,577,330

CITY OF SAN JUAN CAPISTRANO
Statement of Net Position
Proprietary Funds
June 30, 2023

	Housing Authority	Governmental Activities- Internal Service Funds
Assets:		
Current:		
Cash and investments	\$ 1,125,826	\$ 13,987,695
Receivables:		
Accounts	3,573	5,711
Accrued interest	1,652	-
Prepaid costs	-	2,312,558
Restricted:		
Cash and investments	1,297,897	-
Total Current Assets	2,428,948	16,305,964
Noncurrent:		
Notes and loans receivable	12,418,945	-
Capital assets - not being depreciated	784,008	325,735
Capital assets - net of accumulated depreciation	3,234,804	1,587,412
Total Noncurrent Assets	16,437,757	1,913,147
Total Assets	18,866,705	18,219,111
Deferred Outflows of Resources:		
Pension deferred outflow	-	485,535
OPEB deferred outflow	-	8,889
Total Deferred Outflows of Resources	-	494,424
Liabilities:		
Current:		
Accounts payable	39,385	107,309
Unearned revenues	13,059	5,533
Deposits payable	33,716	-
Accrued compensated absences	-	312,322
Lease payable	-	34,278
Subscriptions payable	-	110,250
Total Current Liabilities	86,160	569,692
Noncurrent:		
Accrued compensated absences	-	1,053,415
Lease payable	-	36,060
Subscriptions payable	-	616,863
Net pension liability	-	415,535
OPEB liability	-	58,962
Total Noncurrent Liabilities	-	2,180,835
Total Liabilities	86,160	2,750,527
Deferred Inflows of Resources:		
Pension deferred inflows	-	104,563
OPEB deferred inflows	-	28,959
Total Deferred Inflows of Resources	-	133,522
Net Position:		
Net investment in capital assets	4,018,812	1,115,696
Restricted for affordable housing projects	1,297,897	-
Unrestricted	13,463,836	14,713,790
Total Net Position	\$ 18,780,545	\$ 15,829,486

CITY OF SAN JUAN CAPISTRANO
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds Housing Authority	Governmental Activities- Internal Service Funds
Operating Revenues:		
Service charges	\$ 305,470	\$ 7,783,031
Miscellaneous	-	40
Total Operating Revenues	305,470	7,783,071
Operating Expenses:		
Administration and general	104,288	-
Depreciation/Amortization expense	97,607	310,615
Maintenance and operations	221,399	2,049,071
Legal services	3,061	-
Insurance and benefits	-	4,965,895
Rental subsidies	9,495	-
Total Operating Expenses	435,850	7,325,581
Operating Income (Loss)	(130,380)	457,490
Nonoperating Revenues (Expenses):		
Interest revenue (loss)	353,023	102,491
Interest expense	-	(17,620)
Gain (loss) on disposal of capital assets	-	8,206,750
Total Nonoperating Revenues (Expenses)	353,023	8,291,621
Income (Loss) Before Transfers and Contributions	222,643	8,749,111
Transfers:		
Transfers out	-	(547,317)
Total transfers	-	(547,317)
Changes in Net Position	222,643	8,201,794
Net Position:		
Beginning of Year, as previously reported	18,557,902	7,585,738
Prior period adjustment	-	41,954
Beginning of Fiscal Year, as restated	18,557,902	7,627,692
End of Year	\$ 18,780,545	\$ 15,829,486

CITY OF SAN JUAN CAPISTRANO
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds Housing Authority	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers and user departments	\$ 320,830	\$ 7,925,414
Cash paid to suppliers for goods and services	(221,677)	(5,867,842)
Cash paid to employees	(104,288)	(151,388)
Net Cash Provided (Used) by Operating Activities	(5,135)	1,906,184
Cash Flows from Non-Capital Financing Activities:		
Transfers made to other funds	-	(547,317)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(547,317)
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	-	(70,513)
Principal payments on capital debt	-	(188,898)
Proceeds from sales of capital assets	-	8,691,999
Net Cash Provided (Used) by Capital and Related Financing Activities	-	8,432,588
Cash Flows from Investing Activities:		
Investment in note receivable	(5,953,457)	-
Interest received, net of unrealized losses	365,516	99,491
Net Cash Provided (Used) by Investing Activities	(5,587,941)	99,491
Net Increase (Decrease) in Cash and Cash Equivalents	(5,593,076)	9,890,946
Cash and Cash Equivalents at Beginning of Year	8,016,799	4,096,749
Cash and Cash Equivalents at End of Year	\$ 2,423,723	\$ 13,987,695
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (130,380)	\$ 457,490
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation/Amortization	97,607	310,615
(Increase) decrease in accounts receivable	2,382	149,118
(Increase) decrease in prepaid expense	1,055	1,387,966
(Increase) decrease in due from other governments	-	(5,533)
Increase (decrease) in accounts payable	11,223	(92,830)
Increase (decrease) in deposits payable	(81)	-
Increase (decrease) in unearned revenue	13,059	(1,242)
Increase (decrease) in compensated absences	-	72,945
(Increase) decrease in pension related outflows	-	(355,969)
(Increase) decrease in OPEB related outflows	-	6,121
Increase (decrease) in pension related inflows	-	(159,765)
Increase (decrease) in OPEB related inflows	-	(12,729)
Increase (decrease) in net pension liability	-	167,757
Increase (decrease) in total OPEB liability	-	(17,760)
Total Adjustments	125,245	1,448,694
Net Cash Provided (Used) by Operating Activities	\$ (5,135)	\$ 1,906,184
Non-Cash Investing, Capital, and Financing Activities:		
Subscription assets purchased	\$ -	\$ 1,188,400

CITY OF SAN JUAN CAPISTRANO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private- Purpose Trust Fund
Assets:	
Pooled cash and investments	\$ 2,173,101
Receivables:	
Notes and loans	2,055,914
Restricted assets:	
Cash and investments with fiscal agents	<u>1,617,738</u>
Total Assets	<u>5,846,753</u>
Liabilities:	
Accounts payable	48,885
Accrued interest	424,522
Long-term liabilities:	
Due in one year	1,385,000
Due in more than one year	<u>18,040,964</u>
Total Liabilities	<u>19,899,371</u>
Net Position:	
Restricted for individuals, organizations and other governments	<u>(14,052,618)</u>
Total Net Position	<u>\$ (14,052,618)</u>

CITY OF SAN JUAN CAPISTRANO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Private- Purpose Trust Fund
Additions:	
Taxes	\$ 3,047,895
Interest and change in fair value of investments	<u>82,673</u>
Total Additions	<u>3,130,568</u>
Deductions:	
Administrative expenses	133,227
Interest expense	<u>1,036,029</u>
Total Deductions	<u>1,169,256</u>
Changes in Net Position	1,961,312
Net Position - Beginning of the Year	<u>(16,013,930)</u>
Net Position - End of the Year	<u><u>\$ (14,052,618)</u></u>

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NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Description of Reporting Entity

The reporting entity, the City of San Juan Capistrano (City), includes the financial activities of the City, the San Juan Capistrano Housing Authority (Authority), and the San Juan Capistrano Public Financing Authority (SJCPFA). The criteria used in determining the scope of the reporting entity are based on the provisions of Government Accounting Standards Board Statement No. 14. The City of San Juan Capistrano is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent upon the City (i.e. it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without the approval from the City). The Authority and SJCPFA are accounted for as "blended" component units of the City. Despite being legally separate, these entities are so intertwined with the City that they are in substance, part of the City's operations, which has created a financial burden/benefit relationship. Accordingly, the balances and transactions of these component units are reported within the funds of the City. Financial activity of the SJCPFA is reported in the Debt Service Fund and the activity of the Authority is reported as an Enterprise Fund. The specific criteria used in determining that the Authority and SJCPFA are blended component units is that the members of the City Council also act as the governing bodies of the Authority and the SJCPFA and that there is a financial burden/benefit relationship. Separate financial statements for each of the individual component units are not prepared except for the Authority for which financial statements may be obtained from the City.

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

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

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

1. *Government-wide Financial Statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and the Successor Agency of the San Juan Capistrano Redevelopment Agency (SACRA) Trust Fund fiduciary fund financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statements of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. 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 are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include charges to members, customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

2. Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund 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.

Separate financial statements for the City's governmental, proprietary, 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 and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements, include financial information for the SACRA Trust Fund. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

3. Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Accordingly, the governmental fund financial statements are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent available fund balance. Noncurrent portions of other long-term receivables are offset by deferred inflows of resources - unavailable revenue or fund balance generally classified as nonspendable, but may be required to be reported as restricted, committed, or assigned if the resources received from liquidating these assets is restricted, committed, or assigned for a specific purpose.

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales tax. For sales tax purposes only, the City considers revenues to be available if they are collected within 90 days. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, special assessments, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

4. Proprietary Funds

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Enterprise Fund, the Municipal Sewer Fund, and the Internal Service Funds are charges to customers for sales and services. The principal operating revenues of the Housing Authority Enterprise Fund are rental payments. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

5. 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 SACRA Trust Fund is accounted for using the economic resources measurement focus and accrual basis of accounting.

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classifications

The City reports the following major governmental funds:

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

The Housing In-Lieu Fund is used to account for proceeds of housing in-lieu development fees collected under Ordinance No. 767 to fund affordable housing opportunities.

The Other Grants Fund is used to account for revenues received from State and local granting agencies to fund projects that are not recorded in another fund.

The Developer Impact Fees Capital Projects Fund is used to account for revenues received and expenditures made for the development of new streets, parks, storm drains, and the preservation of agricultural lands. Financing is provided through developer impact fees collected under City ordinances.

The General City Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and bond proceeds). The City elected to present this fund as major fund for the year ended June 30, 2023.

The City reports the following major proprietary funds:

The Housing Authority Enterprise Fund is used to account for all resources associated with the operations and maintenance of the Authority's affordable housing program.

Additionally, the City reports the following fund types:

Capital Projects Funds are used to account for receipt and use of funds collected for capital projects.

Debt Service Funds are used to account for accumulation of resources for, and the payment of principal, interest, and related costs of the long-term debt.

Internal Service Funds are used to account for activities and services, which include facilities operations and insurance and benefits, performed for other organizational units within the City. Charges to other City departments are made to support these activities.

Fiduciary Funds

The City maintains a private-purpose trust fund, which is used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The City reports the following fiduciary fund, which is excluded from the government-wide financial statements:

The Successor Agency to the San Juan Capistrano Community Redevelopment Agency (SACRA) Trust Fund is used to account for the activity of the dissolved San Juan Capistrano Community Redevelopment Agency in accordance with Assembly Bill X1 26.

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements were effective for and/or early implemented for the fiscal year ended June 30, 2023:

1. *GASB Statement No. 91, Conduit Debt Obligations*

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

2. *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

3. *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

4. *GASB Statement No. 100, Accounting Changes and Error Corrections*

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. All cash of the Water Enterprise Fund, the Municipal Sewer Enterprise Fund, the Facilities Operations and the Insurance and Benefits Internal Service Funds are held in a City pool. All cash for the above four funds is considered cash and cash equivalents for purposes of the statement of cash flows.

F. Investments

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

G. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by fund balance generally classified as nonspendable, but may be required to be reported as restricted, committed, or assigned if the resources received from liquidating these assets is restricted, committed, or assigned for a specific purpose.

H. Prepaid Items

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

I. Inventories

Inventories of the City, which consist mostly of water meters and spare parts, are stated at the lower of cost or market, using the first-in, first-out (FIFO) method under the consumption method.

J. Restricted Assets

Certain proceeds of the City's water enterprise fund refunding bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

K. Capital Assets

Capital assets, which include property, plant, equipment, lease and subscription assets and infrastructure assets, are reported in the applicable governmental or business-type activities columns 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 to \$50,000 depending upon the type of asset. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their acquisition value on the date donated.

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation/amortization is charged to operations using the straight-line method of depreciation over the following estimated useful lives:

Machinery and equipment	3 - 10 years
Buildings and building improvements	10 - 50 years
Sewer system	15 - 50 years
Water system	15 - 60 years
Infrastructure	10 - 50 years
Lease assets	10 - 50 years
Subscription assets	10 - 50 years

L. Long-term Obligations

In the government-wide financial statements, proprietary fund types and fiduciary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary and fiduciary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bonds payable are reported net of the applicable bond premium or discount.

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

M. Compensated Absences

Compensated absences (unpaid vacation, sick leave and compensatory time) are accrued and reported as a long-term liability. This liability is primarily funded from transfers from the General Fund to the Insurance and Benefits Internal Service Fund.

N. Claims and Judgments

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any coverage from insurance or its participation in the joint power insurance authority. Small dollar claims and judgments are recorded as expenses when paid.

O. Property Taxes

Under California Law, property taxes are assessed and collected by the County of Orange on 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 City accrues only those taxes which are levied for the year and are received within 60 days after year-end.

Lien date	January 1
Levy date	July 1
Due dates	November 1 - 1st installment February 1 - 2nd installment
Collection dates	December 10 - 1st installment April 10 - 2nd installment

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

The government-wide financial statements, proprietary fund statements and fiduciary fund statements utilize a net position presentation. Net position is classified in the following categories:

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt and other capital related liabilities that are attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - This amount is restricted by enabling legislation (such as external creditors, grantors, contributors, or laws or regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets.

Unrestricted net position - This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

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, 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, unless otherwise directed by Council.

Q. Fund Balances

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** - amounts that are not in a spendable form (such as prepaids and deposits and noncurrent notes receivable not offset by any corresponding deferred inflows of receivables, unavailable revenue) or are required to be maintained intact.
- **Restricted** - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- **Committed** - amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
- **Assigned** - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council delegated the authority to assign fund balances to the Chief Financial Officer.
- **Unassigned** - amounts that are for any purpose; positive amounts are reported only in a general fund. 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.

The City Council establishes (and modifies or rescinds) fund balance commitments with the passage of a resolution. Amounts that are constrained by the City’s Council’s intent to be used for a specific purpose through a resolution, but are neither restricted nor committed, are classified as “Assigned Fund Balance” in accordance with the City’s fund balance policy. When both restricted and unrestricted resources are available for use, restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in accordance with the City’s fund balance policy.

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Outflows and Inflows of Resources

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

- Deferred loss on refunding reported in the government-wide and proprietary funds statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the life of the refunded debt.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to the pension plan resulting from changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred outflows related to pensions resulting from the net differences in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.
- Deferred outflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with OPEB through the plan.

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

- Deferred inflows from unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: intergovernmental revenues, charges for services, and investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to the pension plan for the changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions, which is reported in the government-wide and business-type activities statements of net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred inflows related to pensions resulting from the net differences in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.
- Deferred inflows related to pensions and OPEB for differences between expected and actual experience and changes in assumptions. 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 or OPEB, respectively, through the plan.
- Deferred inflows related to leases resulting in agreements where the City operates as the lessor.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Pension Plan

For the purposes of measuring net pension liability, deferred outflows and inflows of resources related to pension, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Orange County Employee Retirement System (OCERS) financial office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. OCERS' audited financial statements are publicly available reports that can be obtained at OCERS' website.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframe. For this report, the following timeframes are used.

Valuation Date (VD)	December 31, 2021
Measurement Date (MD)	December 31, 2022
Measurement Period (MP)	January 1, 2022 to December 31, 2022

T. Use of Estimates

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

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2023, are classified in the accompanying financial statements as follows:

CITY OF SAN JUAN CAPISTRANO
CASH FOOTNOTE
6/30/2023

	Government- Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted assets:			
Cash and investments:			
City	\$ 103,251,437	\$ -	\$ 103,251,437
SACRA Trust Fund	-	2,173,101	2,173,101
Restricted assets:			
Cash and investments	1,297,897	-	1,297,897
Cash and investments with fiscal agents:			
SACRA Trust Fund	-	1,617,738	1,617,738
Total cash and investments	<u>\$ 104,549,334</u>	<u>\$ 3,790,839</u>	<u>\$ 108,340,173</u>

Cash and investments at June 30, 2023 consisted of the following:

Cash on hand	\$ 1,800
Deposits with financial institutions	11,337,462
Investments	97,000,911
	<u>\$ 108,340,173</u>

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 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
United States Treasury Bills, Bonds and United States Government Sponsored Agency Securities	5 years	None	None
Securities issued by the State of California or local agencies within the State of	5 years	25%	3%
Negotiable Certificates of Deposit	5 years	30%	3%
Passbook Savings Account:			
Demand Deposit	N/A	5%	3%
Money Market Mutual Funds	N/A	20%	3%
Orange County Investment Pool	N/A	40%	None
Local Government Investment Pools	N/A	40%	None
Local Agency Investment Fund ("LAIF")	N/A	None	\$75 million
Banker's	180 days	30%	3%
Commercial Paper	270 days	25%	3%
Medium-Term Notes	5 years	30%	3%
Supranational	5 years	15%	None
Asset backed	5 years	20%	3%

The weighted average maturity of the portfolio shall not exceed three years.

*Based on state law requirements or the City's investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustees include, United States Treasury Obligations, United States Government Sponsored Agency Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Money Market Mutual Funds, Investment Agreements Contracts and Repurchase Agreements. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment.

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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

Investment Type	Remaining Maturity (In Months)			Total
	12 Months or Less	13 to 36 Months	36 Months or More	
Local Agency Investment Fund (LAIF)	\$ 27,702,183	\$ -	\$ -	\$ 27,702,183
United States (U.S.) Government				
Sponsored Agency Securities				
Federal Home Loan Bank (FHLB)	-	1,969,813	647,770	2,617,583
Federal National Mortgage Association (FNMA)	-	1,108,906	454,975	1,563,880
Federal Farm Credit Bank (FFCB)	-	1,491,292	-	1,491,292
Federal Home Loan Mortgage Corporation (FHLMC)	-	2,656,815	-	2,656,815
U.S. Treasury Notes	-	34,712,581	6,405,314	41,117,895
Collateralized Certificates of Deposit	-	250,000	-	250,000
Medium-Term Notes	-	6,015,784	2,161,563	8,177,347
Money Market Mututal Funds	9,120,738	482,276	-	9,603,014
Asset Backed Securities	-	2,277	200,889	203,165
Held by Fiscal Agents:				
Money Market Mututal Funds	1,617,737	-	-	1,617,737
Total	<u>\$ 38,440,658</u>	<u>\$ 48,689,743</u>	<u>\$ 9,870,510</u>	<u>\$ 97,000,911</u>

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Credit Risk

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

Investment Type		Total as of June 30, 2023	Minimum Legal Rating	S&P Rating	Moody's Rating
LAIF	State Pool	\$ 27,702,183	None	Not Rated	Not Rated
US. Government Sponsored					
Agency Securities:					
FHLB	FHLB	2,617,583	None	AA+	Aaa
FNMA	FNMA	1,563,880	None	AA+	Aaa
FFCB	FFCB	1,491,292	None	AA+	Aaa
FHLMC	FHLMC	2,656,815	None	AA+	Aaa
U.S Treasury Notes	US Treasury	41,117,895	None	AA+	Aaa
Collateralized Certificates of Deposit	Collateralized CD	250,000	A	Not Rated	Not Rated
Medium Term Notes	Corporate	244,476	A	AA	A1
Medium Term Notes	Corporate	694,860	A	A+	A1
Medium Term Notes	Corporate	1,488,741	A	A	A1
Medium Term Notes	Corporate	1,459,369	A	A	A2
Medium Term Notes	Corporate	597,208	A	A-	A1
Medium Term Notes	Corporate	1,303,704	A	A-	A2
Medium Term Notes	Corporate	335,734	A	A	Aa3
Medium Term Notes	Corporate	773,883	A	AAA	Not Rated
Medium Term Notes	Corporate	167,814	A	Not Rated	AAA
Medium Term Notes	Corporate	664,335	A	AA+	AAA
Medium Term Notes	Corporate	447,223	A	A+	A2
Money Market Mututal Funds	Money Market Fund	9,603,014	None	AAA	Aaa
Asset Backed Securities	ABS	200,889	AA	AAA	Not Rated
Asset Backed Securities	ABS	2,277	AA	Not Rated	Aaa
Held by Fiscal Agents:					
Money Market Mututal Funds	Money Market Fund	1,617,737	None	AAA	Aaa
		<u>\$ 97,000,911</u>			

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 3% or more of the City's total investments (other than U.S. Treasury and external investment pools) consisted of FHLB and FHLMC, which represented 2.7% and 2.7%, respectively, of the City's investments at the year ended June 30, 2023.

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. As of June 30, 2023, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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 prorated share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measurements

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

All of the City's investments subject to classification within the fair value hierarchy are debt securities using Level 2 inputs. Valuation techniques used in determining fair value of the City's investments are primarily based on price data obtained from observed transactions and market price quotations provided by broker-dealers and pricing vendors used by the City's contracted investment manager.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of June 30, 2023:

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Government Sponsored				
Agency Securities:				
FHLB	\$ -	\$ 2,617,583	\$ -	\$ 2,617,583
FNMA	-	1,563,880	-	1,563,880
FFCB	-	1,491,292	-	1,491,292
FHLMC	-	2,656,815	-	2,656,815
U.S. Treasury Notes	-	41,117,895	-	41,117,895
Medium-Term Notes	-	8,177,347	-	8,177,347
Money Market Mututal Funds	-	482,276	-	482,276
Asset Backed Securities	-	203,165	-	203,165
	\$ -	\$ 58,310,253	\$ -	58,310,253
LAIF				27,702,183
Collateralized Certificates of Deposit				250,000
Money Market Mututal Funds				9,120,738
Held by Fiscal Agents:				
Money Market Mututal Funds				1,617,737
Total Investment Portfolio				\$ 97,000,911

NOTE 3: NOTES RECEIVABLE

Notes receivable at June 30, 2023, include the following:

	Total
Primary Government	
Housing in-lieu Fund:	
Groves Project Promissory Note	\$ 4,833,863
Groves Land Promissory Note	4,128,925
Jamboree Land Promissory Note	1,314,939
Enterprise Funds:	
Senior Seasons Apartments II, L.P.	5,334,608
Seasons San Juan Capistrano AR, L.P.	1,141,945
Jamboree Project Project Promissory Note	4,941,077
Jamboree Promissory Note	1,001,315
Total Primary Government	22,696,672
Fiduciary Fund	
SACRA Trust Fund:	
26755 Verdugo, LLC	2,055,914
Total Fiduciary Fund	\$ 2,055,914

NOTE 3: NOTES RECEIVABLE (CONTINUED)

A. Senior Seasons Apartments II, L.P.

The Former Community Redevelopment Agency agreed to loan \$4,900,000, with an interest rate of 3% related to a disposition and development agreement dated November 6, 2006 and amended February 18, 2008. Under the agreement, the borrower agreed to acquire the site and construct and operate a housing project for low-income households. The loan amount is to be paid by the borrower annually in an amount equal to 50 percent of the residual receipts as defined in the agreement from operation of the housing project. Any remaining portion is due on the 55th anniversary of the date of the Former Community Redevelopment Agency's issuance of a certificate of occupancy of the project. This receivable was transferred to the Housing Authority by operation of law on February 1, 2012. At June 30, 2023, the total amount due of \$5,334,608 included \$4,019,769 in principal and \$1,314,839 in interest, and is recorded in the Housing Authority Enterprise Fund.

B. Seasons San Juan Capistrano AR, L.P.

On November 1, 2016, the Housing Authority entered into an affordable housing loan agreement in the amount of \$1,000,000. Under the agreement, the borrower agreed to acquire and rehabilitate an affordable housing apartment complex. The loan bears simple interest at a rate of 3% and is to be paid by the borrower annually in amounts equal to 50 percent of the housing project's residual operating receipts, as defined in the agreement. Any remaining portion is due forty years after the date of execution (November 1, 2056). As of June 30, 2023, the total amount due of \$1,141,945 included \$1,000,000 in principal and \$141,945 in accrued interest and is recorded in the Housing Authority Enterprise Fund.

C. 26755 Verdugo, LLC

The Former Community Redevelopment Agency agreed to loan \$1,698,000, with an interest rate of 2% related to an Owner Participation Agreement dated February 17, 2009 and amended March 15, 2011. Under the loan agreement, the borrower agreed to construct certain improvements as prescribed in the Owner Participation Agreement. This receivable was transferred to the Successor Agency by operation of law on February 1, 2012. At June 30, 2023, the total amount due of \$2,055,914 included \$1,698,000 in principal and \$357,914 in interest, and is recorded in the SACRA Trust Fund.

D. San Juan Capistrano Groves, LP Project and Land Promissory Notes

On August 28, 2020, the City entered into two agreements with San Juan Capistrano Groves, LP in the amount of \$4,800,000 and \$4,100,000. Under the agreement, the borrower agreed to develop the land purchased from the City by constructing a new affordable senior living apartment community. The loans bear simple interest at a rate of 0.25% and is for a term of 55 years from the date on which the certificate of completion is issued. As of June 30, 2023, the total amount due is \$4,833,863 and \$4,128,925, respectively. This includes interest of \$12,000 and \$10,250 respectively.

E. Jamboree Housing Corporation Promissory Notes

On December 21, 2022, the City entered into three promissory notes with Paseo Adelanto Housing Partners, LP (Jamboree Housing Corporation) in the amount of \$4,934,588, \$1,313,212 and \$1,000,000. Under the terms of the promissory notes, the borrower agreed to develop land purchased from the City by constructing fifty units of permanent supportive housing on the purchased land. The loans bear simple interest at a rate of 0.25% for a term of 55 years from the date on which senior construction loan financing converts to senior permanent loan financing. As of June 30, 2023, the total amount due is \$4,941,077, \$1,314,939 and \$1,001,315, respectively. This includes interest of \$6,489, \$1,727 and \$1,315, respectively.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets at June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Governmental activities:					
Capital assets, not being depreciated/amortized					
Land	\$ 58,712,580	\$ -	\$ (72,107)	\$ -	\$ 58,640,473
Trees	25,257	-	-	-	25,257
Construction-in-progress	5,173,095	13,547,264	(219,026)	(3,504,084)	14,997,249
Total capital assets, not being depreciated/amortized	<u>63,910,932</u>	<u>13,547,264</u>	<u>(291,133)</u>	<u>(3,504,084)</u>	<u>73,662,979</u>
Capital assets, being depreciated/amortized					
Improvements other than buildings	20,922,693	-	-	3,072,821	23,995,514
Buildings and Structures	13,193,031	-	(1,788,748)	-	11,404,283
Machinery & Equipment	3,553,931	68,013	(527,114)	-	3,094,830
Infrastructure	71,180,803	496,474	-	431,263	72,108,540
Leased assets	848,056	53,494	-	-	901,550
Subscriptions	1,115,165	73,234	-	-	1,188,399
Total capital assets, being depreciated/amortized	<u>110,813,679</u>	<u>691,215</u>	<u>(2,315,862)</u>	<u>3,504,084</u>	<u>112,693,116</u>
Less accumulated depreciation/amortization					
Improvements other than buildings	(15,106,867)	(862,145)	-	-	(15,969,012)
Buildings and Structures	(10,869,158)	(159,586)	1,306,467	-	(9,722,277)
Machinery & Equipment	(3,053,386)	(111,979)	488,861	-	(2,676,504)
Infrastructure	(38,897,545)	(1,163,786)	-	-	(40,061,331)
Leased Assets	(83,200)	(122,098)	-	-	(205,298)
Subscriptions	-	(158,864)	-	-	(158,864)
Total accumulated depreciation/amortization	<u>(68,010,156)</u>	<u>(2,578,458)</u>	<u>1,795,328</u>	<u>-</u>	<u>(68,793,286)</u>
Total capital assets, being depreciated/amortized, net	<u>42,803,523</u>	<u>(1,887,243)</u>	<u>(520,534)</u>	<u>3,504,084</u>	<u>43,899,830</u>
Total governmental activities capital assets	<u>\$ 106,714,455</u>	<u>\$ 11,660,021</u>	<u>\$ (811,667)</u>	<u>\$ -</u>	<u>\$ 117,562,809</u>

Construction in progress in the governmental activities consists primarily of additions to infrastructure.

As summary of changes in the Business-type Activities capital assets at June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-type activities:				
Capital assets, not being depreciated/amortized				
Land				
Housing Authority	\$ 784,008	\$ -	\$ -	\$ 784,008
Total capital assets, not being depreciated/amortized	<u>784,008</u>	<u>-</u>	<u>-</u>	<u>784,008</u>
Capital assets, being depreciated/amortized				
Buildings	4,878,900	-	-	4,878,900
Total capital assets, being depreciated/amortized	<u>4,878,900</u>	<u>-</u>	<u>-</u>	<u>4,878,900</u>
Less accumulated depreciation/amortization				
Buildings	(1,546,489)	(97,607)	-	(1,644,096)
Total accumulated depreciation/amortization	<u>(1,546,489)</u>	<u>(97,607)</u>	<u>-</u>	<u>(1,644,096)</u>
Total capital assets, being depreciated/amortized, net	<u>3,332,411</u>	<u>(97,607)</u>	<u>-</u>	<u>3,234,804</u>
Total business-type activities capital assets	<u>\$ 4,116,419</u>	<u>\$ (97,607)</u>	<u>\$ -</u>	<u>\$ 4,018,812</u>

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

Public safety	10,696
Community services	806,237
Public works	1,450,910
Internal service funds	310,615
Total depreciation/amortization expense	<u>\$ 2,578,458</u>

Business-type activities:

Housing authority	\$ 97,607
Total depreciation/amortization expense	<u>\$ 97,607</u>

NOTE 5: INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Transfers to/from Other Funds

Transfers Out:	Transfers In:		
	General Fund	General City Capital Projects	Total
General Fund	\$ -	\$ 2,430,473	\$ 2,430,473
Hwy, City, Street, and RD Proj Grants	-	-	8,535,803
Other Grants			
Other Grants	-	8,535,803	9,083,120
Internal Service Funds	-	547,317	547,317
Other Governmental Funds	740,869	2,406,912	3,147,781
Total	<u>\$ 740,869</u>	<u>\$ 13,920,505</u>	<u>\$ 14,661,374</u>

During the fiscal year ended June 30, 2023, the City made the following transfers based on authorization provided by the Fiscal Year 2022-2023 Amended Budget:

\$350,000, \$32,136, \$165,339 and \$193,394 was transferred from Non-Major Governmental Funds (Gas Tax Special Revenue Fund, AQMD Special Revenue Fund, Law Enforcement Grants Special Revenue Fund, and Highways, Streets & Roads Special Revenue Fund), and Other Grants fund to subsidize the following eligible General Fund expenditures: senior transportation program; street maintenance; law enforcement costs; and the trolley program.

\$13,920,505 was transferred from various funds to the City's General City Capital Projects Fund to provide funding for the City's Fiscal Year 2022-23 Capital Improvement Program (CIP) projects.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 6: LEASES RECEIVABLE AND DEFERRED INFLOWS RELATED TO LEASES

Lease Receivable

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Buildings	\$ 538,141	\$ 2,228,545	\$ 172,109	\$ 2,594,577
Land	119,204	-	7,901	111,303
Land Improvements	927,199	-	54,176	873,023
Total Lease Receivable *	<u>\$ 1,584,544</u>	<u>\$ 2,228,545</u>	<u>\$ 234,186</u>	<u>\$ 3,578,903</u>

Deferred Inflow of Resources

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Buildings	\$ 533,712	\$ 2,228,545	\$ 108,745	\$ 2,653,512
Land	119,418	-	7,740	111,678
Land Improvements	904,238	-	56,186	848,052
Total Deferred Inflow of Resources *	<u>\$ 1,557,368</u>	<u>\$ 2,228,545</u>	<u>\$ 172,671</u>	<u>\$ 3,613,242</u>

*The deferred inflows of leases and lease receivables July 1, 2022, has an immaterial variance compared to FY2022 Annual Comprehensive Financial Report due to the City's implementation of DebtBook in FY2023 compared to FY2022.

On July 1, 2021, the City entered into a 178-month lease as Lessor for the use of Joel Congdon House. An initial lease receivable was recorded in the amount of \$395,044. As of June 30, 2023, the value of the lease receivable is \$346,373. The lessee is required to make monthly fixed payments of \$2,474. The lease has an interest rate of 1.50%. The value of the deferred inflow of resources as of June 30, 2023 was \$341,810, and San Juan Capistrano, CA recognized lease revenue of \$26,617 during the fiscal year.

On November 4, 2021, the City entered into a 120-month lease as Lessor for the use of Marco Forster 2. An initial lease receivable was recorded in the amount of \$142,093. As of June 30, 2023, the value of the lease receivable is \$124,200. The lessee is required to make monthly fixed payments of \$1,000. The lease has an interest rate of 1.00%. The value of the deferred inflow of resources as of 06/30/2023 was \$118,529, and the City recognized lease revenue of \$14,209 during the fiscal year.

On July 1, 2021, the City entered into a 197 month lease as Lessor for the use of Farmakis Farms. An initial lease receivable was recorded in the amount of \$127,159. As of June 30, 2023, the value of the lease receivable is \$111,303. The lessee is required to make annual fixed payments of \$8,000. The lease has an interest rate of 0.0833%. The value of the deferred inflow of resources as of June 30, 2023 was \$111,678, and the City recognized lease revenue of \$7,740 during the fiscal year.

On March 1, 2022, the City entered into a 36 month lease as Lessor for the use of Lacouague Building: 31411 La Matanza Street. An initial lease receivable was recorded in the amount of \$36,616. As of June 30, 2023, the value of the lease receivable is \$20,461. The lessee is required to make monthly fixed payments of \$1,032. The lease has an interest rate of 1.00%. The value of the deferred inflow of resources as of June 30, 2023 was \$20,342, and the City recognized lease revenue of \$12,205 during the fiscal year.

On January 1, 2023, the City entered into a 240 month lease as Lessor for the use of The Ecology Center: 32701 Alipaz Street. An initial lease receivable was recorded in the amount of \$2,228,545. As of June 30, 2023, the value of the lease receivable is \$2,103,545. The lessee is required to make annual fixed payments of \$125,000. The lease has an interest rate of 3.9110%. The value of the deferred inflow of resources as of June 30, 2023 was \$2,172,831, and the City recognized lease revenue of \$55,714 during the fiscal year. The lessee has 2 extension options, each for 120 months.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 6: LEASES RECEIVABLE AND DEFERRED INFLOWS RELATED TO LEASES (CONTINUED)

On July 1, 2021, the City entered into a 258 month lease as Lessor for the use of Verizon Cell Tower. An initial lease receivable was recorded in the amount of \$501,430. As of June 30, 2023, the value of the lease receivable is \$461,973. The lessee is required to make monthly fixed payments of \$2,139. The lease has an interest rate of 0.8300%. The value of the deferred inflow of resources as of June 30, 2023 was \$454,629, and the City recognized lease revenue of \$23,401 during the fiscal year. The lessee has 4 extension options, each for 60 months.

On July 1, 2021, the City entered into a 168 month lease as Lessor for the use of New Cingular Cell Tower. An initial lease receivable was recorded in the amount of \$478,993. As of June 30, 2023, the value of the lease receivable is \$411,048. The lessee is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 0.83%. The value of the deferred inflow of resources as of June 30, 2023 was \$393,423, and the City recognized lease revenue of \$32,785 during the fiscal year. The lessee has 1 extension option, each for 108 months.

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for Governmental Activities except for advances for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amount Due Within One Year
Bonds:					
General obligation bonds	\$ 24,440,000	\$ -	\$ 945,000	\$ 23,495,000	\$ 965,000
Total bonds payable	24,440,000	-	945,000	23,495,000	965,000
Other liabilities:					
Leases	805,055	-	89,972	715,083	91,551
Subscriptions	817,496	61,600	151,983	727,113	110,250
Compensated absences	1,292,792	72,945	-	1,365,737	312,322
Total other liabilities	2,915,343	134,545	241,955	2,807,933	514,123
Grand Total	\$ 27,355,343	\$ 269,090	\$ 1,428,910	\$ 26,302,933	\$ 1,479,123

The City's legal debt margin is \$1,386,690,690 for the fiscal year ended June 30, 2023.

A. General Obligation Bonds

Amount

2017 Series A General Obligation Bonds

On February 16, 2017, the City issued \$28,905,000 Series A 2017 General Obligation Bonds to provide funds to defease the remaining \$26,410,000 of the 2009A General Obligation Bonds.

The issuance proceeds were used to refund the 2009A General Obligation Bonds and were placed in an irrevocable trust with an escrow agent. As a result, the 2009A General Obligation Bonds are considered to be in substance defeased and the related liabilities have been removed from the City's financial statements.

Interest rates on the bonds varies from 0.875% to 3.8% with interest payable semiannually on February 1 and August 1. The Bonds mature in annual installments ranging in amounts from \$875,000 to \$1,775,000.

\$23,495,000

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Future debt requirements for the general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 965,000	\$ 885,073	\$ 1,850,073
2025	990,000	858,825	1,848,825
2026	1,020,000	830,016	1,850,016
2027	1,050,000	798,906	1,848,906
2028	1,085,000	765,306	1,850,306
2029-2033	6,010,000	3,241,891	9,251,891
2034-2038	7,260,000	1,993,558	9,253,558
2039-2043	5,115,000	434,503	5,549,503
Total	<u>\$ 23,495,000</u>	<u>\$ 9,808,078</u>	<u>\$ 33,303,078</u>

Other Defeased General Obligation Bonds

In prior years, the City defeased certain general obligation bonds, including the 2009A bonds, by placing the proceeds of the new bonds with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2023, all funds were utilized from the escrow account to repay the bonds and there are no amounts outstanding.

B. Leases

*The lease liability as of July 1, 2022, has an immaterial variance compared to FY2022 Annual Comprehensive Financial Report due to the City's implementation of DebtBook in FY2023 compared to FY2022.

On July 1, 2021, the City entered into a 288 month lease as Lessee for the use of Downtown Parking Structure. An initial lease liability was recorded in the amount of \$367,714. As of June 30, 2023, the value of the lease liability is \$342,779. The City is required to make monthly fixed payments of \$1,606. The lease has an interest rate of 2.00%. The value of the right to use asset as of June 30, 2023 of \$367,714 with accumulated amortization of \$30,643 is included with Buildings on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 48 month lease as Lessee for the use of Canon - 2UR05261-2UR05231. An initial lease liability was recorded in the amount of \$71,821. As of June 30, 2023, the value of the lease liability is \$36,239. The City is required to make monthly fixed payments of \$1,526. The lease has an interest rate of 1.00%. The value of the right to use asset as of June 30, 2023 of \$71,821 with accumulated amortization of \$35,910 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 94 month lease as Lessee for the use of Siemens Capital lease: City Street Lights. An initial lease liability was recorded in the amount of \$389,893. As of June 30, 2023, the value of the lease liability is \$301,966. The City is required to make annual fixed payments of \$58,904. The lease has an interest rate of 4.6900%. The value of the right to use asset as of June 30, 2023 of \$389,893 with accumulated amortization of \$100,581 is included with Other on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 25 month lease as Lessee for the use of Canon XUP05375-XTD03976. An initial lease liability was recorded in the amount of \$6,641. As of June 30, 2023, the value of the lease liability is \$268. The City is required to make monthly fixed payments of \$268. The lease has an interest rate of 1.00%. The value of the right to use asset as of June 30, 2023 of \$6,641 with accumulated amortization of \$6,375 is included with Equipment on the Lease Class activities table found below.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

On July 1, 2021, the City entered into a 36 month lease as Lessee for the use of Canon - 2ND02582-2JG05864. An initial lease liability was recorded in the amount of \$13,916. As of June 30, 2023, the value of the lease liability is \$4,681. The City is required to make monthly fixed payments of \$392. The lease has an interest rate of 1.00%. The value of the right to use asset as of June 30, 2023 of \$13,916 with accumulated amortization of \$9,277 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 52 month lease as Lessee for the use of Canon image Runner Machine. An initial lease liability was recorded in the amount of \$20,150. As of June 30, 2023, the value of the lease liability is \$10,908. The City is required to make monthly fixed payments of \$392. The lease has an interest rate of 0.56%. The value of the right to use asset as of June 30, 2023 of \$20,150 with accumulated amortization of \$9,229 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier - IRADVC5540I. An initial lease liability was recorded in the amount of \$9,555. As of June 30, 2023, the value of the lease liability is \$5,769. The City is required to make monthly fixed payments of \$162. The lease has an interest rate of 0.6870%. The value of the right to use asset as of June 30, 2023 of \$9,555 with accumulated amortization of \$3,822 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, The City entered into a 60 month lease as Lessee for the use of Canon Copier - IRADVC5540IV2, IRADVC3530IV2. An initial lease liability was recorded in the amount of \$14,691. As of June 30, 2023, the value of the lease liability is \$8,870. The City is required to make monthly fixed payments of \$249. The lease has an interest rate of 0.6870%. The value of the right to use asset as of June 30, 2023 of \$14,691 with accumulated amortization of \$5,876 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 48 month lease as Lessee for the use of Canon Copier - IRADV4551IV3. An initial lease liability was recorded in the amount of \$7,169. As of June 30, 2023, the value of the lease liability is \$3,603. The City is required to make monthly fixed payments of \$151. The lease has an interest rate of 0.56%. The value of the right to use asset as of 06/30/2023 of \$7,169 with accumulated amortization of \$3,585 is included with Equipment on the Lease Class activities table found below.

Year Ending June 30,	Principal	Interest	Total
2024	\$ 91,551	\$ 21,359	\$ 112,910
2025	89,204	18,731	107,935
2026	68,559	16,117	84,676
2027	64,642	13,534	78,176
2028	67,318	10,858	78,176
2029-2033	128,355	26,909	155,264
2034-2038	79,665	16,695	96,360
2039-2043	88,036	8,324	96,360
2044-2048	37,753	792	38,545
Total	<u>\$ 715,083</u>	<u>\$ 133,319</u>	<u>\$ 848,402</u>

C. Subscriptions

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

On July 1, 2022, The City entered into a 23 month subscription for the use of ESRI - Enterprise License. An initial subscription liability was recorded in the amount of \$37,738.83. As of June 30, 2023, the value of the subscription liability is \$0.00. The City is required to make annual fixed payments of \$38,500. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of June 30, 2023 of \$37,739 with accumulated amortization of \$19,661 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, The City entered into a 49 month subscription for the use of CivicPlus - CivicEngage. An initial subscription liability was recorded in the amount of \$35,815. As of June 30, 2023, the value of the subscription liability is \$27,017. The City is required to make annual fixed payments of \$8,909. The subscription has an interest rate of 2.4453%. The value of the right to use asset as of June 30, 2023 of \$64,308 with accumulated amortization of \$15,579 is included with Software on the Subscription Class activities table found below. The City had a termination period of 2 months as of the subscription commencement.

On May 17, 2023, The City entered into a 60 month subscription for the use of CivicPlus - CivicRec. An initial subscription liability was recorded in the amount of \$52,839. As of June 30, 2023, the value of the subscription liability is \$42,384. The City is required to make annual fixed payments of \$10,455. The subscription has an interest rate of 2.45%. The value of the right to use asset as of June 30, 2023 of \$63,474 with accumulated amortization of \$1,552 is included with Software on the Subscription Class activities table found below. The City had a termination period of 2 months as of the subscription commencement.

On July 1, 2022, The City entered into a 105 month subscription for the use of Tyler Software. An initial subscription liability was recorded in the amount of \$726,357. As of June 30, 2023, the value of the subscription liability is \$643,008. The City is required to make annual fixed payments of \$99,888. The subscription has an interest rate of 3.0360%. The value of the right to use asset as of June 30, 2023 of \$992,757 with accumulated amortization of \$113,458 is included with Software on the Subscription Class activities table found below.

On May 9, 2023, The City entered into a 36 month subscription for the use of Granicus - DisclosureDocs. An initial subscription liability was recorded in the amount of \$8,760. As of June 30, 2023, the value of the subscription liability is \$5,910. The City is required to make annual fixed payments of \$2,850. The subscription has an interest rate of 2.5033%. The value of the right to use asset as of June 30, 2023 of \$9,760 with accumulated amortization of \$470 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, The City entered into a 30 month subscription for the use of JustFOIA Subscription. An initial subscription liability was recorded in the amount of \$17,586. As of June 30, 2023, the value of the subscription liability is \$8,793. The City is required to make annual fixed payments of \$9,000. The subscription has an interest rate of 2.3543%. The value of the right to use asset as of June 30, 2023 of \$20,361 with accumulated amortization of \$8,144 is included with Software on the Subscription Class activities table found below. The City had a termination period of 1 month as of the subscription commencement.

Year Ending June 30,	Principal	Interest	Total
2024	\$ 110,250	\$ 21,576	\$ 131,826
2025	105,163	18,411	123,574
2026	110,694	15,348	126,042
2027	104,542	12,107	116,649
2028	95,881	9,001	104,882
2029-2033	200,583	9,180	209,763
	\$ 727,113	\$ 85,623	\$ 812,736

D. Compensated absences

The City's policies relating to compensated absences are described in Note 1M. This liability amounting to \$1,365,737 at June 30, 2023, is expected to be paid in future years from future resources, typically liquidated from the General Fund.

NOTE 8: LIABILITY, WORKERS' COMPENSATION, AND PROPERTY PROTECTION

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of San Juan Capistrano 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 California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Primary 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 self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

In the 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 sub-limit of \$50 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Workers' Compensation Program

In the 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 2022-2023, 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.

NOTE 8: LIABILITY, WORKERS' COMPENSATION, AND PROPERTY PROTECTION (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 \$126,402,940. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance, which has a \$2,500 deductible.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$5,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2022-2023.

NOTE 9: RETIREMENT PLAN

The City participates in the Orange County Employees Retirement System (OCERS) which is subject to GASB Statement No. 68. A summary of pension amounts for the City's plan at June 30, 2023, for the measurement date December 31, 2022, is presented below:

	<u>OCERS</u>
Deferred outflows- pensions	\$ 8,024,975
Net pension liability	(18,650,484)
Deferred inflows- pensions	(5,741,906)
Pension expenses	1,312,052

A. General Information about the Pension Plan

Plan Description

The City participates in OCERS Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by OCERS. The County Employees Retirement Law of 1937 and other applicable statutes grant the authority to establish and amend the benefit terms to the OCERS. OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans administered by OCERS. This report is issued for each year ending December 31 and can be obtained online at www.ocers.org, or from its executive office: 2223 Wellington Avenue, Santa Ana, California 92701.

NOTE 9: RETIREMENT PLAN (CONTINUED)

Benefits Provided

OCERS provides for service retirement, death, disability, survivor benefits and annual cost-of-living benefits to plan members, who must be public employees and beneficiaries. Service retirement benefits are based on Plan Type, years of service, age at retirement and final average salary. The benefit formulas are an annual annuity equal to 2.7% of the employee's three-year final average salary for each year of service rendered at age 55 for Plan I and J members, 2.0% of the employee's three year final average salary for each year of service rendered at age 57 for Plan S members, 2.5% of the employee's three year final average salary for each year of service rendered at age 67 for Plan U members, and 1.62% of the employee's three year final average salary for each year of service rendered at age 65 for Plan W members.

Contributions

Per Government Code sections 31453.5 and 31454, participating employers are required to contribute a percentage of covered salary to the Plan. The contribution requirements of participating active members and employers are established and may be amended by the OCERS' Board of Retirement. Employee contributions are established by the OCERS' Board of Retirement and guided by state statute (Government Code sections 31621, 31621.5, 31621.8, 31639.25 and 31639.5) and vary based upon employee age at the time of entering OCERS membership. Participating employers may pay a portion of the participating active employees' contributions through negotiations and bargaining agreements.

Funding contributions for the OCERS plan are determined annually on an actuarial basis by OCERS. The contribution requirements for the year ended June 30, 2022, were as follows: 43.66% of total covered payroll for Plan I and J members; 45.42% for Plan S members; 37.34% for Plan U members; and 37.40% for Plan W members. The contribution requirements are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to OCERS were \$1,142,648 for the year ended June 30, 2023.

Employees pay 100% of the employee contribution. The employee contribution rate ranges from 4.90% to 17.73% (depending on age of entry).

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

As of June 30, 2023, the City reported a liability of \$18,650,484 for its proportionate share of the net pension liability (NPL). The NPL was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. The City's proportion of the NPL was based on the total contribution. Legally required employer contributions for each year less any amounts of those legally required contributions that are paid by the employees are used as the basis for determining each participating employer's proportion of total contributions. Contributions made by the employer on behalf of employees under Government Code Section 31581.2 are considered employee contributions and are not included in the proportionate share calculation.

At December 31, 2022, the City's proportion of OCERS Net Pension Liability was 0.346%, which was a decrease of 0.227% from its proportion measured as of December 31, 2021.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 9: RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2023, the City recognized pension income of (\$1,312,052). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 1,142,648	\$ -
Changes of assumptions	481,954	-
Changes in proportion and difference between employers contribution and proportion share of contribution	3,130,785	5,632,351
Differences between expected and actual experience	284,065	109,555
Net difference between projected and actual earnings on OPEB plan investments	2,985,523	-
Total	\$ 8,024,975	\$ 5,741,906

The \$1,142,648 was reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS which is 5.41 years determined as of December 31, 2021 (the beginning of the measurement period ended December 31, 2022). In addition, amounts reported as deferred outflows of resources related to earnings on plan investments will be recognized as pension expense over a closed five-year period, beginning in the current reporting period.

\$2,138,000 of contributions were made by the City as of June 30, 2023 that represent contributions required for fiscal year 23-24. This balance is included in the Insurance and Benefits Internal Service Fund within prepaids and deposits as of June 30, 2023.

Following is a schedule for amortization of deferred outflows/inflows of resources:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (879,118)
2025	(129,643)
2026	706,533
2027	1,717,042
2028	(274,393)
Thereafter	-
Total	\$ 1,140,421

NOTE 9: RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The TPL at December 31, 2021 (the measurement date) was determined by rolling forward the TPL as of December 31, 2020 (the valuation date).

Following are the key methods and assumptions used for the TPL as of December 31, 2020 (valuation date):

Actuarial Experience Study	Three year period end December 31, 2019
Actuarial Cost Method	Entry Age Normal Cost Method

Actuarial Assumptions

Investment Rate of Return	7.00% (1)
Discount Rate	7.00%
Inflation Rate	2.50%
Cost of Living Adjustment	2.75% of retirement income
Projected Salary Increases	4.60% - 15.00% (2)

(1) Net of pension plan investment expenses, including inflation.

(2) Varies by service, including inflation.

Mortality Assumptions

The underlying mortality assumptions used in the TPL at December 31, 2016 were based on the results of the actuarial experience study for the period January 1, 2014 through December 31, 2016 using the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table as a starting point, projected generationally using the two-dimensional Scale MP-2016, with age adjustments, and adjusted separately for healthy and disabled for both general and safety members.

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 best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 9: RETIREMENT PLAN (CONTINUED)

The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA - Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total	100.00%	

This information will change every three years based on the actuarial experience study.

Discount Rate

The discount rate used to measure the TPL was 7.00%. In determining the discount rate, OCERS took into account the projection of cash flows and assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

NOTE 9: RETIREMENT PLAN (CONTINUED)

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate

The following table represents the net pension liability of participating employers calculated using the discount rate of 7.00%, as well as what the NPL would be if it was calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	Discount Rate -1 Percent (6.00%)	Current Discount Rate (7.00%)	Discount Rate +1 Percent (8.00%)
Proportionate share of net pension liability/(asset)	\$ 28,564,413	\$ 18,650,484	\$ 10,563,994

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OCERS financial report. The report may be obtained online at www.ocers.org or from its executive office: 2223 Wellington Avenue, Santa Ana, California 92701.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan Description

The City provides post-retirement medical benefits to retirees through a single-employer defined benefit plan as required by California Public Employees Medical and Hospital Care Act (PEMCHA), commonly referred to as PERS Health. PEMHCA requires that employers provide retirees with health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. These benefits are available to employees who reached age 50 and completed at least 10 years of service or qualifying for disability retirement under OCERS. The benefit terms may be amended by the City, City Council, and/or the employee associations. The benefits provided by the City to its retirees are not administered in the form of a trust. The OPEB Plan does not issue a publicly available financial report.

Benefits Provided

The City’s OPEB Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer and are financed in part by City contributions.

Upon attainment of a minimum age 50 and completion of 10 years of City service, an employee may retire and remain covered subject to making monthly retiree contributions.

Employees Covered

As of the measurement date June 30, 2023, the following employees were covered by the benefit terms for each Plan:

Inactive members currently receiving benefits	18
Inactive members entitled to but not yet receiving benefits	7
Active members	57
	<hr/>
Total	82
	<hr/> <hr/>

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions

The benefits and contribution requirements of plan members and the City are established and may be amended by the City, City council, and/or the employee associations. The City’s contribution for retirees is subject to the Unequal Contribution Method based on the effective date of the City’s participation in PEMHCA. The current rate for retirees is \$151/month for 2023 (100%) and \$149/month for 2022 (100%). In 2023, this amount increased to equal the amount contributed to CALPERS for active employees. One retiree is receiving supplemental contributions of \$225/month until the age of 65. This benefit is not expected to be repeated in the future. The City’s contribution is currently based on a projected pay-as-you-go funding method, that is, benefits are payable when due. For the year ended June 30, 2023, the City paid \$58,275 in health care costs. The other postemployment benefits obligation is liquidated through the Insurance and Benefits Internal Service Fund.

B. Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2023, using an annual actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost Method
Method Actuarial Assumptions	
Discount Rate	3.86% (3)
Inflation	2.50%
Projected Salary Increases	3.00%
Investment Rate of Return	(1)
Medical/Rx Trend Rate	5.6% for 2022 and decreasing by decrements of 0.20% per year to 5.5% for 2024 and later years
Mortality	(2)

(1) This assumption is not applicable since the City has not established an irrevocable trust for pre-funding of the OPEB.

(2) Pre-retirement and Post-retirement mortality rates were based on the CalPERS Experience Study (1997-2015).

(3) The discount rate is equal to the Fidelity GO AA Municipal Bond 20-Year High Grade rate index as of June 30, 2021.

The actuarial assumptions used in the July 1, 2022, valuation were based on a review of plan experience during the period of July 1, 2021 to July 1, 2022.

Since the City has not established an irrevocable trust for pre-funding the OPEB plan, there is no long-term expected rate of return or target asset allocation for OPEB plan investments.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate utilized is based on whether the plan assets are projected to be sufficient to make future payments. Since there are no plan assets held in trust, the discount rate was based on a high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. "High-quality" is defined as being rated AA or higher (or an equivalent rating). The municipal bond rate utilized was 3.86% and was determined using the Fidelity GO AA Municipal Bond 20-Year High Grade rate index as of June 30, 2023.

Changes of Assumptions

The discount rate utilized for the June 30, 2023 measurement date was 3.86% as compared to the discount rate utilized for the June 30, 2022 measurement date of 3.69%. The discount rate was changed to reflect the change from using the S&P Municipal Bond 20-Year High Grade rate index as of June 30, 2022 to the Fidelity AA Municipal Bond 20-Year High Grade rate index as of June 30, 2023.

C. Changes in the Total OPEB Liability

The changes in the total OPEB liability are as follows:

	Total OPEB Liability (a)
Balance at June 30, 2022	<u>\$ 3,242,672</u>
Changes recognized for the measurement period:	
Service cost	215,753
Interest on total OPEB liability	119,324
Changes of assumptions	(42,847)
Differences between expected and actual experience	(238,837)
Benefit payments, including refunds of employee contributions	(58,275)
Net changes during 2022-23	<u>(4,882)</u>
Balance at June 30, 2023	<u>\$ 3,237,790</u>

Sensitivity of the Total 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 1-percentage point lower or 1-percentage point higher than the current discount rate:

	Discount Rate -1 Percent (2.86%)	Current Discount Rate (3.86%)	Discount Rate +1 Percent (4.86%)
Plan's total OPEB liability/(asset)	<u>\$ 3,795,098</u>	<u>\$ 3,237,790</u>	<u>\$ 2,794,183</u>

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in Health-Care Cost 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 healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1 Percent Decrease	Current Heathcare Trend Rate	1 Percent Increase
Plan's total OPEB liability/(asset)	\$ 2,713,255	\$ 3,237,790	\$ 3,915,436

OPEB Plan Fiduciary Net Position

Since the City has not established an irrevocable trust fund for prefunding of the OPEB plan, the Plan has no fiduciary net position.

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$27,988. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 861,014
Changes in assumptions	488,105	729,238
Total	<u>\$ 488,105</u>	<u>\$ 1,590,252</u>

The change in assumptions and differences between actual and expected experience are amortized over the expected remaining service lives of employees provided with retiree health care benefits through the plan.

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

Year Ending June 30,	Amount
2024	\$ (272,805)
2025	(249,954)
2026	(232,219)
2027	(245,875)
Thereafter	(101,294)

NOTE 11: COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is the 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 of the majority of these cases will have no material adverse effect on the financial position of the City.

NOTE 11: COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Grant Funding

The City has received federal, state, and county funds for specific purposes that are subject to review by the grantor agencies. These programs are subject to audit by the grantor agencies and upon further examination by the grantors, certain costs could be disallowed. The City expects any such amounts to be immaterial.

C. Capital Projects

The City has commitments to several capital projects that will be funded by the General Fund over several fiscal years. These commitments are estimated to total \$2,407,491 as of June 30, 2023.

NOTE 12: STEWARDSHIP, ACCOUNTABILITY, AND COMPLIANCE

Excess of Expenditures over Appropriations

Total expenditures exceeded budgeted appropriation in the following funds.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Fund:			
Eastern open space supplemental	\$ 444,726	\$515,489	\$(70,763)
C&D Forfeited Bonds			
Public works	218,770	245,451	\$(26,681)

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 13: FUND BALANCE/NET POSITION

The detail of fund balances, in accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, reported in the balance sheet of governmental funds is as follows:

	Special Revenue Fund			Capital Projects Fund		Other Governmental Funds	Total Governmental Funds
	General	Housing In-Lieu	Other Grants	Developer Impact Fees Capital Projects Fund	General City Capital Projects		
Nonspendable							
Prepaid costs	\$ 51,423	\$ -	\$ -	\$ -	\$ 25,065	\$ -	\$ 76,488
Total nonspendable	51,423	-	-	-	25,065	-	76,488
Restricted							
Debt Service	-	-	-	-	-	3,925,180	3,925,180
Housing rehabilitation loans for low and moderate income persons	-	-	-	-	-	572,213	572,213
Affordable housing	-	12,635,265	-	-	-	-	12,635,265
Landscaping maintenance	-	-	-	-	-	236,983	236,983
Recycling	-	-	-	-	-	1,519,623	1,519,623
Disability access programs	-	-	-	-	-	30,168	30,168
Historical depictions	-	-	-	-	-	12,470	12,470
Capital projects for:							
Parks and recreation projects	-	-	-	4,083,727	-	-	4,083,727
Capital projects	1,601,798	-	12,924	15,903,048	195,849	4,154,087	21,867,706
Agriculture preservation projects	-	-	-	282,477	-	-	282,477
Mobile sources emission reduction projects	-	-	-	-	-	391,594	391,594
Total restricted	1,601,798	12,635,265	12,924	20,269,252	195,849	10,842,318	45,557,406
Assigned							
Water quality projects	1,913,208	-	-	-	-	-	1,913,208
Parking maintenance	319,335	-	-	-	-	-	319,335
Farm operations	1,016,991	-	-	-	-	-	1,016,991
Trolley services	20,630	-	-	-	-	-	20,630
Transportation services for seniors	23,800	-	-	-	-	-	23,800
Street maintenance	15,250	-	-	-	-	-	15,250
Employee tuition reimbursement program	48,700	-	-	-	-	-	48,700
Development engineering and plan and plan check services	920	-	-	-	-	-	920
Traffic engineering	38,771	-	-	-	-	-	38,771
Environmental	26,575	-	-	-	-	-	26,575
Citywide fee study	60,000	-	-	-	-	-	60,000
Storm drain	227,570	-	-	-	-	-	227,570
Other purposes	19,695	-	-	-	-	-	19,695
Total assigned	3,731,445	-	-	-	-	-	3,731,445
Unassigned	37,180,312	-	-	-	-	-	37,180,312
Total fund balances (deficits)	\$ 42,564,978	\$ 12,635,265	\$ 12,924	\$ 20,269,252	\$ 220,914	\$ 10,842,318	\$ 86,545,651

NOTE 14: SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances as of June 30, 2023, consisted of the following and are included in assigned fund balance:

General Fund \$ 2,407,491

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 15: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COMMUNITY REDEVELOPMENT AGENCY

The debt of the Successor Agency Trust as of June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amount Due Within One Year
Other debt - tax allocation bonds:					
2008 Refunding Bonds, Series A	\$ 5,840,000	\$ -	\$ 380,000	\$ 5,460,000	\$ 395,000
2008 Refunding Bonds, Series B	7,750,000	-	455,000	7,295,000	480,000
Bond discount	(11,763)	-	(1,053)	(10,710)	-
Total	<u>\$ 13,578,237</u>	<u>\$ -</u>	<u>\$ 833,947</u>	<u>\$ 12,744,290</u>	<u>\$ 875,000</u>
Direct borrowings and placements:					
2018 Taxable Refunding Bonds	6,825,000	-	485,000	6,340,000	510,000
Total	<u>\$ 6,825,000</u>	<u>\$ -</u>	<u>\$ 485,000</u>	<u>\$ 6,340,000</u>	<u>\$ 510,000</u>
Other long-term liabilities					
Owner participation agreements	\$ 544,078	\$ -	\$ 202,404	\$ 341,674	\$ -
Total	<u>\$ 544,078</u>	<u>\$ -</u>	<u>\$ 202,404</u>	<u>\$ 341,674</u>	<u>\$ -</u>

A. Tax Allocation Bonds

Amount

2008 Tax Allocation Bonds – Series A

On June 3, 2008, the former Agency issued \$20,320,000 2008 Tax Allocation Bonds for the purpose of financing certain redevelopment projects of the former Agency. The 2008 Bonds consist of \$9,780,000 Tax-Exempt Series A Bonds and \$10,540,000 Taxable Series B Bonds. The Series A Bonds mature on August 1 of each year with interest at rates ranging from 3.5% to 4.7% payable semiannually on August 1 and February 1, commencing August 1, 2008. The Series A Bonds mature in annual installments from 2008 through 2033 in amounts from \$40,000 to \$535,000. The Series A Bonds maturing on or before August 1, 2018 will not be subject to optional redemption prior to maturing. Series A Bonds maturing after August 1, 2018, are subject to redemption without premium.

\$5,460,000

2008 Tax Allocation Bonds – Series B

The Series B Bonds mature on August 1 of each year with interest at rates ranging from 3.5% to 6.5%, payable semiannually on August 1, 2008. Series B Bonds mature in annual installments from 2008 through 2033 ranging in amounts from \$50,000 to \$480,000. The Series B Bonds are subject to optional redemption at any date prior to their maturity, at make-whole premium.

\$7,295,000

Total Tax Allocation Bonds Payable

\$12,755,000

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 15: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)

Future debt requirements for the tax allocation bonds are as follows:

Year Ending June 30,	Principal	Interest	Amount
2024	\$ 875,000	\$ 689,749	\$ 1,564,749
2025	925,000	642,619	1,567,619
2026	970,000	591,480	1,561,480
2027	1,025,000	537,269	1,562,269
2028	1,080,000	509,313	1,589,313
2029-2033	6,375,000	1,568,599	7,943,599
2034-2038	1,505,000	86,755	1,591,755
	<u>12,755,000</u>	<u>4,625,784</u>	<u>17,380,784</u>
Add deferred charges:			
Bond Premium	(10,710)	-	(10,710)
	<u>\$ 12,744,290</u>	<u>\$ 4,625,784</u>	<u>\$ 17,370,074</u>

The 2008 Tax Allocation Bonds – Series A and Series B have reserve requirements of \$641,869 and \$931,305, respectively. The City is in compliance with these reserve requirements.

B. Direct Borrowings

	<u>Amount</u>
2018 Taxable Refunding Bonds	
On August 23, 2018, the Successor Agency to the San Juan Capistrano Community Redevelopment Agency issued \$7,995,000 of 2018 Taxable Tax Allocation Refunding Bonds to fund the final balloon principal payments of the non-negotiable notes dated February 28, 2011 to Bobby Kinoshita Investment Enterprises, L.P. and Kinoshita Enterprises, L.P., which are due on March 1, 2021. The bonds bear an interest rate of 4.84% and are payable on a semi-annual basis beginning February 1, 2020. Principal payments are due annually on February 1 of each year beginning February 1, 2020. The bonds mature on February 1, 2033.	<u>\$6,340,000</u>
Total Tax Allocation Bonds Payable	<u>\$6,340,000</u>

Future debt requirements for the direct borrowings are as follows:

Year Ending June 30,	Principal	Interest	Amount
2024	\$ 510,000	\$ 306,856	\$ 816,856
2025	535,000	282,172	817,172
2026	560,000	256,278	816,278
2027	585,000	229,174	814,174
2028	610,000	620,246	1,230,246
2029-2033	3,540,000	111,078	3,651,078
Totals	<u>\$ 6,340,000</u>	<u>\$ 1,805,804</u>	<u>\$ 8,145,804</u>

NOTE 15: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)

Amount

C. Owner Participation Agreements

An Owner Participation Agreement was entered into between the former Agency and Tuttle-Click Automotive Group (Owner), on October 19, 2010. The participant opened a new automobile sales business within the Redevelopment Project Area. The former Agency agreed to reimburse the owner a total amount of \$5,000,000 over 27 years which reimbursement shall be paid from SACRA RPTTF funds. The initial payment of \$3,000,000 was made five days after the Owner opened for business. The agreement calls for semiannual payments equal to one hundred percent (100%) of sales taxes generated over \$150,000 but not to exceed \$300,000 and fifty percent (50%) of sales taxes generated in excess of \$300,000 of sales taxes derived from the owner's entire automobile sales operation, but not to exceed \$2,000,000.

\$341,674

D. Pledged Revenue

The 2008A&B refunding bonds are secured by a pledge of RPTTF monies. Pledged revenues and the covered debt service are as follows for the year ended June 30, 2023:

Pledged Revenues	<u>\$ 3,047,895</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u>
2008 Refunding Bonds, Series A	\$ 380,000	\$ 254,191	\$ 634,191
2008 Refunding Bonds, Series B	455,000	478,714	933,714
2018 Taxable Refunding Bonds	485,000	871,948	1,356,948
	<u>\$ 1,320,000</u>	<u>\$ 1,604,853</u>	<u>\$ 2,924,853</u>

NOTE 16: PRIOR PERIOD ADJUSTMENT

B. Change in Accounting Principle

For fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which established a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and a right-to-use subscription asset. The effect of the implementation of the change in accounting principle is shown below and is reflected in the reconciliation table below.

CITY OF SAN JUAN CAPISTRANO
Notes to Basical Financial Statements
Year Ended June 30, 2023

NOTE 16 PRIOR PERIOD ADJUSTMENT (CONTINUED)

C. Adjustments to and Restatements of Beginning Balances

During fiscal year 2023, a change in accounting principle resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

<u>June 30, 2022</u> <u>As Previously</u> <u>Reported</u>	<u>Changes in</u> <u>Accounting</u> <u>Principle</u>	<u>June 30, 2022</u> <u>As Restated</u>
\$ 4,814,056	\$ 41,954	\$ 4,856,010

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN JUAN CAPISTRANO
Schedule of Proportionate Share of the Net Pension Liability
Cost Sharing Multiple Employer Defined Benefit Plan
For the Last Ten Fiscal Years (1)

Measurement Period	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Miscellaneous Plan					
Plan's Proportion of the Net Pension Liability	0.346%	0.573%	0.477%	0.516%	0.519%
Plan's Proportionate Share of the Net Pension Liability	\$ 18,650,484	\$ 11,742,303	\$ 20,116,465	\$ 26,191,970	\$ 32,142,058
Plan's Covered Payroll (2)	\$ 5,334,212	\$ 6,112,331	\$ 6,701,987	\$ 7,294,439	\$ 7,253,654
Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	349.64%	192.11%	300.16%	359.07%	443.12%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.88%	85.88%	76.95%	73.18%	67.06%
Plan's proportionate share of aggregate employer contributions (3)	2,138,000	8,752,000	2,337,000	2,444,000	2,437,000

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None in 2019-2022. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2018. There were no changes in the discount rate.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

(2) Covered payroll represented above is base on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

(3) The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of the fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
0.528%	0.483%	0.512%	0.548%
\$ 26,138,852	\$ 25,089,009	\$ 29,249,120	\$ 27,866,379
\$ 7,227,226	\$ 6,636,488	\$ 6,464,876	\$ 6,863,345
361.67%	378.05%	452.43%	406.02%
71.95%	68.69%	64.73%	67.15%
2,391,000	2,264,000	2,352,000	2,373,000

CITY OF SAN JUAN CAPISTRANO
Schedule of Contributions
Cost Sharing Multiple Employer Defined Benefit Plan
Aa of June 30, for the Last Ten Fiscal Years (1)

Fiscal Year	2023	2022	2021	2020	2019
<u>Miscellaneous Plan</u>					
Actuarially Determined Contribution	\$ 2,138,000	\$ 2,367,000	\$ 2,337,000	\$ 2,415,626	\$ 2,408,665
Contribution in Relation to the Actuarially Determined Contribution	(2,138,000)	(2,367,000)	(2,377,732)	(2,700,194)	(2,639,521)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (40,732)	\$ (284,568)	\$ (230,856)
Covered Payroll	\$ 5,603,321	\$ 5,552,531	\$ 6,880,011	\$ 7,370,464	\$ 7,359,948
Contributions as a Percentage of Covered Payroll	38.16%	42.63%	34.56%	36.64%	35.86%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

Note to Schedule:

Valuation Date:	December 31, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method/period	Direct Rate Smoothing
Asset valuation method	Market value
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.50%
Investment rate of return	7.00% net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the Experience Study for the period from 2017 to 2019.
Mortality	The probabilities of retirement are based on the Experience Study for the period from 2017 to 2019 using the public retirement plans mortality tables published by the society of actuaries.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,441,378	\$ 2,196,992	\$ 2,209,584	\$ 2,305,714
<u>(2,619,687)</u>	<u>(2,417,700)</u>	<u>(2,672,254)</u>	<u>(2,434,850)</u>
<u>\$ (178,309)</u>	<u>\$ (220,708)</u>	<u>\$ (462,670)</u>	<u>\$ (129,136)</u>
\$ 7,322,913	\$ 7,227,226	\$ 6,636,488	\$ 6,464,876
35.77%	33.45%	40.27%	37.66%

CITY OF SAN JUAN CAPISTRANO
Schedule of Changes in the Total OPEB Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability				
Service cost	\$ 242,645	\$ 249,924	\$ 239,423	\$ 263,387
Interest on the total OPEB liability	82,056	89,626	97,279	108,238
Actual and expected experience difference	-	-	(581,289)	-
Changes in assumptions	-	(365,661)	244,216	361,186
Benefit payments	(46,515)	(44,231)	(45,361)	(37,171)
Net change in total OPEB liability	<u>278,186</u>	<u>(70,342)</u>	<u>(45,732)</u>	<u>695,640</u>
Total OPEB liability - beginning	<u>3,051,012</u>	<u>3,329,198</u>	<u>3,258,856</u>	<u>3,213,124</u>
Total OPEB liability - ending (a)	<u><u>\$ 3,329,198</u></u>	<u><u>\$ 3,258,856</u></u>	<u><u>\$ 3,213,124</u></u>	<u><u>\$ 3,908,764</u></u>
Covered-employee payroll	\$ 7,190,259	\$ 7,322,913	\$ 7,359,948	\$ 7,370,464
Total OPEB liability as a percentage of covered-employee payroll	46.30%	44.50%	43.66%	53.03%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2017 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: The City does not make contributions to a qualifying trust to pay for future benefits; as such, no fiduciary net position is reported.

Changes in assumptions: The discount rate increased to 3.86% as of June 30, 2023.

2021	2022	2023
\$ 287,860	\$ 333,299	\$ 215,753
85,298	80,025	119,324
(817,092)	-	(238,837)
436,748	(982,289)	(42,847)
(44,077)	(45,864)	(58,275)
(51,263)	(614,829)	(4,882)
3,908,764	3,857,501	3,242,672
\$ 3,857,501	\$ 3,242,672	\$ 3,237,790
\$ 7,726,639	\$ 5,739,366	\$ 5,603,321
49.92%	56.50%	57.78%

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 30,338,000	\$ 31,131,000	\$ 32,303,057	\$ 1,172,057
Licenses, fees and permits	4,781,265	5,549,565	5,597,343	47,778
Intergovernmental	1,880,000	1,943,084	2,260,772	317,688
Interest and rental	1,100,000	1,558,000	431,739	(1,126,261)
Fines and forfeitures	758,000	758,000	786,148	28,148
Miscellaneous	560,000	2,683,000	2,700,745	17,745
Total Revenues	39,417,265	43,622,649	44,079,804	457,155
Expenditures:				
General government				
City Manager	2,765,100	1,901,111	1,525,274	375,837
City Attorney	751,000	910,000	712,073	197,927
City Clerk	529,610	573,210	572,649	561
Finance	2,489,520	3,728,040	3,701,196	26,844
Public Safety	12,439,020	12,464,520	12,070,181	394,339
Development Services	3,480,035	3,963,445	3,949,576	13,869
Community Services	2,458,607	2,630,983	2,631,338	(355)
Public Works	11,122,277	10,656,630	9,992,802	663,828
Debt service:				
Principal retirement	36,165	36,165	41,862	(5,697)
Interest and fiscal charges	22,745	22,745	17,042	5,703
Total Expenditures	36,094,079	36,886,849	35,213,993	1,672,856
Excess of revenues over (under) expenditures	3,323,186	6,735,800	8,865,811	2,130,011
Other Financing Sources (Uses)				
Transfers in	738,000	738,000	740,869	2,869
Transfers out	(2,055,000)	(8,868,152)	(2,923,874)	5,944,278
Total Other Financing Sources (Uses)	(1,317,000)	(8,130,152)	(2,183,005)	5,947,147
Net Change in Fund Balances	\$ 2,006,186	\$ (1,394,352)	6,682,806	\$ 8,077,158
Budgetary Fund Balance, July 1			35,877,882	
Budgetary Fund Balance, June 30			\$ 42,560,688	

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 Housing-In-Lieu
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, fees and permits	\$ 23,000	\$ 23,000	\$ 96,109	\$ 73,109
Total Revenues:	23,000	6,561,000	6,634,200	73,200
Expenditures:				
Community development	-	1,413,212	104,201	1,309,011
Total Expenditures:	-	1,413,212	104,201	1,309,011
Excess of Revenues Over (Under) Expenditures	23,000	5,147,788	6,529,999	1,382,211
Net Change in Fund Balances	\$ 23,000	\$ 5,147,788	6,529,999	\$ 1,382,211
Budgetary Fund Balance, July 1			6,105,266	
Budgetary Fund Balance, June 30			\$ 12,635,265	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Other Grants
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 4,295,337	\$ 8,478,372	\$ 8,460,656	\$ (17,716)
Interest and rental	-	-	88,071	88,071
Total Revenues:	<u>4,295,337</u>	<u>8,478,372</u>	<u>8,548,727</u>	<u>70,355</u>
Other Financing Sources (Uses)				
Transfers out	(2,540,674)	(8,553,515)	(8,535,803)	17,712
Total Other Financing Sources (Uses)	<u>(2,540,674)</u>	<u>(8,553,515)</u>	<u>(8,535,803)</u>	<u>17,712</u>
Net Change in Fund Balances	<u>\$ 1,754,663</u>	<u>\$ (75,143)</u>	12,924	<u>\$ 88,067</u>
Budgetary Fund Balance, July 1			<u>-</u>	
Budgetary Fund Balance, June 30			<u>\$ 12,924</u>	

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

1. The annual budget is adopted by the City Council after the holding of a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriation budget" covers City expenditures in the General, certain Special Revenue, Debt Service, Capital Projects, and Proprietary Funds. Project length plans are adopted for the Capital Projects Funds with unexpended funds at June 30 re-appropriated the following year. City Council approval is required for budget transfers within a fund at the department level. Accordingly, the legal level of budgetary control is at the department level.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are encumbered at year-end lapse, and then are added to the following year's budget appropriations. Also, unencumbered appropriations lapse at year-end.
4. Budgets for all governmental fund types are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Annual budgets are adopted for the General, certain Special Revenue, Debt Service and Capital Project Funds.

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SUPPLEMENTARY INFORMATION

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GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The following funds conform to this definition:

General Fund - is the main operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

Successor Agency and Housing Authority Administration Fund - is used to account for the accumulation of all resources for and payment of expenditures incurred in connection with the administration and operation of the Successor Agency to the San Juan Community Redevelopment Agency and the San Juan Housing Authority by City staff.

Farm Operations Fund - is used to account for revenue derived from the lease of farm land purchased by the City. This fund also accounts for costs associated with maintenance of the Northwest Open Space.

Parking Maintenance Fund - is used to account for the accumulation of those costs related to providing and maintaining public parking within the City. These costs are currently funded by parking revenues and transfers.

Eastern Open Space Fund - is used to account for the revenues and expenses associated with the Eastern Open Space.

Public Benefit Contribution Fund - is generally used to account for unexpected inflows of funds that are generally, but not always, used for capital projects, such as public benefit contributions received from developers. This fund is also used to account for designation of unrestricted funds for similar purposes.

Developer Deposits Fund - is generally used to account for costs incurred by the City in processing plans and applications associated with private development projects that will be reimbursed by the benefitted parties.

Deposits Fund - is generally used to hold developer and miscellaneous deposits associated with private development projects that will be reimbursed by the benefitted parties.

CITY OF SAN JUAN CAPISTRANO
Combining Balance Sheet
General Fund
June 30, 2023

	Successor Agency and Housing Authority			
	General Fund	Administration	Farm Operations	Parking Maintenance
Assets:				
Pooled cash and investments	\$ 39,808,535	\$ -	\$ 1,025,222	\$ 489,041
Receivables:				
Accounts	255,319	-	-	661
Taxes	2,763,462	-	-	-
Accrued interest	378,859	-	-	-
Leases	3,578,903	-	-	-
Prepaid costs	49,817	-	-	1,606
Due from other governments	715,406	59,509	-	-
Due from other funds	1,516,979	-	-	-
Total Assets	\$ 49,067,280	\$ 59,509	\$ 1,025,222	\$ 491,308
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,095,964	\$ -	\$ 2,231	\$ 208,203
Accrued liabilities	435,045	3,334	-	416
Unearned revenues	123,129	-	-	-
Deposits payable	-	-	6,000	-
Due to other governments	-	-	-	-
Due to other funds	-	92,353	-	-
Total Liabilities	2,654,138	95,687	8,231	208,619
Deferred inflows of resources:				
Unavailable revenues	1,558,175	59,509	-	-
Deferred lease items	3,613,242	-	-	-
Total Deferred Inflows of Resources	5,171,417	59,509	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	49,817	-	-	1,606
Restricted for:				
Capital Projects	-	-	-	-
Public facilities	-	-	-	-
Assigned to:				
Water quality projects	1,913,208	-	-	-
Parking maintenance	38,252	-	-	281,083
Farm operations	-	-	1,016,991	-
Trolley services	20,630	-	-	-
Senior mobility program	23,800	-	-	-
Plan check services	920	-	-	-
Street maintenance	15,250	-	-	-
Employee tuition	48,700	-	-	-
Enironmental	26,575	-	-	-
Traffic engineering	38,771	-	-	-
Citywide fee study	60,000	-	-	-
Storm drain	227,570	-	-	-
Other purposes	19,695	-	-	-
Unassigned	38,758,537	(95,687)	-	-
Total Fund Balances	41,241,725	(95,687)	1,016,991	282,689
Total Liabilities, Deferred Inflows of resources, and Fund Balances	\$ 49,067,280	\$ 59,509	\$ 1,025,222	\$ 491,308

CITY OF SAN JUAN CAPISTRANO
 Combining Balance Sheet
 General Fund
 June 30, 2023

(CONTINUED)

	Eastern Open Space	Public Benefit Contributions	Developer Deposits	Deposit Fund
Assets:				
Pooled cash and investments	\$ -	\$ 1,601,798	\$ 244,058	\$ 4,320,616
Receivables:				
Accounts	-	-	107,414	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Leases	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	\$ -	\$ 1,601,798	\$ 351,472	\$ 4,320,616
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 57,912	\$ -	\$ 22,111	\$ 23,115
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	329,361	4,290,608
Due to other governments	-	-	-	6,893
Due to other funds	1,424,626	-	-	-
Total Liabilities	1,482,538	-	351,472	4,320,616
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Deferred lease items	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted for:				
Capital Projects	-	683,788	-	-
Public facilities	-	918,010	-	-
Assigned to:				
Water quality projects	-	-	-	-
Parking maintenance	-	-	-	-
Farm operations	-	-	-	-
Trolley services	-	-	-	-
Senior mobility program	-	-	-	-
Plan check services	-	-	-	-
Street maintenance	-	-	-	-
Employee tuition	-	-	-	-
Enironmental	-	-	-	-
Traffic engineering	-	-	-	-
Citywide fee study	-	-	-	-
Storm drain	-	-	-	-
Other purposes	-	-	-	-
Unassigned	(1,482,538)	-	-	-
Total Fund Balances	(1,482,538)	1,601,798	-	-
Total Liabilities, Deferred Inflows of resources, and Fund Balances	\$ -	\$ 1,601,798	\$ 351,472	\$ 4,320,616

CITY OF SAN JUAN CAPISTRANO
Combining Balance Sheet
General Fund
June 30, 2023

	<u>Eliminations</u>	<u>Total General Fund</u>
Assets:		
Pooled cash and investments	\$ -	\$ 47,489,270
Receivables:		
Accounts	-	363,394
Taxes	-	2,763,462
Accrued interest	-	378,859
Leases	-	3,578,903
Prepaid costs	-	51,423
Due from other governments	-	774,915
Due from other funds	(1,516,979)	-
Total Assets	<u>\$ (1,516,979)</u>	<u>\$ 55,400,226</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 2,409,536
Accrued liabilities	-	438,795
Unearned revenues	-	123,129
Deposits payable	-	4,625,969
Due to other governments	-	6,893
Due to other funds	(1,516,979)	-
Total Liabilities	<u>(1,516,979)</u>	<u>7,604,322</u>
Deferred inflows of resources:		
Unavailable revenues	-	1,617,684
Deferred lease items	-	3,613,242
Total Deferred Inflows of Resources	<u>-</u>	<u>5,230,926</u>
Fund Balances:		
Nonspendable:		
Prepaid costs	-	51,423
Restricted for:		
Capital Projects	-	683,788
Public facilities	-	918,010
Assigned to:		
Water quality projects	-	1,913,208
Parking maintenance	-	319,335
Farm operations	-	1,016,991
Trolley services	-	20,630
Senior mobility program	-	23,800
Plan check services	-	920
Street maintenance	-	15,250
Employee tuition	-	48,700
Enironmental	-	26,575
Traffic engineering	-	38,771
Citywide fee study	-	60,000
Storm drain	-	227,570
Other purposes	-	19,695
Unassigned	<u>-</u>	<u>37,180,312</u>
Total Fund Balances	<u>-</u>	<u>42,564,978</u>
Total Liabilities, Deferred Inflows of resources, and Fund Balances	<u>\$ (1,516,979)</u>	<u>\$ 55,400,226</u>

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CITY OF SAN JUAN CAPISTRANO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
General Fund
Year Ended June 30, 2023

	<u>General Fund</u>	<u>Successor Agency and Housing Authority Administration</u>	<u>Farm Operations</u>	<u>Parking Maintenance</u>
Revenues:				
Taxes	\$ 32,303,057	\$ -	\$ -	\$ -
Licenses, fees and permits	3,590,829	166,438	-	1,418,053
Intergovernmental	2,260,772	-	-	-
Interest and rental	(579,204)	-	181,728	-
Fines and forfeitures	786,148	-	-	-
Miscellaneous	945,745	-	-	-
Total Revenues	39,307,347	166,438	181,728	1,418,053
Expenditures:				
Current:				
General government	5,373,847	33,745	-	771,528
Public safety	12,070,181	-	-	-
Development services	3,775,366	174,210	-	-
Parks and recreation	2,631,338	-	-	-
Public works	9,071,625	-	62,725	253,012
Debt service:				
Principal retirement	41,862	-	-	-
Interest and fiscal charges	17,042	-	-	-
Total Expenditures	32,981,261	207,955	62,725	1,024,540
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,326,086	(41,517)	119,003	393,513
Other Financing Sources (Uses):				
Transfers in	740,869	-	-	-
Transfers out	(2,430,473)	-	-	(442,906)
Total Other Financing Sources (Uses)	(1,689,604)	-	-	(442,906)
Net Change in Fund Balances	4,636,482	(41,517)	119,003	(49,393)
Fund Balances, Beginning of Year	36,605,243	(54,170)	897,988	332,082
Fund Balances, End of Year	\$ 41,241,725	\$ (95,687)	\$ 1,016,991	\$ 282,689

CITY OF SAN JUAN CAPISTRANO
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 General Fund
 Year Ended June 30, 2023

(Continued)

	<u>Eastern Open Space</u>	<u>Public Benefit Contributions</u>	<u>Developer Deposit</u>	<u>Deposit Fund</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	422,023	-
Intergovernmental	-	-	-	-
Interest and rental	420,000	413,505	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	1,200,000	555,000	-	-
Total Revenues	1,620,000	968,505	422,023	-
Expenditures:				
Current:				
General government	332,072	-	-	-
Public safety	-	-	-	-
Development services	-	-	-	-
Parks and recreation	-	-	-	-
Public works	183,417	-	422,023	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	515,489	-	422,023	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,104,511	968,505	-	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(50,495)	-	-
Total Other Financing Sources (Uses)	-	(50,495)	-	-
Net Change in Fund Balances	1,104,511	918,010	-	-
Fund Balances, Beginning of Year	(2,587,049)	683,788	-	-
Fund Balances, End of Year	\$ (1,482,538)	\$ 1,601,798	\$ -	\$ -

CITY OF SAN JUAN CAPISTRANO
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 General Fund
 Year Ended June 30, 2023

	Total General Fund
Revenues:	
Taxes	\$ 32,303,057
Licenses, fees and permits	5,597,343
Intergovernmental	2,260,772
Interest and rental	436,029
Fines and forfeitures	786,148
Miscellaneous	2,700,745
	<hr/>
Total Revenues	44,084,094
	<hr/>
Expenditures:	
Current:	
General government	6,511,192
Public safety	12,070,181
Development services	3,949,576
Parks and recreation	2,631,338
Public works	9,992,802
Debt service:	
Principal retirement	41,862
Interest and fiscal charges	17,042
	<hr/>
Total Expenditures	35,213,993
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,870,101
	<hr/>
Other Financing Sources (Uses):	
Transfers in	740,869
Transfers out	(2,923,874)
	<hr/>
Total Other Financing Sources (Uses)	(2,183,005)
	<hr/>
Net Change in Fund Balances	6,687,096
	<hr/>
Fund Balances, Beginning of Year	35,877,882
	<hr/>
Fund Balances, End of Year	\$ 42,564,978
	<hr/> <hr/>

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 30,338,000	\$ 31,131,000	\$ 32,303,057	\$ 1,172,057
Licenses, fees and permits	2,836,000	3,490,300	3,590,829	100,529
Intergovernmental	1,880,000	1,943,084	2,260,772	317,688
Interest and rental	484,000	496,000	(579,204)	(1,075,204)
Fines and forfeitures	758,000	758,000	786,148	28,148
Miscellaneous	5,000	928,000	945,745	17,745
Total Revenues:	36,301,000	38,746,384	39,307,347	560,963
Expenditures				
General government				
City Manager	2,662,290	3,014,755	2,678,695	336,060
City Attorney	706,000	706,000	445,707	260,293
City Clerk	522,160	565,760	566,415	(655)
Finance	1,684,710	1,684,710	1,683,030	1,680
Public Safety	12,439,020	12,464,520	12,070,181	394,339
Development Services	3,327,110	3,810,520	3,775,366	35,154
Community Services	2,458,607	2,630,983	2,631,338	(355)
Public Works	9,570,382	9,660,355	9,071,625	588,730
Debt service:				-
Principal retirement	36,165	36,165	41,862	(5,697)
Interest and fiscal charges	22,745	22,745	17,042	5,703
Total Expenditures:	33,429,189	34,596,513	32,981,261	1,615,252
Excess of revenues over (under) expenditures	2,871,811	4,149,871	6,326,086	2,176,215
Other Financing Sources (Uses)				
Transfers in	738,000	738,000	740,869	2,869
Transfers out	(1,500,000)	(7,470,246)	(2,430,473)	5,039,773
Total other Financing Sources (Uses):	(762,000)	(6,732,246)	(1,689,604)	5,042,642
Net Change in Fund Balances	\$ 2,109,811	\$ (2,582,375)	4,636,482	\$ 7,218,857
Budgetary Fund Balance, July 1, as restated			36,605,243	
Budgetary Fund Balance, June 30			\$ 41,241,725	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Successor Agency and Housing Authority Administration
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses, fees and permits	\$ 239,915	\$ 239,915	\$ 166,438	\$ (73,477)
Total Revenues:	239,915	239,915	166,438	(73,477)
Expenditures				
General government				
City Manager	22,810	15,605	14,440	1,165
City Attorney	35,000	35,000	13,071	21,929
City Clerk	7,450	7,450	6,234	1,216
Finance	17,795	-	-	-
Development Services	152,925	152,925	174,210	(21,285)
Total Expenditures:	235,980	210,980	207,955	3,025
Excess of revenues over (under) expenditures	3,935	28,935	(41,517)	(70,452)
Net Change in Fund Balances	\$ 3,935	\$ 28,935	(41,517)	\$ (70,452)
Budgetary Fund Balance, July 1			(54,170)	
Budgetary Fund Balance, June 30			\$ (95,687)	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Farm Operations
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and rental	\$ 136,000	\$ 182,000	\$ 181,728	\$ (272)
Total Revenues:	136,000	182,000	181,728	(272)
Expenditures				
Public Works	80,250	88,750	62,725	26,025
Total Expenditures:	80,250	88,750	62,725	26,025
Excess of revenues over (under) expenditures	55,750	93,250	119,003	25,753
Net Change in Fund Balances	\$ 55,750	\$ 93,250	119,003	\$ 25,753
Budgetary Fund Balance, July 1			897,988	
Budgetary Fund Balance, June 30			\$ 1,016,991	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Parking Maintenance
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses, fees and permits	\$ 1,298,000	\$ 1,412,000	\$ 1,418,053	\$ 6,053
Total Revenues	1,298,000	1,412,000	1,418,053	6,053
Expenditures				
General government				
Finance	787,015	792,535	771,528	21,007
Public Works	422,395	340,995	253,012	87,983
Total Expenditures	1,209,410	1,133,530	1,024,540	108,990
Excess of revenues over (under) expenditures	88,590	278,470	393,513	115,043
Other Financing Sources (Uses)				
Transfers out	-	(442,906)	(442,906)	-
Total Other Financing Sources (Uses)	-	(442,906)	(442,906)	-
Net Change in Fund Balances	\$ 88,590	\$ (164,436)	(49,393)	\$ 115,043
Budgetary Fund Balance, July 1			332,082	
Budgetary Fund Balance, June 30			\$ 282,689	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Eastern Open Space
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and rental	\$ 480,000	\$ 480,000	\$ 420,000	\$ (60,000)
Miscellaneous	-	1,200,000	1,200,000	-
Total Revenues:	480,000	1,680,000	1,620,000	(60,000)
Expenditures				
General government				
City Manager	80,000	87,826	78,777	9,049
City Attorney	10,000	169,000	253,295	(84,295)
Public Works	236,900	187,900	183,417	4,483
Total Expenditures:	326,900	444,726	515,489	(70,763)
Net Change in Fund Balances	\$ 153,100	\$ 1,235,274	1,104,511	\$ (130,763)
Budgetary Fund Balance, July 1			(2,587,049)	
Budgetary Fund Balance, June 30			\$ (1,482,538)	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Public Benefit Contributions
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and rental	\$ -	\$ 400,000	\$ 413,505	\$ 13,505
Miscellaneous	555,000	555,000	555,000	-
Total Revenues:	555,000	955,000	968,505	13,505
Charges to Appropriation (Outflow):				
Public Works	400,000	-	-	-
Transfers out	555,000	955,000	50,495	904,505
Total Charges to Appropriations	955,000	955,000	50,495	904,505
 Net Change in Fund Balances	 \$ (400,000)	 \$ -	 918,010	 \$ 918,010
 Budgetary Fund Balance, July 1			 683,788	
Budgetary Fund Balance, June 30			\$ 1,601,798	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Developer Deposit Fund
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses, fees and permits	\$ 407,350	\$ 407,350	\$ 422,023	\$ 14,673
Total Revenues:	<u>407,350</u>	<u>407,350</u>	<u>422,023</u>	<u>14,673</u>
Expenditures				
General government	-	33,720	-	33,720
Public Works	407,350	373,630	422,023	(48,393)
Total Expenditures:	<u>407,350</u>	<u>407,350</u>	<u>422,023</u>	<u>(14,673)</u>
 Net Change in Fund Balances	 <u>\$ -</u>	 <u>\$ -</u>	 <u>-</u>	 <u>\$ -</u>
 Budgetary Fund Balance, July 1 as restated			 <u>-</u>	
Budgetary Fund Balance, June 30			<u>\$ -</u>	

CITY OF SAN JUAN CAPISTRANO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Special Revenue Funds

	C&D Forfeited Bonds	RMRA	Certified Access Specialist Program (CASP)
Assets:			
Pooled cash and investments	\$ 2,486,962	\$ 1,440,469	\$ 77,571
Receivables:			
Taxes	-	-	-
Due from other governments	-	136,827	-
Total Assets	\$ 2,486,962	\$ 1,577,296	\$ 77,571
Liabilities, Deferred inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 174
Unearned revenues	-	-	47,190
Deposits payable	1,104,314	-	-
Total Liabilities	1,104,314	-	47,364
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total Deferred inflows of Resources	-	-	-
Fund Balances:			
Restricted for:			
Community development projects	-	-	-
Capital Projects	-	1,577,296	-
Debt service	-	-	-
Recycling	1,382,648	-	-
Disability access program	-	-	30,207
Landscape maintenance	-	-	-
Unassigned	-	-	-
Total Fund Balances	1,382,648	1,577,296	30,207
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 2,486,962	\$ 1,577,296	\$ 77,571

CITY OF SAN JUAN CAPISTRANO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

(Continued)

Special Revenue Funds

	Landscape Maintenance District	CDBG/Home Grant	State Gasoline Tax
Assets:			
Pooled cash and investments	\$ 247,678	\$ 653,421	\$ 1,076,576
Receivables:			
Taxes	1,182	-	-
Due from other governments	-	-	77,998
Total Assets	\$ 248,860	\$ 653,421	\$ 1,154,574
Liabilities, Deferred inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 17,370	\$ 8,781	\$ -
Unearned revenues	-	-	-
Deposits payable	-	-	-
Total Liabilities	17,370	8,781	-
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total Deferred inflows of Resources	-	-	-
Fund Balances:			
Restricted for:			
Community development projects	-	644,640	-
Capital Projects	-	-	1,154,574
Debt service	-	-	-
Recycling	-	-	-
Disability access program	-	-	-
Landscape maintenance	231,490	-	-
Unassigned	-	-	-
Total Fund Balances	231,490	644,640	1,154,574
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 248,860	\$ 653,421	\$ 1,154,574

CITY OF SAN JUAN CAPISTRANO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Special Revenue Funds

	SONGS	AQMD	Measure M
Assets:			
Pooled cash and investments	\$ 42,977	\$ 378,880	\$ 938,134
Receivables:			
Taxes	-	-	-
Due from other governments	-	11,606	148,223
Total Assets	\$ 42,977	\$ 390,486	\$ 1,086,357
Liabilities, Deferred inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 8,068	\$ -	\$ -
Unearned revenues	34,909	-	-
Deposits payable	-	-	-
Total Liabilities	42,977	-	-
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total Deferred inflows of Resources	-	-	-
Fund Balances:			
Restricted for:			
Community development projects	-	-	-
Capital Projects	-	390,486	1,086,357
Debt service	-	-	-
Recycling	-	-	-
Disability access program	-	-	-
Landscape maintenance	-	-	-
Unassigned	-	-	-
Total Fund Balances	-	390,486	1,086,357
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 42,977	\$ 390,486	\$ 1,086,357

CITY OF SAN JUAN CAPISTRANO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

(Continued)

	<u>Special Revenue Funds</u>		
	<u>Law Enforcement Grants</u>	<u>Hwy, Street, & Road Project Grants</u>	<u>Historic Depiction Fund</u>
Assets:			
Pooled cash and investments	\$ -	\$ 8,614	\$ 12,672
Receivables:			
Taxes	-	-	-
Due from other governments	-	355,028	-
Total Assets	\$ -	\$ 363,642	\$ 12,672
Liabilities, Deferred inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenues	-	-	-
Deposits payable	-	-	-
Total Liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenues	-	224,869	-
Total Deferred inflows of Resources	-	224,869	-
Fund Balances:			
Restricted for:			
Community development projects	-	-	12,672
Capital Projects	-	138,773	-
Debt service	-	-	-
Recycling	-	-	-
Disability access program	-	-	-
Landscape maintenance	-	-	-
Unassigned	-	-	-
Total Fund Balances	-	138,773	12,672
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ -	\$ 363,642	\$ 12,672

CITY OF SAN JUAN CAPISTRANO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>	
	<u>Bond Proceeds Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Pooled cash and investments	\$ 34	\$ 4,141,368	\$ 11,505,356
Receivables:			
Taxes	-	51,773	52,955
Due from other governments	-	-	729,682
Total Assets	<u>\$ 34</u>	<u>\$ 4,193,141</u>	<u>\$ 12,287,993</u>
Liabilities, Deferred inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 34,393
Unearned revenues	-	-	82,099
Deposits payable	-	-	1,104,314
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,220,806</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	224,869
Total Deferred inflows of Resources	<u>-</u>	<u>-</u>	<u>224,869</u>
Fund Balances:			
Restricted for:			
Community development projects	-	-	657,312
Capital Projects	34	-	4,347,520
Debt service	-	4,193,141	4,193,141
Recycling	-	-	1,382,648
Disability access program	-	-	30,207
Landscape maintenance	-	-	231,490
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>34</u>	<u>4,193,141</u>	<u>10,842,318</u>
Total Liabilities, deferred inflows of resources, and Fund Balances	<u>\$ 34</u>	<u>\$ 4,193,141</u>	<u>\$ 12,287,993</u>

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CITY OF SAN JUAN CAPISTRANO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	C&D Forfeited Bonds	RMRA	Certified Access Specialist Program (CASP)
Revenues:			
Taxes	\$ -	\$ -	\$ 585
Licenses, fees and permits	108,476	-	-
Intergovernmental	-	839,333	-
Interest and rental	-	21,327	-
Miscellaneous	-	-	(135)
Total Revenues	108,476	860,660	450
Expenditures:			
Current:			
Public safety	-	-	-
Development services	245,364	-	410
Public works	87	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	245,451	-	410
Excess (Deficiency) of Revenues Over (Under) Expenditures	(136,975)	860,660	40
Other Financing Sources (Uses):			
Transfers out	-	(262,900)	-
Total Other Financing Sources (Uses)	-	(262,900)	-
Net Change in Fund Balances	(136,975)	597,760	40
Fund Balances, Beginning of Year	1,519,623	979,536	30,167
Fund Balances, End of Year	\$ 1,382,648	\$ 1,577,296	\$ 30,207

CITY OF SAN JUAN CAPISTRANO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

(Continued)

Special Revenue Funds

	Landscape Maintenance District	CDBG/Home Grant	State Gasoline Tax
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses, fees and permits	139,440	-	-
Intergovernmental	-	-	891,523
Interest and rental	-	9,309	17,423
Miscellaneous	-	152,759	-
Total Revenues	139,440	162,068	908,946
Expenditures:			
Current:			
Public safety	-	-	-
Development services	-	89,641	-
Public works	144,932	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	144,932	89,641	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,492)	72,427	908,946
Other Financing Sources (Uses):			
Transfers out	-	-	(678,201)
Total Other Financing Sources (Uses)	-	-	(678,201)
Net Change in Fund Balances	(5,492)	72,427	230,745
Fund Balances, Beginning of Year	236,982	572,213	923,829
Fund Balances, End of Year	\$ 231,490	\$ 644,640	\$ 1,154,574

CITY OF SAN JUAN CAPISTRANO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

Special Revenue Funds

	SONGS	AQMD	Measure M
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-
Intergovernmental	141,211	57,710	903,917
Interest and rental	-	5,783	9,535
Miscellaneous	-	-	-
Total Revenues	141,211	63,493	913,452
Expenditures:			
Current:			
Public safety	141,211	-	-
Development services	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	141,211	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	63,493	913,452
Other Financing Sources (Uses):			
Transfers out	-	(54,601)	(884,939)
Total Other Financing Sources (Uses)	-	(54,601)	(884,939)
Net Change in Fund Balances	-	8,892	28,513
Fund Balances, Beginning of Year	-	381,594	1,057,844
Fund Balances, End of Year	\$ -	\$ 390,486	\$ 1,086,357

CITY OF SAN JUAN CAPISTRANO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

(Continued)

Special Revenue Funds

	Law Enforcement Grants	Hwy, Street, & Road Project Grants	Historic Depiction Fund
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-
Intergovernmental	165,271	401,038	-
Interest and rental	68	(1,279)	202
Miscellaneous	-	-	-
Total Revenues	165,339	399,759	202
Expenditures:			
Current:			
Public safety	-	-	-
Development services	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	165,339	399,759	202
Other Financing Sources (Uses):			
Transfers out	(165,339)	(193,394)	-
Total Other Financing Sources (Uses)	(165,339)	(193,394)	-
Net Change in Fund Balances	-	206,365	202
Fund Balances, Beginning of Year	-	(67,592)	12,470
Fund Balances, End of Year	\$ -	\$ 138,773	\$ 12,672

CITY OF SAN JUAN CAPISTRANO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>	
	<u>Bond Proceeds Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ 2,055,580	\$ 2,056,165
Licenses, fees and permits	-	-	247,916
Intergovernmental	-	-	3,400,003
Interest and rental	69	56,590	119,027
Miscellaneous	-	-	152,624
Total Revenues	69	2,112,170	5,975,735
Expenditures:			
Current:			
Public safety	-	-	141,211
Development services	-	-	335,415
Public works	-	-	145,019
Debt service:			
Principal retirement	-	945,000	945,000
Interest and fiscal charges	-	899,210	899,210
Total Expenditures	-	1,844,210	2,465,855
Excess (Deficiency) of Revenues Over (Under) Expenditures	69	267,960	3,509,880
Other Financing Sources (Uses):			
Transfers out	(9,461)	-	(2,248,835)
Total Other Financing Sources (Uses)	(9,461)	-	(2,248,835)
Net Change in Fund Balances	(9,392)	267,960	1,261,045
Fund Balances, Beginning of Year	9,426	3,925,181	9,581,273
Fund Balances, End of Year	\$ 34	\$ 4,193,141	\$ 10,842,318

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds include the following:

State Gasoline Tax Fund - is used to account for revenues received and expenditures made for street maintenance. Financing is provided by City's share of State gasoline taxes. These taxes are used exclusively to maintain streets in accordance with State law.

CDBG/Home Grant Fund - is used to account for revenues received from the State of California for the Community Development Block Grant (CDBG) program and Home Investment Partnerships program funded by the U.S. Department of Housing and Urban Development. These funds are primarily used to fund the City's affordable housing program.

Air Quality Management District (AQMD) Fund - is used to account for fees generated by AB 2766, received from the State, which added a surcharge to vehicle registration. The fees are used for mobile source emission reduction projects.

Measure M Fund - is used to account for funds received by the City as a result of the voter-approved ballot measure in 1990 and extended by voter approval in 2006 to increase sales tax by ½ percent in Orange County to fund transportation projects, and includes both Measure M apportionment and funds awarded through competitive allocation.

Landscape Maintenance District Fund - is used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

San Onofre Nuclear Generating Station (SONGS) Fund - is used to account for the accumulation of all resources for and payment of expenditures incurred in connection with emergency preparedness related to the San Onofre Nuclear Generating Station. All costs are reimbursed by the State of California.

Law Enforcement Grants Fund - is used to account for proceeds from the State of California Community Oriented Police Support (COPS) and other county grant funds. These funds are used to fund law enforcement activities within the City.

Forfeited C&D Deposits Fund - is used to account for revenues received from fees for which no refund is required.

RMRA Fund - is used to account for revenues received from the State SB1 taxes. Expenditures are restricted to basic road maintenance, rehabilitation, and critical safety projects. is used to account for revenues received from fees for which no refund is required.

Certified Access Specialist Program Fund – is used to account for the state-mandated \$4 fee that is required by Senate Bill 1186 to be collected with each business license issued by the City in order to fund certified access specialist programs

Historic Depiction Fund – To account for proceeds from the Historic Depiction In-Lieu development fees collected under City Council Policy No. 606.

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 C&D Forfeited Bonds
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, fees and permits	\$ 25,000	\$ 80,000	\$ 108,476	\$ 28,476
Total Revenues:	25,000	80,000	108,476	28,476
Expenditures:				
Development services	218,770	217,345	245,364	(28,019)
Public works	-	1,425	87	1,338
Total Expenditures:	218,770	218,770	245,451	(26,681)
Net Change in Fund Balances	\$ (193,770)	\$ (138,770)	(136,975)	\$ 1,795
Budgetary Fund Balance, July 1			1,519,623	
Budgetary Fund Balance, June 30			\$ 1,382,648	

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 RMRA
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 816,000	\$ 759,000	\$ 839,333	\$ 80,333
Interest and rental	-	-	21,327	21,327
Total Revenues:	816,000	759,000	860,660	101,660
Other Financing Sources (Uses)				
Transfers out	(963,198)	(1,884,518)	(262,900)	1,621,618
Total Other Financing Sources (Uses)	(963,198)	(1,884,518)	(262,900)	1,621,618
Net Change in Fund Balances	\$ (147,198)	\$ (1,125,518)	597,760	\$ 1,723,278
Budgetary Fund Balance, July 1			979,536	
Budgetary Fund Balance, June 30			\$ 1,577,296	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Certified Access Specialist Program (CASP)
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,000	\$ 1,000	\$ 585	\$ (415)
Miscellaneous	-	-	(135)	(135)
Total Revenues:	1,000	1,000	450	(550)
Expenditures:				
Development services	8,700	8,700	410	8,290
Total Expenditures:	8,700	8,700	410	8,290
Net Change in Fund Balances	\$ (7,700)	\$ (7,700)	40	\$ 7,740
Budgetary Fund Balance, July 1			30,167	
Budgetary Fund Balance, June 30			\$ 30,207	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Landscape Maintenance District
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, fees and permits	\$ 140,000	\$ 140,000	\$ 139,440	\$ (560)
Total Revenues:	<u>140,000</u>	<u>140,000</u>	<u>139,440</u>	<u>(560)</u>
Expenditures:				
Public works	214,670	190,070	144,932	45,138
Total Expenditures:	<u>214,670</u>	<u>190,070</u>	<u>144,932</u>	<u>45,138</u>
Net Change in Fund Balances	<u>\$ (74,670)</u>	<u>\$ (50,070)</u>	<u>(5,492)</u>	<u>\$ 44,578</u>
Budgetary Fund Balance, July 1			<u>236,982</u>	
Budgetary Fund Balance, June 30			<u>\$ 231,490</u>	

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 CDBG/Home Grant
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest and rental	\$ 4,000	\$ 4,000	\$ 9,309	\$ 5,309
Miscellaneous	120,000	120,000	152,759	32,759
Total Revenues:	124,000	124,000	162,068	38,068
Expenditures:				
Development services	337,970	378,395	89,641	288,754
Total Expenditures:	337,970	378,395	89,641	288,754
Net Change in Fund Balances	\$ (213,970)	\$ (254,395)	72,427	\$ 326,822
Budgetary Fund Balance, July 1			572,213	
Budgetary Fund Balance, June 30			\$ 644,640	

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 State Gasoline Tax
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,049,600	\$ 905,000	\$ 891,523	\$ (13,477)
Interest and rental	-	-	17,423	17,423
Total Revenues:	1,049,600	905,000	908,946	3,946
Other Financing Sources (Uses)				
Transfers out	(350,000)	(1,307,408)	(678,201)	629,207
Total Other Financing Sources (Uses)	(350,000)	(1,307,408)	(678,201)	629,207
Net Change in Fund Balances	\$ 699,600	\$ (402,408)	230,745	\$ 633,153
Budgetary Fund Balance, July 1			923,829	
Budgetary Fund Balance, June 30			\$ 1,154,574	

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 Songs Fund
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 143,830	\$ 154,135	\$ 141,211	\$ (12,924)
Total Revenues:	<u>143,830</u>	<u>154,135</u>	<u>141,211</u>	<u>(12,924)</u>
Expenditures:				
Development services	143,830	143,830	141,211	2,619
Total Expenditures:	<u>143,830</u>	<u>143,830</u>	<u>141,211</u>	<u>2,619</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 10,305</u>	-	<u>\$ (10,305)</u>
Budgetary Fund Balance, July 1			-	
Budgetary Fund Balance, June 30			<u>\$ -</u>	

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 AQMD
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 57,710	\$ 12,710
Interest and rental	1,000	1,000	5,783	4,783
Total Revenues:	46,000	46,000	63,493	17,493
Expenditures:				
Public safety	5,000	5,000	-	5,000
Total Expenditures:	5,000	5,000	-	5,000
Excess of Revenues Over (Under) Expenditures	41,000	41,000	63,493	22,493
Other Financing Sources (Uses)				
Transfers out	(31,000)	(181,000)	(54,601)	126,399
Total Other Financing Sources (Uses)	(31,000)	(181,000)	(54,601)	126,399
Net Change in Fund Balances	\$ 10,000	\$ (140,000)	8,892	\$ 148,892
Budgetary Fund Balance, July 1			381,594	
Budgetary Fund Balance, June 30			\$ 390,486	

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 Measure M
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 802,000	\$ 802,000	\$ 903,917	\$ 101,917
Interest and rental	1,000	1,000	9,535	8,535
Total Revenues:	803,000	803,000	913,452	110,452
Other Financing Sources (Uses)				
Transfers out	(196,128)	(962,658)	(884,939)	77,719
Total Other Financing Sources (Uses)	(196,128)	(962,658)	(884,939)	77,719
Net Change in Fund Balances	\$ 606,872	\$ (159,658)	28,513	\$ 188,171
Budgetary Fund Balance, July 1			1,057,844	
Budgetary Fund Balance, June 30			\$ 1,086,357	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Law Enforcement Grants
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 157,000	\$ 157,000	\$ 165,271	\$ 8,271
Interest and rental	-	-	68	68
Total Revenues:	157,000	157,000	165,339	8,339
Other Financing Sources (Uses)				
Transfers out	(157,000)	(157,000)	(165,339)	(8,339)
Total Other Financing Sources (Uses)	(157,000)	(157,000)	(165,339)	(8,339)
Net Change in Fund Balances	\$ -	\$ -	-	\$ -
Budgetary Fund Balance, July 1			-	
Budgetary Fund Balance, June 30			\$ -	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Highways, Streets, and Roads Projects Grants Fund
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 401,038	\$ 201,038
Interest and rental	-	-	(1,279)	(1,279)
Total Revenues:	<u>200,000</u>	<u>200,000</u>	<u>399,759</u>	<u>199,759</u>
Other Financing Sources (Uses)				
Transfers out	(2,533,000)	(200,000)	(193,394)	6,606
Total Other Financing Sources (Uses)	<u>(2,533,000)</u>	<u>(200,000)</u>	<u>(193,394)</u>	<u>6,606</u>
Net Change in Fund Balances	<u>\$ (2,333,000)</u>	<u>\$ -</u>	<u>206,365</u>	<u>\$ 206,365</u>
Budgetary Fund Balance, July 1			(67,592)	
Budgetary Fund Balance, June 30			<u>\$ 138,773</u>	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Historic Depiction Fund
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest and rental	\$ -	\$ -	\$ 202	\$ 202
Total Revenues:	<u>-</u>	<u>-</u>	<u>202</u>	<u>202</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>202</u>	<u>\$ 202</u>
Budgetary Fund Balance, July 1			<u>12,470</u>	
Budgetary Fund Balance, June 30			<u>\$ 12,672</u>	

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CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Developer Impact Fees Fund - is used to account for Revenues collected from new development to help the City's cost for roadway improvements. Revenues collected from new development; to be used for development of City parks, recreational facilities and historic buildings. Revenues collected from new development to pay for development of the City's Master Plan of Drainage. Revenues collected by traffic impact fees assessed on new development and are based on either number of dwelling units or building square footage.

General City Capital Projects Fund - is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and bond proceeds).

Bond Proceeds Capital Projects Fund - is used to account for the bond proceeds to be used for the acquisition or construction of major capital facilities. This fund includes the following bond proceeds: the 2009 General Obligation Bonds issued by the City for the acquisition, improvement, and preservation of the City's open space areas; the City's portion of the Community Facilities District No. 2005-1 Bonds issued by the Capistrano Unified School District and Whispering Hills, LLC for the construction of Citywide facilities that benefit the District; and the 2008 Series A Tax Allocation Bonds that were transferred to the City from the Successor Agency to the San Juan Capistrano Community Redevelopment Agency to provide funding for improvements to the City's downtown area.

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Developer Impact Fees Capital Projects Fund
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 637,000	\$ 728,000	\$ 619,589	\$ (108,411)
Licenses, fees and permits	5,214,000	4,959,000	2,495,322	(2,463,678)
Interest and rental	29,000	29,000	303,778	274,778
Total Revenues:	<u>5,880,000</u>	<u>5,716,000</u>	<u>3,418,689</u>	<u>(2,297,311)</u>
Other Financing Sources (Uses)				
Transfers Out	(1,364,000)	(9,087,505)	(405,545)	8,681,960
Total other Financing Sources (Uses)	<u>(1,364,000)</u>	<u>(9,087,505)</u>	<u>(405,545)</u>	<u>8,681,960</u>
Net Change in Fund Balances	<u>\$ 4,516,000</u>	<u>\$ (3,371,505)</u>	<u>3,013,144</u>	<u>\$ 6,384,649</u>
Budgetary Fund Balance, July 1			<u>17,256,108</u>	
Budgetary Fund Balance, June 30			<u>\$ 20,269,252</u>	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
General City Capital Projects Fund
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay	\$ 8,171,000	\$ 31,880,829	\$ 13,699,591	\$ 18,181,238
Total Expenditures:	8,171,000	31,880,829	13,699,591	18,181,238
Other Financing Sources (Uses)				
Transfers in	8,171,000	31,880,829	13,920,505	(17,960,324)
Total other Financing Sources (Uses)	8,171,000	31,880,829	13,920,505	(17,960,324)
Net Change in Fund Balances	\$ -	\$ -	220,914	\$ 220,914
Budgetary Fund Balance, July 1			-	
Budgetary Fund Balance, June 30			\$ 220,914	

CITY OF SAN JUAN CAPISTRANO
Budgetary Comparison Schedule
Bond Proceeds Capital Projects Fund
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and rental	\$ -	\$ -	\$ 69	\$ 69
Total Revenues:	<u>-</u>	<u>-</u>	<u>69</u>	<u>69</u>
Other Financing Sources (Uses)				
Transfers Out	-	(9,430)	(9,461)	(31)
Total other Financing Sources (Uses)	<u>-</u>	<u>(9,430)</u>	<u>(9,461)</u>	<u>(31)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (9,430)</u>	<u>(9,392)</u>	<u>\$ 38</u>
Budgetary Fund Balance, July 1			<u>9,426</u>	
Budgetary Fund Balance, June 30			<u>\$ 34</u>	

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of the long-term debt.

Debt Service Fund - is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs not accounted for in other funds.

CITY OF SAN JUAN CAPISTRANO
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,956,000	\$ 1,956,000	\$ 2,055,580	\$ 99,580
Interest and rental	1,000	1,000	56,590	55,590
Total Revenues:	1,957,000	1,957,000	2,112,170	155,170
Expenditures:				
Debt service:				
Principal retirement	945,000	945,000	945,000	-
Interest and fiscal charges	925,100	925,100	899,210	25,890
Total Expenditures:	1,870,100	1,870,100	1,844,210	25,890
Net Changes in Fund Balance	\$ 86,900	\$ 86,900	267,960	181,060
Budgetary Fund Balance, July 1			3,925,181	
Budgetary Fund Balance, June 30			\$ 4,193,141	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for activities and services performed for other organizational units within the City. Charges to other City departments are made to support these activities. Internal Service Funds include the following:

Facilities Operations Fund - is used to account for the costs of operating all City facilities and corporate yard used by City departments. Such costs are billed on a direct cost basis. The facilities operations fund is responsible for replacement of equipment at facilities, as necessary.

Insurance and Benefits Fund - is used to account for the costs of insurance and employee benefits including pension and OPEB contributions and compensated absences. Such costs are allocated to each department on a direct cost basis.

CITY OF SAN JUAN CAPISTRANO
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Governmental Activities - Internal Service Funds		
	Facilities Operations	Insurance and Benefits	Totals
Assets:			
Current:			
Cash and investments	\$ 12,334,722	\$ 1,652,973	\$ 13,987,695
Receivables:			
Accounts	5,533	178	5,711
Prepaid costs	122,132	2,190,426	2,312,558
Total Current Assets	12,462,387	3,843,577	16,305,964
Noncurrent:			
Capital assets - not being depreciated	325,735	-	325,735
Capital assets - net of accumulated depreciation	1,587,412	-	1,587,412
Total Noncurrent Assets	1,913,147	-	1,913,147
Total Assets	14,375,534	3,843,577	18,219,111
Deferred Outflows of Resources:			
Pension deferred outflow	146,139	339,396	485,535
OPEB deferred outflow	8,889	-	8,889
Total Deferred Outflows of Resources	155,028	339,396	494,424
Liabilities:			
Current:			
Accounts payable	189,792	(82,483)	107,309
Deferred revenues	5,533	-	5,533
Accrued compensated absences	-	312,322	312,322
Lease payable	34,278	-	34,278
Subscriptions	110,250	-	110,250
Total Current Liabilities	339,853	229,839	569,692
Noncurrent:			
Accrued compensated absences	-	1,053,415	1,053,415
Lease payable	36,060	-	36,060
Subscriptions	616,863	-	616,863
Net pension liability	415,535	-	415,535
OPEB liability	58,962	-	58,962
Total Noncurrent Liabilities	1,127,420	1,053,415	2,180,835
Total Liabilities	1,467,273	1,283,254	2,750,527
Deferred Inflows of Resources:			
Pension deferred inflows	104,563	-	104,563
OPEB deferred inflows	28,959	-	28,959
Total Deferred Inflows of Resources	133,522	-	133,522
Net Position:			
Net investment in capital assets	1,115,696	-	1,115,696
Unrestricted	11,814,071	2,899,719	14,713,790
Total Net Position	\$ 12,929,767	\$ 2,899,719	\$ 15,829,486

CITY OF SAN JUAN CAPISTRANO
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	Facilities Operations	Insurance and Benefits	Totals
Operating Revenues:			
Sales and service charges	\$ 2,654,420	\$ 5,128,611	\$ 7,783,031
Miscellaneous	40	-	40
Total Operating Revenues	2,654,460	5,128,611	7,783,071
Operating Expenses:			
Depreciation/Amortization expense	310,615	-	310,615
Maintenance and operations	2,049,071	-	2,049,071
Insurance and benefits	(50,355)	5,016,250	4,965,895
Total Operating Expenses	2,309,331	5,016,250	7,325,581
Operating Income (Loss)	345,129	112,361	457,490
Nonoperating Revenues (Expenses):			
Interest revenue (loss)	86,815	15,676	102,491
Interest expense	(17,620)	-	(17,620)
Gain (loss) on disposal of capital assets	8,206,750	-	8,206,750
Total Nonoperating Revenues (Expenses)	8,275,945	15,676	8,291,621
Income (Loss) Before Transfers	8,621,074	128,037	8,749,111
Transfers out	(547,317)	-	(547,317)
Changes in Net Position	8,073,757	128,037	8,201,794
Net Position:			
Beginning of Year, as originally reported	4,814,056	2,771,682	7,585,738
Restatements	41,954	-	41,954
Beginning of Fiscal Year, as restated	4,856,010	2,771,682	7,627,692
End of Fiscal Year	\$ 12,929,767	\$ 2,899,719	\$ 15,829,486

CITY OF SAN JUAN CAPISTRANO
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

Governmental Activities - Internal Service Funds

	Facilities Operations	Insurance and Benefits	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 2,798,062	\$ 5,127,352	\$ 7,925,414
Cash paid to suppliers for goods and services	(1,916,265)	(3,951,577)	(5,867,842)
Cash paid to employees for services	(151,388)	-	(151,388)
Net Cash Provided (Used) by Operating Activities	730,409	1,175,775	1,906,184
Cash Flows from Non-Capital Financing Activities:			
Transfers made to other funds	(547,317)	-	(547,317)
Net Cash Provided (Used) by Non-Capital Financing Activities	(547,317)	-	(547,317)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(70,513)	-	(70,513)
Principal payments on capital debt	(188,898)	-	(188,898)
Proceeds from sales of capital assets	8,691,999	-	8,691,999
Net Cash Provided (Used) by Capital and Related Financing Activities	8,432,588	-	8,432,588
Cash Flows from Investing Activities:			
Interest received, net of unrealized losses	83,815	15,676	99,491
Net Cash Provided (Used) by Investing Activities	83,815	15,676	99,491
Net Increase (Decrease) in Cash and Cash Equivalents	8,699,495	1,191,451	9,890,946
Cash and Cash Equivalents at Beginning of Year	3,635,227	461,522	4,096,749
Cash and Cash Equivalents at End of Year	\$ 12,334,722	\$ 1,652,973	\$ 13,987,695
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 345,129	\$ 112,361	\$ 457,490
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation/Amortization	310,615	-	310,615
(Increase) decrease in accounts receivable	149,135	(17)	149,118
(Increase) decrease in prepaid expense	(63,509)	1,451,475	1,387,966
(Increase) decrease in due from other governments	(5,533)	-	(5,533)
Increase (decrease) in accounts payable	27,539	(120,369)	(92,830)
Increase (decrease) in deferred revenue	-	(1,242)	(1,242)
Increase (decrease) in compensated absences	-	72,945	72,945
(Increase) decrease in pension related outflows	(16,591)	(339,378)	(355,969)
(Increase) decrease in OPEB related outflows	6,121	-	6,121
Increase (decrease) in pension related inflows	(159,765)	-	(159,765)
Increase (decrease) in OPEB related inflows	(12,729)	-	(12,729)
Increase (decrease) in net pension liability	167,757	-	167,757
Increase (decrease) in total OPEB liability	(17,760)	-	(17,760)
Total Adjustments	385,280	1,063,414	1,448,694
Net Cash Provided (Used) by Operating Activities	\$ 730,409	\$ 1,175,775	\$ 1,906,184
Non-Cash Investing, Capital, and Financing Activities:			
Subscription assets purchased	\$ 1,188,400	\$ -	\$ 1,188,400

SUCCESSOR AGENCY OF THE SAN JUAN CAPISTRANO REDEVELOPMANT AGENCY (SACRA)
TRUST FUND

The Successor Agency to the San Juan Capistrano Community Redevelopment Agency (SACRA) Trust Fund is used to account for the activity of the dissolved San Juan Capistrano Community Redevelopment Agency in accordance with Assembly Bill X1 26. The SACRA Trust Fund presented in the Statement of Fiduciary Net Position consists of the aggregate of the following funds:

Administration Fund - is the general operating fund of the Successor Agency and is used to account for the Successor Agency's administrative costs.

Debt Service Fund - is used to account for the accumulation of resources and payment for the principal and interest on the Successor Agency's indebtedness.

Retirement Obligation Payment Fund - is used to account for Redevelopment Property Tax Trust Fund (RPTTF) revenues the Successor Agency receives from the State of California, through the County of Orange, and the transfers to other funds for the payment of enforceable obligations approved for payment by the State of California Department of Finance.

CITY OF SAN JUAN CAPISTRANO
 Combing Statement of Net Position
 Successor Agency of the San Juan Capistrano Redevelopment Agency (SACRA) Trust Fund
 June 30, 2023

	Administration Fund	Debt Service Fund	Retirement Obligation Payment Fund	Total SACRA Trust Fund
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 2,173,101	\$ 2,173,101
Notes and loans	2,055,914	-	-	2,055,914
Restricted assets:				
Cash and investments with fiscal agents	-	1,617,738	-	1,617,738
Total Assets	2,055,914	1,617,738	2,173,101	5,846,753
Liabilities:				
Accounts payable	48,885	-	-	48,885
Accrued interest	-	424,522	-	424,522
Long-term liabilities:				
Due in one year	-	1,385,000	-	1,385,000
Due in more than one year	-	18,040,964	-	18,040,964
Total Liabilities	48,885	19,850,486	-	19,899,371
Restricted Net Position:				
Held in trust for other purposes	2,007,029	(18,232,748)	2,173,101	(14,052,618)
Total Net Position	\$ 2,007,029	\$ (18,232,748)	\$ 2,173,101	\$ (14,052,618)

CITY OF SAN JUAN CAPISTRANO
Statement of Changes in Fiduciary Net Position
Successor Agency of the San Juan Capistrano Redevelopment Agency (SACRA) Trust Fund
Year Ended June 30, 2023

	Administration Fund	Debt Service Fund	Retirement Obligation Payment Fund	Eliminations/ Reclassification	Total SACRA Trust Fund
Additions:					
Taxes	\$ -	\$ -	\$ 3,047,895	\$ -	\$ 3,047,895
Interest and change in fair value of investments	33,960	48,713	-	-	82,673
Transfer in	101,215	2,131,319	-	(2,232,534)	-
Total Additions	135,175	2,180,032	3,047,895	(2,232,534)	3,130,568
Deductions:					
Administrative expenses	132,174	1,053	-	-	133,227
Interest expense	-	1,036,029	-	-	1,036,029
Transfer out	-	-	2,232,534	(2,232,534)	-
Total Deductions	132,174	1,037,082	2,232,534	(2,232,534)	1,169,256
Changes in Net Position	3,001	1,142,950	815,361	-	1,961,312
Net Position - Beginning of the Year	2,004,028	(19,375,698)	1,357,740	-	(16,013,930)
Net Position - End of the Year	\$ 2,007,029	\$ (18,232,748)	\$ 2,173,101	\$ -	\$ (14,052,618)

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