CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY

REGULAR MEETING AGENDA
Tuesday, December 11, 2018 – 7:00 PM
(Closed Session at 6:00 PM when scheduled)

Mel Carruth, Mayor
Dore J. Gilbert, M.D., Mayor Pro Tempore
Janine Heft, Council Member
Don Sedgwick, Council Member

Location: City Council Chamber, 24035 El Toro Road, Laguna Hills, CA 92653

Any person wishing to address the City Council/Planning Agency on any matter, whether or not it appears on this Agenda, is asked to complete a pink "Request to Speak" form available on the table at the back of the Chamber. The completed form is to be submitted to the City Clerk prior to an individual being heard by the City Council/Planning Agency. Completion of the form is voluntary. All persons may attend the meeting regardless of whether this form is completed.

Members of the public wishing to address the City Council can do so during the Public Comments portion of the Agenda with a time limitation of three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes for Public Comments. If you are commenting on an Agenda item, your comments will be heard at the time that item is scheduled on the Agenda. If you are addressing the City Council on an item not listed on the Agenda, the City Council is prohibited by law from discussing or taking any action on that item.

GENERAL BUSINESS - CONVENING AT 7:00 PM

CALL TO ORDER

Resolution No. 96-04-09-1 established rules of decorum for public meetings held by the City of Laguna Hills. Resolution No. 96-04-09-1 is available on the table at the back of the City Council Chamber.

PLEDGE OF ALLEGIANCE: COUNCIL MEMBER SEDGWICK

ROLL CALL OF CITY COUNCIL MEMBERS

CITY COUNCIL REORGANIZATION

CERTIFICATION OF THE GENERAL MUNICIPAL ELECTION HELD ON NOVEMBER 6, 2018

Certification of the General Municipal Election Held on November 6, 2018

Recommendation: That the City Council: (1) Receive and file the Certificate of Results for the General Municipal Election held on Tuesday, November 6, 2018; and (2) Adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, reciting the fact of the General Municipal Election held on Tuesday, November 6, 2018, declaring the results and such other matters as provided by law."

RECOGNITION OF OUTGOING MAYOR AND RESOLUTION OF COMMENDATION, MEL CARRUTH, MAYOR

Recognition of Outgoing Mayor and Resolution of Commendation, Mel Carruth, Mayor

Recommendation: That the City Council adopt a Resolution entitled: “ A Resolution of the City Council of the City of Laguna Hills, California, commending Mel Carruth as Mayor and recognizing the service of Mayor Mel Carruth,” and that the City Council present a Resolution of Commendation to Mel Carruth.

RECESS

RECONVENE

OATH OF OFFICE FOR NEW COUNCIL MEMBERS

ROLL CALL OF CITY COUNCIL MEMBERS

ELECTION OF MAYOR

Recommendation: That the City Council nominate and elect a Mayor.

REMARKS OF NEWLY ELECTED MAYOR

ELECTION OF MAYOR PRO TEMPORE

Recommendation: That the City Council nominate and elect a Mayor Pro Tempore.

RECESS

RECONVENE

1. PRESENTATIONS AND PROCLAMATIONS

1.1 <u>Laguna Hills High School Student Liaison</u>

Recommendation: That the City Council receive an oral report from Laguna Hills High School Student Liaison Julia Moon.

2. PUBLIC COMMENTS

This is the time to address the City Council on any matter not listed on this Agenda that is within the subject matter jurisdiction of the City Council. Public Comments are limited to three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes.

3. CONSENT CALENDAR

All matters listed under "CONSENT CALENDAR" are considered to be routine and will be enacted by one motion approving the recommendation listed on the Agenda. There will be no separate discussion unless Members of the City Council or Staff request specific items be removed from the Consent Calendar.

3.1 <u>Waive Reading in Full of all Ordinances and Resolutions on the Agenda</u>

Recommendation: That the City Council waive reading in full of all ordinances and resolutions on the agenda and declare that said titles which appear on the public agenda shall be determined to have been read by title and further reading waived.

3.2 <u>Approval of Minutes for November 27, 2018, Regular Meeting</u>

Recommendation: That the City Council approve the Minutes for the November 27, 2018, Regular Meeting.

3.3 <u>Warrant Register for the December 11, 2018, Regular Meeting</u>

Recommendation: That the City Council ratify the accompanying Warrant Register for the period from November 16, 2018, to November 29, 2018, in the amount of $311,338.77.

3.4 Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018

Recommendation: That the City Council receive and file the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018, together with the audit letters.

3.5 Amended and Restated Administrative Order No. 27 Regarding Policy for Review and Appeal of Parking Citations in Accordance with AB 503 and AB 2544

Recommendation: That the City Council approve the proposed Amended and Restated Administrative Order No. 27 Regarding Policy for Review and Appeal of Parking Citation.

3.6 Cooperative Agreement with the Orange County Transportation Authority for the Administration of the Orange County Taxi Administration Program

Recommendation: That the City Council approve Cooperative Agreement No. C-8-2015 with the Orange County Transportation Authority for the administration of the Orange County Taxi Administration Program, effective January 1, 2019, through December 31, 2020, and authorize the City Manager to execute the Agreement.

3.7 Grant Application to the Orange County Transportation Authority for Project W - Safe Transit Stops Improvements

Recommendation: That the City Council approve the submission of a grant application to the Orange County Transportation Authority for the Measure M2 Project W Safe Transit Stops Improvements for upgrading passenger amenities at the El Toro Road farside at Paseo de Valencia bus stop (adjacent to BJ's Restaurant and across the street from the Civic Center) and adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, authorizing an application for funds for the Measure M2 Project W, Safe Transit Stops Grant Program, under Orange County Local Transportation Ordinance No. 3 for the Bus Stop Passenger Amenity Improvements Project."

3.8 2019 City Council Meeting Schedule

Recommendation: That the City Council adopt the proposed calendar for 2019.

3.9 <u>Affirmation of Appointments List for City Boards, Commissions, and Committees</u>

Recommendation: That the City Council affirm the Local Appointments List and direct that it be posted on the City's web site, at City Hall and in the Laguna Hills Branch Technology Library in accordance with the Maddy Act.

ITEMS REMOVED FROM THE CONSENT CALENDAR

4. PLANNING AGENCY

4.1. ROLL CALL OF PLANNING AGENCY MEMBERS

4.2. PUBLIC COMMENTS

This is the time to address the Planning Agency on any matter not listed on this Agenda that is within the subject matter jurisdiction of the Planning Agency. Public Comments are limited to three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes.

4.3. APPROVAL OF MINUTES FOR NOVEMBER 27, 2018, REGULAR MEETING

4.3.1 <u>Approval of Minutes for November 27, 2018, Regular Meeting</u>

Recommendation: That the Planning Agency approve the Minutes for the November 27, 2018, Regular Meeting.

4.4. ADMINISTRATIVE REPORTS

4.5. PLANNING AGENCY PUBLIC HEARINGS

PLANNING AGENCY ADJOURNMENT

5. CITY COUNCIL PUBLIC HEARINGS

6. ADMINISTRATIVE REPORTS

6.1. City Manager

6.2. Deputy City Manager/City Clerk

6.2.1 <u>Direction Regarding Unscheduled Vacancy for Traffic Commission</u>

Recommendation: That the City Council direct Staff to proceed with the appointment process to fill the unscheduled vacancy on the Traffic

Commission, per Government Code Section 54974, and Laguna Hills Municipal Code Section 2-28.080.

7. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS

8. CITY COUNCIL MEMBER COMMENTS

ADJOURNMENT

The next Regular Meeting of the City Council/Planning Agency will be January 8, 2019, in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

CERTIFICATION

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, do hereby certify that a copy of the foregoing Agenda was posted at Laguna Hills City Hall, Laguna Hills Community Center, and the Courtyard at La Paz Center by December 7, 2018, at 5:00 pm.

______________________________ **December 7, 2018**

City Clerk ***Date***

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the office of the City Clerk at (949) 707-2635. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 24035 El Toro Road, Laguna Hills, California, during normal business hours.

City Council Members receive no additional compensation or stipend as a result of simultaneously convening meetings of the Laguna Hills Planning Agency.

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: **December 11, 2018**

TO: **Mayor and Council Members**

FROM: **Melissa Au-Yeung**
Deputy City Manager

ISSUE: **Certification of the General Municipal Election Held on November 6, 2018**

RECOMMENDATION: That the City Council: (1) Receive and file the Certificate of Results for the General Municipal Election held on Tuesday, November 6, 2018; and (2) Adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, reciting the fact of the General Municipal Election held on Tuesday, November 6, 2018, declaring the results and such other matters as provided by law."

SUMMARY:

On May 8, 2018, the City Council adopted Resolution No. 2018-05-08-3 calling for the City's General Municipal Election to be held on November 6, 2018, for the purpose of electing three City Council Members to four-year terms. Resolution No. 2018-05-08-4 was also adopted requesting the Orange County Board of Supervisors consolidate the Municipal Election with the November 6, 2018, Statewide General Election and provide election services through the Registrar of Voters' Office.

On Tuesday, November 6, 2018, the General Municipal Election was conducted and the Orange County Registrar of Voters has canvassed the returns and certified the results of the election. State Elections Code Section 10262(b) requires that the City Council certify the election results no later than the next regularly scheduled City Council meeting following the Orange County Registrar of Voters' final canvass of the returns.

Additionally, State Election Code Section 10263 requires that upon completion of the canvass and before installing the new officers, the governing body shall adopt a

Resolution reciting the fact of the election and the other matters that are enumerated.

The official canvass of the election, which is attached hereto, and referenced as “Exhibit A” of the proposed Resolution, contains a report of votes cast for each candidate.

ATTACHMENTS:

- Resolution
- Exhibit A - Election Certification

RESOLUTION NO. 2018-12-11-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RECITING THE FACT OF THE GENERAL MUNICIPAL ELECTION HELD ON TUESDAY, NOVEMBER 6, 2018, DECLARING THE RESULTS AND SUCH OTHER MATTERS AS PROVIDED BY LAW

The City Council of the City of Laguna Hills, California, hereby finds, determines, declares, and resolves as follows:

WHEREAS, a General Municipal Election was held and conducted in the City of Laguna Hills, California, on Tuesday, November 6, 2018, as required by law; and

WHEREAS, notice of the election was given in time, form, and manner as provided by law; that voting precincts were properly established; that election officers were appointed, and that in all respects the election was held and conducted and the votes were cast, received, and canvassed and the returns made and declared in time, form, and manner as required by the provisions of the Elections Code of the State of California for the holding of elections in general law cities; and

WHEREAS, the County Elections Department canvassed the returns of the election and has certified the results to this City Council, the results are received, attached, and made a part hereof as “Exhibit A.”

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That the whole number of ballots cast in the precincts except vote by mail ballots and Early voting was 4,774. That the whole number of ballots cast in Early voting was 275. That the whole number of vote by mail ballots cast in the City was 8,496, making a total of 13,545 ballots cast in the City.

SECTION 2. That the names of persons voted for at the election for City Council Member are as follows:

Mark Jones
David Robbins
Len Herman
Erica Pezold
David “Dave” Wheeler
Christina “Chris” Mackey
Don Sedgwick

SECTION 3. That the number of votes given at each precinct and the number of votes given in the City to each of the persons above named for the respective offices for which the persons were candidates are as listed in “Exhibit A”.

SECTION 4. The City Council does declare and determine that: **Don Sedgwick** was elected as Member of the City Council for the full term of four years; **Dave Wheeler** was elected as Member of the City Council for the full term of four years; and **Erica Pezold** was elected as Member of the City Council for the full term of four years.

SECTION 5. The City Clerk shall enter on the records of the City Council of the City, a statement of the result of the election, showing: (1) the whole number of ballots cast in the City; (2) the names of the persons voted for; (3) for what office each person was voted for; (4) the number of votes given at each precinct to each person; and (5) the total number of votes given to each person.

SECTION 6. That the City Clerk shall immediately make and deliver to each of the persons so elected a Certificate of Election signed by the City Clerk and authenticated; that the City Clerk, or designee, shall also administer to each person elected the Oath of Office prescribed in the Constitution of the State of California and shall have them subscribe to it and file it in the office of the City Clerk. Each and all of the persons so elected shall then be inducted into the respective office to which they have been elected.

SECTION 7. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED, AND ADOPTED this 11th day of December 2018.

ATTEST:

MELISSA AU-YEUNG, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2018-12-11-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 11th day of December 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

CERTIFICATE OF REGISTRAR OF VOTERS TO RESULT OF THE CANVASS OF THE GENERAL ELECTION RETURNS

STATE OF CALIFORNIA)
)ss.
COUNTY OF ORANGE)

I, Neal Kelley, Registrar of Voters of Orange County, do hereby certify the following to be a full, true and correct Statement of the Vote of the election listed below, consolidated with the General Election held on November 6, 2018.

CITY OF LAGUNA HILLS
MEMBER OF THE CITY COUNCIL

DON SEDGWICK	6,407
DAVID “DAVE” WHEELER	5,803
ERICA PEZOLD	5,723
CHRISTINA “CHRIS” MACKEY	4,092
DAVID ROBBINS	3,009
MARK JONES	2,572
LEN HERMAN	1,391

EARLY VOTING BALLOTS CAST:	275
PRECINCT BALLOTS CAST:	4,774
VOTE-BY-MAIL BALLOTS CAST:	8,496
TOTAL BALLOTS CAST:	13,545

I hereby certify that the number of votes cast for each candidate is as set forth above and appears in the Certified Statement of the Vote.

WITNESS my hand and Official Seal this 30th day of November, 2018.

NEAL KELLEY
Registrar of Voters
Orange County

Orange County Statement of Votes

CITY OF LAGUNA HILLS Member, City Council												
Precinct	Party Member Registration	Ballots Cast	Turnout	CITY OF LAGUNA HILLS Member, City Council		CHRISTINA "CHRIS" MACKEY	DAVID "DAVE" WHEELER	DAVID ROBBINS	DON SEDGWICK	ERICA PEZOLD	LEN HERMAN	MARK JONES
38082	879	605	68.83%			187	275	118	273	268	68	93
38083	465	561	120.65%			189	231	126	261	237	52	107
38084	2093	1596	76.25%			517	753	308	809	718	189	302
38301	395	285	72.15%			95	112	52	98	120	40	62
38302	1018	771	75.74%			262	303	153	347	315	68	153
38305	1671	1214	72.65%			405	516	218	497	533	101	195
38310	1575	1248	79.24%			265	545	343	724	549	124	248
38312	1086	780	71.82%			249	326	149	308	303	73	143
38317	1021	613	60.04%			154	251	171	345	265	64	152
38375	581	421	72.46%			118	201	107	203	182	47	77
38378	27	22	81.48%			1	14	5	9	5	5	7
38380	56	39	69.64%			8	18	12	21	21	10	5
38701	1490	1091	73.22%			363	412	190	481	432	84	203
38702	1897	1504	79.28%			342	621	431	778	645	148	292
38703	2093	1636	78.17%			532	735	386	754	645	225	325
38704	1603	1159	72.30%			405	490	240	499	485	93	208
Totals:	**17950**	**13545**	**75.46%**			**4092**	**5803**	**3009**	**6407**	**5723**	**1391**	**2572**

Attachment: Exhibit A - Election Certification (1713 : Certification of the General Municipal Election)

CITY OF LAGUNA HILLS Member, City Council									
District	Party Member Registration	Ballots Cast	Turnout	CITY OF LAGUNA HILLS Member, City Council		CHRISTINA "CHRIS" MACKEY	DAVID "DAVE" WHEELER	DAVID ROBBINS	DON SEDGWICK
36th Senate District	17950	275	1.53%			104	110	58	107
45th Congressional District	17950	275	1.53%			104	110	58	107
5th Supervisorial District	17950	275	1.53%			104	110	58	107
73rd Assembly District	17950	275	1.53%			104	110	58	107
County Board of Education Trustee Area 5	17950	275	1.53%			104	110	58	107
El Toro Water District	4743	71	1.50%			26	20	17	18
Laguna Hills	17950	275	1.53%			104	110	58	107
Moulton-Niguel Water District	13207	204	1.54%			78	90	41	89
Moulton-Niguel Water District Division 3	13207	204	1.54%			78	90	41	89
Municipal Water District Of Orange County	17950	275	1.53%			104	110	58	107
Municipal Water District of Orange County Div 5	4714	70	1.48%			26	19	17	16
Municipal Water District of Orange County Div 7	13236	205	1.55%			78	91	41	91
Orange County	17950	275	1.53%			104	110	58	107
Saddleback Valley Unified School District	17950	275	1.53%			104	110	58	107
South Orange County Community College Distr	17950	275	1.53%			104	110	58	107
South Orange County Community College Distr	17950	275	1.53%			104	110	58	107
State Board of Equalization (4th District)	17950	275	1.53%			104	110	58	107
Totals:	**17950**	**275**	**1.53%**			**104**	**110**	**58**	**107**

CITY OF LAGUNA HILLS Member, City Council							
District	Party Member Registration	Ballots Cast	Turnout	CITY OF LAGUNA HILLS Member, City Council		LEN HERMAN	MARK JONES
36th Senate District	17950	275	1.53%			39	52
45th Congressional District	17950	275	1.53%			39	52
5th Supervisorial District	17950	275	1.53%			39	52
73rd Assembly District	17950	275	1.53%			39	52
County Board of Education Trustee Area 5	17950	275	1.53%			39	52
El Toro Water District	4743	71	1.50%			8	13
Laguna Hills	17950	275	1.53%			39	52
Moulton-Niguel Water District	13207	204	1.54%			31	39
Moulton-Niguel Water District Division 3	13207	204	1.54%			31	39
Municipal Water District Of Orange County	17950	275	1.53%			39	52
Municipal Water District of Orange County Div 5	4714	70	1.48%			9	13
Municipal Water District of Orange County Div 7	13236	205	1.55%			30	39
Orange County	17950	275	1.53%			39	52
Saddleback Valley Unified School District	17950	275	1.53%			39	52
South Orange County Community College Distr	17950	275	1.53%			39	52
South Orange County Community College Distr	17950	275	1.53%			39	52
State Board of Equalization (4th District)	17950	275	1.53%			39	52
Totals:	**17950**	**275**	**1.53%**			**39**	**52**

CITY OF LAGUNA HILLS Member, City Council										
District	Party Member Registration	Ballots Cast	Turnout	CITY OF LAGUNA HILLS Member, City Council		CHRISTINA "CHRIS" MACKEY	DAVID "DAVE" WHEELER	DAVID ROBBINS	DON SEDGWICK	
36th Senate District	17950	8496	47.33%			2594	3663	2068	4128	3
45th Congressional District	17950	8496	47.33%			2594	3663	2068	4128	3
5th Supervisorial District	17950	8496	47.33%			2594	3663	2068	4128	3
73rd Assembly District	17950	8496	47.33%			2594	3663	2068	4128	3
County Board of Education Trustee Area 5	17950	8496	47.33%			2594	3663	2068	4128	3
El Toro Water District	4743	2095	44.17%			752	868	442	912	
Laguna Hills	17950	8496	47.33%			2594	3663	2068	4128	3
Moulton-Niguel Water District	13207	6401	48.47%			1842	2795	1626	3216	2
Moulton-Niguel Water District Division 3	13207	6401	48.47%			1842	2795	1626	3216	2
Municipal Water District Of Orange County	17950	8496	47.33%			2594	3663	2068	4128	3
Municipal Water District of Orange County Div 5	4714	2082	44.17%			745	866	435	904	
Municipal Water District of Orange County Div 7	13236	6414	48.46%			1849	2797	1633	3224	2
Orange County	17950	8496	47.33%			2594	3663	2068	4128	3
Saddleback Valley Unified School District	17950	8496	47.33%			2594	3663	2068	4128	3
South Orange County Community College Distr	17950	8496	47.33%			2594	3663	2068	4128	3
South Orange County Community College Distr	17950	8496	47.33%			2594	3663	2068	4128	3
State Board of Equalization (4th District)	17950	8496	47.33%			2594	3663	2068	4128	3
Totals:	**17950**	**8496**	**47.33%**			**2594**	**3663**	**2068**	**4128**	**3**

CITY OF LAGUNA HILLS Member, City Council							
District	Party Member Registration	Ballots Cast	Turnout	CITY OF LAGUNA HILLS Member, City Council		LEN HERMAN	MARK JONES
36th Senate District	17950	8496	47.33%			906	1602
45th Congressional District	17950	8496	47.33%			906	1602
5th Supervisorial District	17950	8496	47.33%			906	1602
73rd Assembly District	17950	8496	47.33%			906	1602
County Board of Education Trustee Area 5	17950	8496	47.33%			906	1602
El Toro Water District	4743	2095	44.17%			190	371
Laguna Hills	17950	8496	47.33%			906	1602
Moulton-Niguel Water District	13207	6401	48.47%			716	1231
Moulton-Niguel Water District Division 3	13207	6401	48.47%			716	1231
Municipal Water District Of Orange County	17950	8496	47.33%			906	1602
Municipal Water District of Orange County Div 5	4714	2082	44.17%			184	374
Municipal Water District of Orange County Div 7	13236	6414	48.46%			722	1228
Orange County	17950	8496	47.33%			906	1602
Saddleback Valley Unified School District	17950	8496	47.33%			906	1602
South Orange County Community College Distr	17950	8496	47.33%			906	1602
South Orange County Community College Distr	17950	8496	47.33%			906	1602
State Board of Equalization (4th District)	17950	8496	47.33%			906	1602
Totals:	**17950**	**8496**	**47.33%**			**906**	**1602**

CITY OF LAGUNA HILLS Member, City Council										
District	Party Member Registration	Ballots Cast	Turnout	CITY OF LAGUNA HILLS Member, City Council		CHRISTINA "CHRIS" MACKEY	DAVID "DAVE" WHEELER	DAVID ROBBINS	DON SEDGWICK	
36th Senate District	17950	13545	75.46%			4092	5803	3009	6407	5
45th Congressional District	17950	13545	75.46%			4092	5803	3009	6407	5
5th Supervisorial District	17950	13545	75.46%			4092	5803	3009	6407	5
73rd Assembly District	17950	13545	75.46%			4092	5803	3009	6407	5
County Board of Education Trustee Area 5	17950	13545	75.46%			4092	5803	3009	6407	5
El Toro Water District	4743	3468	73.12%			1175	1439	675	1462	1
Laguna Hills	17950	13545	75.46%			4092	5803	3009	6407	5
Moulton-Niguel Water District	13207	10077	76.30%			2917	4364	2334	4945	4
Moulton-Niguel Water District Division 3	13207	10077	76.30%			2917	4364	2334	4945	4
Municipal Water District Of Orange County	17950	13545	75.46%			4092	5803	3009	6407	5
Municipal Water District of Orange County Div 5	4714	3451	73.21%			1168	1435	668	1450	1
Municipal Water District of Orange County Div 7	13236	10094	76.26%			2924	4368	2341	4957	4
Orange County	17950	13545	75.46%			4092	5803	3009	6407	5
Saddleback Valley Unified School District	17950	13545	75.46%			4092	5803	3009	6407	5
South Orange County Community College Distr	17950	13545	75.46%			4092	5803	3009	6407	5
South Orange County Community College Distr	17950	13545	75.46%			4092	5803	3009	6407	5
State Board of Equalization (4th District)	17950	13545	75.46%			4092	5803	3009	6407	5
Totals:	**17950**	**13545**	**75.46%**			**4092**	**5803**	**3009**	**6407**	**5**

CITY OF LAGUNA HILLS Member, City Council							
District	Party Member Registration	Ballots Cast	Turnout	CITY OF LAGUNA HILLS Member, City Council		LEN HERMAN	MARK JONES
36th Senate District	17950	13545	75.46%			1391	2572
45th Congressional District	17950	13545	75.46%			1391	2572
5th Supervisorial District	17950	13545	75.46%			1391	2572
73rd Assembly District	17950	13545	75.46%			1391	2572
County Board of Education Trustee Area 5	17950	13545	75.46%			1391	2572
El Toro Water District	4743	3468	73.12%			312	623
Laguna Hills	17950	13545	75.46%			1391	2572
Moulton-Niguel Water District	13207	10077	76.30%			1079	1949
Moulton-Niguel Water District Division 3	13207	10077	76.30%			1079	1949
Municipal Water District Of Orange County	17950	13545	75.46%			1391	2572
Municipal Water District of Orange County Div 5	4714	3451	73.21%			307	625
Municipal Water District of Orange County Div 7	13236	10094	76.26%			1084	1947
Orange County	17950	13545	75.46%			1391	2572
Saddleback Valley Unified School District	17950	13545	75.46%			1391	2572
South Orange County Community College Distr	17950	13545	75.46%			1391	2572
South Orange County Community College Distr	17950	13545	75.46%			1391	2572
State Board of Equalization (4th District)	17950	13545	75.46%			1391	2572
Totals:	**17950**	**13545**	**75.46%**			**1391**	**2572**

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Recognition of Outgoing Mayor and Resolution of Commendation, Mel Carruth, Mayor

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RECOMMENDATION: That the City Council adopt a Resolution entitled: " A Resolution of the City Council of the City of Laguna Hills, California, commending Mel Carruth as Mayor and recognizing the service of Mayor Mel Carruth," and that the City Council present a Resolution of Commendation to Mel Carruth.

SUMMARY:

Mayor Carruth was elected to the City Council on March 5, 1991 and took her Oath of Office on December 20, 1991. After a brief absence between 1997 and 2002, she was elected to serve on the City Council again on November 5, 2002. Mel Carruth served as the City's first Mayor and during her two terms she served as Mayor four times in 1992, 2007, 2012 and 2018. It is order to recognize Mayor Carruth for admirably performing her duties and responsibilities as a member of the Laguna Hills City Council and for her many years of service to the City.

ATTACHMENTS:

- Resolution

RESOLUTION NO. 2018-12-11-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING MEL CARRUTH AS MAYOR AND RECOGNIZING THE SERVICE OF MAYOR MEL CARRUTH

The City Council of the City of Laguna Hills, California, hereby finds, determines, declares, and resolves as follows:

WHEREAS, Mel Carruth, was elected to the inaugural City Council on March 5, 1991; took her Oath of Office on December 20, 1991; and served as the first Mayor of the City of Laguna Hills from December 20, 1991, through December 8, 1992; and continued to serve on the City Council through December 10, 1996; and, after taking a brief hiatus, was re-elected onto the City Council where she served from December 3, 2002, through December 11, 2018, during which time she served with distinction as Mayor for three additional terms, in 2007, 2012, and 2018; and has admirably performed her duties and responsibilities as a member of the Laguna Hills City Council by providing excellent and constructive contributions to the delivery of municipal services – both locally and regionally; and

WHEREAS, Mel Carruth has always been a strong advocate for operating an efficient City government predicated upon fiscally sound business principles and practices, she has displayed outstanding leadership throughout her many years of public service, particularly regarding annexation of the inhabited area on the north side of the City; the development of the Laguna Hills Community Center and Sports Complex; defeat of the El Toro Airport; renovation of the Laguna Hills Civic Center; various public projects including roads and parks to improve the quality of life for residents, increasing property values and creating a friendly atmosphere for businesses; continued fiscal integrity with award winning budgets and CAFRs; ongoing commitment to preserve Laguna Hills history; the re-design of the former Circuit City Site by Ashley Furniture, Total Wine, and Chick-Fil-A; rehabilitation of the Village at Nellie Gail Ranch center; and the Oakbrook Village Mixed Use Redevelopment Project; and

WHEREAS, Mel Carruth, in addition to accepting the responsibilities of Mayor and faithfully fulfilling those duties and responsibilities has ably represented the City at local events throughout the region, and served on various boards including serving as the City's delegate over the years to the Orange County Public Library – Library Advisory Board, Laguna Canyon Foundation Advisory Council, the Operational Area Council, the Transportation Corridor Agency and the South OC Watershed Management Area Executive Committee ; and

WHEREAS, during the past year that Mel Carruth has presided as Mayor, the City transitioned to a new City Manager after 26 years; the City held its 2018 General Municipal Elections, resulting in the election of two new Council Members; and among other notable actions successfully negotiated the City's Memorandum of Understanding with its employees; approved the re-development of the Moulton Niguel Water District's new operations center on Gordon Road; approved the City's first Small Cell Communication Facilities; and supported an Ordinance allowing Apiaries in the Estate Residential District; and

WHEREAS, the performance of her duties and responsibilities as Mayor and Council Member have been characterized by excellent and constructive contributions to the lasting development of our City, and with greater attention to public engagement, earning the respect and admiration of her colleagues.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, on behalf of all our citizens, does hereby express its appreciation and thanks to Mayor Carruth, for her many years of service to the community as Laguna Hills Council Member and as Mayor for 2018.

PASSED, APPROVED, AND ADOPTED this 11th day of December 2018.

____
DORE J. GILBERT, M.D., MAYOR PRO TEMPORE

ATTEST:

____
MELISSA AU-YEUNG, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
CITY OF LAGUNA HILLS)

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2018-12-11-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 11th day of December 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
MELISSA AU-YEUNG, CITY CLERK

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: Jennifer Lee
Assistant City Clerk

ISSUE: Approval of Minutes for November 27, 2018, Regular Meeting

RECOMMENDATION: That the City Council approve the Minutes for the November 27, 2018, Regular Meeting.

ATTACHMENTS:

- 181127 CC Minutes

CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY

REGULAR MEETING
MINUTES
Tuesday, November 27, 2018

GENERAL BUSINESS - CONVENING AT 7:00 PM

CALL TO ORDER

The meeting was called to order at 7:00 p.m. by Mayor Carruth.

PLEDGE OF ALLEGIANCE: COUNCIL MEMBER HEFT

ROLL CALL OF CITY COUNCIL MEMBERS

Attendee Name	Title	Status	Arrived
Mel Carruth	Mayor	Present	
Dore J. Gilbert, M.D.	Mayor Pro Tempore	Present	
Janine Heft	Council Member	Present	
Don Sedgwick	Council Member	Present	

1. PRESENTATIONS AND PROCLAMATIONS

1.1 Laguna Hills High School Student Liaison

Recommendation: The City Council received an oral report from Laguna Hills High School Liaison Julia Moon.

1.2 Certificate of Recognition for Heidelberg Bakery

Recommendation: Mayor Carruth presented a Certificate of Recognition to Jeannette Takacs of Heidelberg Bakery.

2. PUBLIC COMMENTS

Lou Sacharske, a resident of Laguna Hills, voiced his concerns regarding the preschool at Christ Community Church behind his residence.

Juan Gonzalez, So Cal Gas Public Affairs Manager, informed the City Council about items of legislation that could have an impact on Laguna Hills.

3. CONSENT CALENDAR

Motion to approve the Consent Calendar with Mayor Carruth removing Item No. 3.12.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Dore J. Gilbert, M.D., Mayor Pro Tempore
SECONDER:	Janine Heft, Council Member
AYES:	Mel Carruth, Mayor, Dore J. Gilbert, M.D., Mayor Pro Tempore, Janine Heft, Council Member, Don Sedgwick, Council Member

3.1 Waive Reading in Full of all Ordinances and Resolutions on the Agenda

Recommendation: That the City Council waive reading in full of all ordinances and resolutions on the agenda and declare that said titles which appear on the public agenda shall be determined to have been read by title and further reading waived.

3.2 Approval of Minutes for November 13, 2018, Regular Meeting

Recommendation: That the City Council approve the Minutes for the November 13, 2018, Regular Meeting.

3.3 Approval of Minutes for April 28, 2018, Special Meeting

Recommendation: That the City Council approve the Minutes of the April 28, 2018, Special Meeting.

3.4 Approval of Warrant Register for the November 27, 2018, Regular Meeting

Recommendation: That the City Council approve the Warrant Register in the amount of $882,880.55.

3.5 Civic Center First Quarter Financial Report for Fiscal Year 2018/2019

Recommendation: That the City Council receive and file the report.

3.6 First Quarter Financial & Treasurer's Report for Fiscal Year 2018/2019

Recommendation: That the City Council receive and file the First Quarter Financial and Treasurer's Report for Fiscal Year 2018/2019.

3.7 M2 Expenditure Report for the Fiscal Year Ended June 30, 2018

Recommendation: That the City Council: (1) Approve the M2 Expenditure Report for the Fiscal Year ended June 30, 2018, for submittal to OCTA; and (2) Adopt Resolution No. 2018-11-27-1: "A Resolution of the City Council of the City of Laguna Hills, California, concerning the Measure M2 Expenditure Report for the City of Laguna Hills for the Fiscal Year ended June 30, 2018."

3.8 Annual Review of Investment & Portfolio Policies and Delegation of Investment Authority to the City Treasurer

Recommendation: That the City Council adopt Resolution No. 2018-11-27-2: "A Resolution of the City Council of the City of Laguna Hills, California, delegating investment authority to the City Treasurer and approving a policy for the investment of surplus City funds and rescinding Resolution No. 2017-12-12-2."

3.9 Second Amendment to Office Lease for Suite 320 with Dayle McIntosh Center for the Disabled, Inc., for 24031 El Toro Road, Suite 320, Laguna Hills, California

Recommendation: That the City Council approve the Second Amendment to Office Lease with Dayle McIntosh Center for the Disabled, Inc., for 24031 El Toro Road, Suite 320, Laguna Hills, California, and authorize the City Manager to execute the Second Amendment to Lease.

3.10 Proposed Resolution Re-Establishing and Adopting Facility Rental Rates for the Laguna Hills Hockey Rink and Skate Park Located at the Laguna Hills Community Center and Sports Complex.

Recommendation: That the City Council adopt Resolution No. 2018-11-27-3: “A Resolution of the City Council of the City of Laguna Hills, California, re-establishing and adopting the Facility Rental Fees for the Laguna Hills Hockey Rink and Skate Park located at the Laguna Hills Community Center and Sports Complex, and finding that the action is statutorily exempt from the California Environmental Quality Act (CEQA) per Section 15273 of the CEQA Guidelines and Public Resources Code Section 21080(B)(8).”

3.11 Second Reading & Adoption of Proposed Ordinance Adopting Zoning Text Amendment to Tile 9 (Zoning and Subdivisions) of the Laguna Hills Municipal Code to Facilitate Construction of the Moulton Niguel Water District Operations Center and Site Consolidation Project

Recommendation: That the City Council adopt Ordinance No. 2018-8: "An Ordinance of the City of Laguna Hills, California, approving and adopting Zone Text Amendments (ZTA) to Title 9 (Zoning and Subdivisions) of the Laguna Hills Municipal Code amending Table 9-32.040 to remove the 25 percent open space requirement in the C/PI Zone for government uses, revising Chapter 9-32 by adding new Section 9-32.050 to permit outdoor storage in the C/PI Zone for government uses, and revising Chapter 9-32 by adding new Section 9-32.060 (Fences, Walls and Hedges) to permit fences up to eight (8) feet high in the C/PI Zone for government uses."

3.13 Second Reading & Adoption of Proposed Ordinance Amending the Laguna Hills Municipal Code to Clarify the City's Authority to Prohibit the Discharge of Non-Stormwater Such as Runoff from Over-Irrigation to the City's Stormwater Drainage System

Recommendation: That the City Council adopt Ordinance No. 2018-10: "An Ordinance of the City of Laguna Hills, California, amending Section 5-36.040 of the Laguna Hills Municipal Code pertaining to prohibition on illicit connections and prohibited discharges to the Stormwater Drainage System, and repealing Section 12-20.030 of the Laguna Hills Municipal Code pertaining to running of water upon the right-of-way."

ITEMS REMOVED FROM THE CONSENT CALENDAR

3.12 Second Reading & Adoption of Proposed Ordinance Adding Chapter 8-07 (Citywide Park and Recreation Facilities Fees) to the Laguna Hills Municipal Code, Establishing Development Impact Fees for Non-Subdivision Residential Development Pursuant to the Provisions of Government Code Section 66000 Under the Mitigation Fee Act for Citywide Parks, Recreation and Open Space Facilities.

Mayor Carruth removed Item No. 3.12 to acknowledge two letters received regarding the item and to allow for additional discussion of the item.

Adam Wood, BIA Director of Government Affairs, voiced his concerns over the proposed fee.

Francisco Barajas, a representative of the South Orange County Economic Coalition, voiced his concerns over the proposed fee.

Recommendation: That the City Council adopt Ordinance No. 2018-9: "An Ordinance of the City of Laguna Hills, California, adding Chapter 8-07 (Citywide Park and Recreation Facilities Fees) to Title 8 (Recreation, Parks, and Facilities) of the Laguna Hills Municipal Code establishing Development Impact Fees for Citywide Parks, Recreation and Open Space Facilities for non-subdivision residential development."

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Mel Carruth, Mayor
SECONDER:	Dore J. Gilbert, M.D., Mayor Pro Tempore
AYES:	Mel Carruth, Mayor, Dore J. Gilbert, M.D., Mayor Pro Tempore, Janine Heft, Council Member, Don Sedgwick, Council Member

4. PLANNING AGENCY

Mayor Carruth recessed the City Council Meeting, and acting in capacity as Chair, called the Regular Meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:22 p.m.

4.1. ROLL CALL OF PLANNING AGENCY MEMBERS

Attendee Name	Title	Status	Arrived
Mel Carruth	Chair	Present	
Dore J. Gilbert, M.D.	Vice Chair	Present	
Janine Heft	Agency Member	Present	
Don Sedgwick	Agency Member	Present	

4.2. PUBLIC COMMENTS

There were no Planning Agency Public Comments.

4.3. APPROVAL OF MINUTES FOR NOVEMBER 13, 2018, REGULAR MEETING

4.3.1 Approval of Minutes for November 13, 2018, Regular Meeting

Recommendation: That the Planning Agency approve the Minutes for the November 13, 2018, Regular Meeting.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Don Sedgwick, Council Member
SECONDER:	Dore J. Gilbert, M.D., Mayor Pro Tempore
AYES:	Mel Carruth, Mayor, Dore J. Gilbert, M.D., Mayor Pro Tempore, Janine Heft, Council Member, Don Sedgwick, Council Member

4.4. ADMINISTRATIVE REPORTS

There were no Planning Agency Administrative Reports.

4.5. PLANNING AGENCY PUBLIC HEARINGS

There were no Planning Agency Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Carruth reconvened the City Council Meeting at 7:23 p.m. All Council Members were present.

5. CITY COUNCIL PUBLIC HEARINGS

5.1 A Proposed Resolution Establishing a New Apiary Registration Fee.

Community Development Director Chantarangsu reviewed the information provided in the staff report, provided a PowerPoint presentation and responded to City Council requests for additional information.

Mayor Carruth opened the Public Hearing and upon seeing no one rise, closed the Public Hearing.

Recommendation: That the City Council: (1) Conduct a Public Hearing; (2) Find and determine that the proposal is statutorily exempt from the California Environmental Quality Act (CEQA) per Section 15273 of the CEQA Guidelines and Public Resources Code Section 21080(B)(8); and (3) Adopt Resolution No. 2018-11-27-4: "A Resolution of the City Council of the City of Laguna Hills, California, establishing a new Apiary Registration Fee".

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Mel Carruth, Mayor
SECONDER:	Janine Heft, Council Member
AYES:	Mel Carruth, Mayor, Dore J. Gilbert, M.D., Mayor Pro Tempore, Janine Heft, Council Member, Don Sedgwick, Council Member

6. ADMINISTRATIVE REPORTS

6.1. City Manager

6.2. City Attorney

6.2.1 Proposed Resolution Ratifying Changes to the Compensation of the City Manager, an Unrepresented Employee, in Accordance with Government Code Section 36506

City Attorney Simonian reviewed the information provided in the staff report.

Recommendation: That the City Council adopt Resolution No. 2018-11-27-5: "A Resolution of the City Council of the City of Laguna Hills, California, Ratifying Changes to the Compensation of the City Manager, an Unrepresented Employee, in accordance with Government Code Section 36506."

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Janine Heft, Council Member
SECONDER:	Don Sedgwick, Council Member
AYES:	Mel Carruth, Mayor, Dore J. Gilbert, M.D., Mayor Pro Tempore, Janine Heft, Council Member, Don Sedgwick, Council Member

7. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS

7.1 Association of California Cities - Orange County

Recommendation: That the City Council discuss the City's membership in the Association of California Cities-Orange County.

The City Council discussed the City's membership in the Association of California Cities-Orange County.

Motion to suspend the City's membership in the Association of California Cities-Orange County for 1 year was moved by Mayor Carruth and no second was made. As a result, no action was taken on this item.

8. CITY COUNCIL MEMBER COMMENTS

Mayor Carruth

Mayor Carruth mentioned that "Breakfast with Santa" will be held at the Laguna Hills Community Center on Saturday, December 8, 2018, from 9:00a.m. – 11:00a.m.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Carruth declared the meeting adjourned at 7:50 p.m.

Melissa Au-Yeung, City Clerk

ATTEST:

Approved at meeting of December 11, 2018

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: Janice Reyes
Finance Director

ISSUE: Warrant Register for the December 11, 2018, Regular Meeting

RECOMMENDATION: That the City Council ratify the accompanying Warrant Register for the period from November 16, 2018, to November 29, 2018, in the amount of $311,338.77.

SUMMARY:

The City issues accounts payable disbursements on a regular basis and presents it to City Council for ratification at its next regularly scheduled City Council Meeting. The attached Warrant Register containing checks and electronic funds transfers for the period from November 16, 2018, to November 29, 2018, is being presented for ratification by the City Council. Payments have been reviewed and approved by the appropriate departmental staff. The Director of Finance certifies to the accuracy of the attached register and to the availability of monies for payment thereof.

ATTACHMENTS:

- Warrant Register - December 11, 2018

City of Laguna Hills, CA

Warrant Register - December 11, 2018

By Check Number

Date Range: 11/16/2018 - 11/29/2018

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
8815391	A-0138	ALL CITY MANAGEMENT, INC.	11/21/2018	4,177.44
8815392	B-0304	BEE MAN, THE	11/21/2018	150.00
8815393	C-1144	CHARLES ABBOTT ASSOCIATES, INC	11/21/2018	80,626.82
8815394	Z-CS-0073	CHO, JIN	11/21/2018	250.00
8815395	C-1191	COMMUNICATIONS CHGS- LAW ENF - COUNTY OF ORANGE	11/21/2018	2,990.00
8815396	C-1139	COMPLETE OFFICE OF CALIFORNIA	11/21/2018	457.00
8815397	C-0023	COX COMMUNICATION	11/21/2018	95.00
8815398	Z-CD-0123	DAVIDSON, RACHAEL	11/21/2018	4,641.54
8815399	E-0603	ELLER, DENNIS	11/21/2018	180.00
8815400	C-1190	FINGERPRINT ID (AFIS) LAW ENF. - COUNTY OF ORANGE	11/21/2018	1,272.00
8815401	G-0821	G2 CONSTRUCTION INC.	11/21/2018	3,475.00
8815402	G-0710	GOV'T FINANCE OFFICERS ASSN	11/21/2018	150.00
8815403	H-0960	HR GREEN PACIFIC, INC.	11/21/2018	1,450.00
8815404	J-1057	JAMEY CLARK, INC.	11/21/2018	3,603.16
8815405	Z-CS-0138	KIM, KI OK	11/21/2018	500.00
8815406	Z-CS-0141	LAMBERT, LINDSEY	11/21/2018	35.00
8815407	Z-CS-0137	MAYER, JEANNE	11/21/2018	500.00
8815408	N-1484	NICHOLS CONSULTING	11/21/2018	1,000.00
8815409	N-1474	NIEVES LANDSCAPE, INC.	11/21/2018	3,659.88
8815410	O-1546	OFFICE SOLUTIONS	11/21/2018	277.00
8815411	Z-CS-0139	ORTIZ, LILIBETH	11/21/2018	500.00
8815412	C-1003	PARKING VIOLATIONS OC TREASURER-TAX COLLECTOR	11/21/2018	2,418.50
8815413	Z-CS-0140	PEARSON, MAUREEN	11/21/2018	35.00
8815414	S-1902	SAN DIEGO GAS & ELECTRIC	11/21/2018	32,358.52
8815415	S-1935	SAN JOAQUIN HILLS TRANSPORT CORRIDOR AGENCY,	11/21/2018	77,198.80
8815416	S-1904	SOUTHERN CALIFORNIA EDISON	11/21/2018	999.52
8815417	T-2656	TYLER TECHNOLOGIES, INC.	11/21/2018	27,641.25
8815418	V-2249	US BANK VOYAGER FLEET SYSTEM	11/21/2018	1,336.41
8815419	Z-CS-0142	WETLESEN, SANDY	11/21/2018	30.00
8815420	A-0370	ACCOUNTEMPS	11/29/2018	1,480.00
8815421	A-0167	AMERICAN PLANNING ASSOCIATION	11/29/2018	1,502.00
8815422	A-0365	AT&T - CALNET 3	11/29/2018	20.91
8815423	C-1177	CANON FINANCIAL SERVICES, INC.	11/29/2018	500.75
8815424	C-1179	CANON SOLUTIONS AMERICA	11/29/2018	187.48
8815425	C-1096	CODE PUBLISHING COMPANY, INC.	11/29/2018	812.50
8815426	C-1139	COMPLETE OFFICE OF CALIFORNIA	11/29/2018	466.76
8815427	D-0410	DMV	11/29/2018	261.00
8815428	Z-CD-0042	ENGELKE, LEROY	11/29/2018	282.12
8815429	H-0934	HOME DEPOT	11/29/2018	79.15
8815430	I-0960	IRV SEAVER MOTORCYCLES	11/29/2018	1,427.83
8815431	J-1057	JAMEY CLARK, INC.	11/29/2018	718.20
8815432	G-0709	JOE A. GONSALVES & SON	11/29/2018	2,900.00
8815433	M-1302	MOULTON NIGUEL WATER DISTRICT	11/29/2018	5,664.36
8815434	O-1546	OFFICE SOLUTIONS	11/29/2018	178.13
8815435	O-1575	ORANGE COUNTY REGISTER-FREEDOM CA. NEWSPAPER PARTNERSHIP	11/29/2018	171.00
8815436	R-1934	RENEGADE RACING MAKE-U-FIT PRODUCTIONS	11/29/2018	9,500.00
8815437	S-2288	SHINE ILLUMINATION	11/29/2018	21,537.00
8815438	S-2250	SPARKLETTS	11/29/2018	124.04
8815439	S-2292	SWAY BALLROOM INC.	11/29/2018	56.00
8815440	T-2681	TOTALFUNDS BY HASLER MAILROOM FINANCE, INC.	11/29/2018	1,000.00

Warrant Register - December 11, 2018 **Date Range: 11/16/2018 - 11/29/2018**

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
8815441	T-2605	TUTTLE CLICK FORD	11/29/2018	120.00
DFT0000550	B-0276	BANK OF AMERICA VISA CARD	11/13/2018	505.12
DFT0000551	B-0276	BANK OF AMERICA VISA CARD	11/13/2018	1,147.57
DFT0000552	B-0276	BANK OF AMERICA VISA CARD	11/13/2018	2,191.12
DFT0000553	B-0276	BANK OF AMERICA VISA CARD	11/13/2018	1,696.72
DFT0000554	B-0276	BANK OF AMERICA VISA CARD	11/13/2018	1,054.09
DFT0000555	B-0276	BANK OF AMERICA VISA CARD	11/13/2018	3,747.08

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	77	51	0.00	300,997.07
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	6	1	0.00	10,341.70
EFT's	0	0	0.00	0.00
	83	**52**	**0.00**	**311,338.77**

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: **December 11, 2018**

TO: **Mayor and Council Members**

FROM: **Janice Reyes**
Finance Director

ISSUE: **Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018**

RECOMMENDATION: That the City Council receive and file the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018, together with the audit letters.

SUMMARY:

Staff is presenting to the City Council the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018. For the past twenty-four years, the City has operated with an Audit Committee to oversee the audit process and review the findings with the auditors. The current Audit Committee includes Council Member Don Sedgwick, Council Member Janine Heft, and City Manager Donald White. On December 4, 2018, prior to the regular City Council Meeting, the Audit Committee met with the independent auditors and reviewed the draft financial statements. The certified public accounting firm of White Nelson Diehl Evans LLP (WNDE) was engaged by the City to perform the audit of the City's financial statements and rendered an unmodified opinion that the City's financial statements present fairly, in all material respects, the respective financial position of the City. During the financial audit the City's independent auditors did not identify any significant deficiencies in internal control that were considered to be material weaknesses.

BACKGROUND:

I. Comprehensive Annual Financial Report (CAFR), Fiscal Year Ended June 30, 2018

The City's CAFR for the Fiscal Year ended June 30, 2018, is attached to this report. The primary purpose of the CAFR is to provide the public and other interested parties with comprehensive disclosure concerning the City's financial position and activities. The general objectives of the CAFR include, but are not limited to, the following: (1) fulfilling the City's duty to be publicly accountable and enable users to assess that accountability; (2) assist users in evaluating the operating results of the City for the Fiscal Year ended June 30, 2018; and (3) enable the users to assess the level of services that are provided by the City and the City's ability to meet obligations as they become due.

Staff is confident that the CAFR satisfies these objectives. The independent auditor's opinion letter affords the City Council, and other users, reasonable assurance that the City's basic financial statements are free from material misstatements and that they present fairly, in all material respects, the financial position of the City of Laguna Hills as of June 30, 2018. The auditor's opinion letter is part of the CAFR and can be found on page II-1 of the Financial Section.

The CAFR contains three sections: Introductory, Financial, and Statistical.

Introductory

This section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of City services, the City's financial activities, and the factors that influence these activities. A discussion of the financial information presented in the Financial Section is contained in the Letter of Transmittal, as well as other information useful in assessing the City's economic condition. The Introductory Section is subjective in nature and is excluded from the scope of the independent auditor's examination.

Financial Section

This section, which is the focal point of the CAFR, is comprised of the independent auditor's opinion letter, management's discussion and analysis, and the year-end financial statements, which are categorized as: (a) government-wide financial statements; (b) fund financial statements; (c) notes to the basic financial statements; (d) required supplementary information; and (e) supplementary schedules.

The Management's Discussion and Analysis section offers the readers of the City's financial statement a narrative overview of the financial activities of the City. It provides an analysis of the overall financial position of the City and the results of its operations for the Fiscal Year ended June 30, 2018.

The accompanying Notes to the Basic Financial Statement section provides comprehensive information concerning the significant policies and budgetary procedures implemented by the City. Relevant and material information regarding the data present in the government-wide and fund financial statements are disclosed in compliance with prescribed accounting and reporting standards.

Budgetary comparison for the General Fund and Measure M Special Revenue Fund are provided in the Required Supplementary Information section, as well as schedules regarding the City's pension plan.

The Supplementary Schedules provide: combining statements for each of the non-major governmental fuds; budgetary comparison for the non-major individual governmental funds, capital projects fund, and debt service fund; and a statement of changes in assets and liabilities for the agency fund. A brief narrative description of each of the non-major governmental funds is also provided in this section.

II. Audit Letters by White Nelson Diehl Evans LLP

The letters prepared by the independent auditors are standard letters issued upon completion of an annual audit, which are provided as attachments to this report. The following is a brief description of each of the letters attached:

- <u>Appropriations Limit Calculation</u>

  It is required by state law, under Article XIII B of the California Constitution, that local jurisdictions adopt an appropriations limit on an annual basis establishing the maximum amount of tax money the City can spend during the fiscal year. The law also established the method by which a City must calculate its limit and stipulates that the annual calculation must be reviewed as part of an annual financial audit.

The City calculated its appropriations limit using Article XIII B Appropriations Limitation Uniform Guidelines prepared by the League of California Cities. The independent auditor reviewed the calculation of the appropriations limit for Fiscal Year ending June 30, 2018, and determined the calculation was prepared in accordance with state law, as stated in the letter.

- <u>Government Auditing Standards - Internal Control over Financial Reporting</u>

  The purpose of this letter is to describe the scope of testing of internal control and compliance, and the results of that testing. This letter states the audit was performed in accordance with the generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. This letter also states that in order to determine the audit procedures for the purpose of expressing an opinion on the City's financial statements the auditor must consider the internal control of the City. Effective internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. The auditor did not identify any deficiencies in internal control that would be considered to be material weaknesses during the audit, as stated in the letter. Furthermore, the audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

- <u>Communication to Those Charged With Governance – Concluding Letter</u>

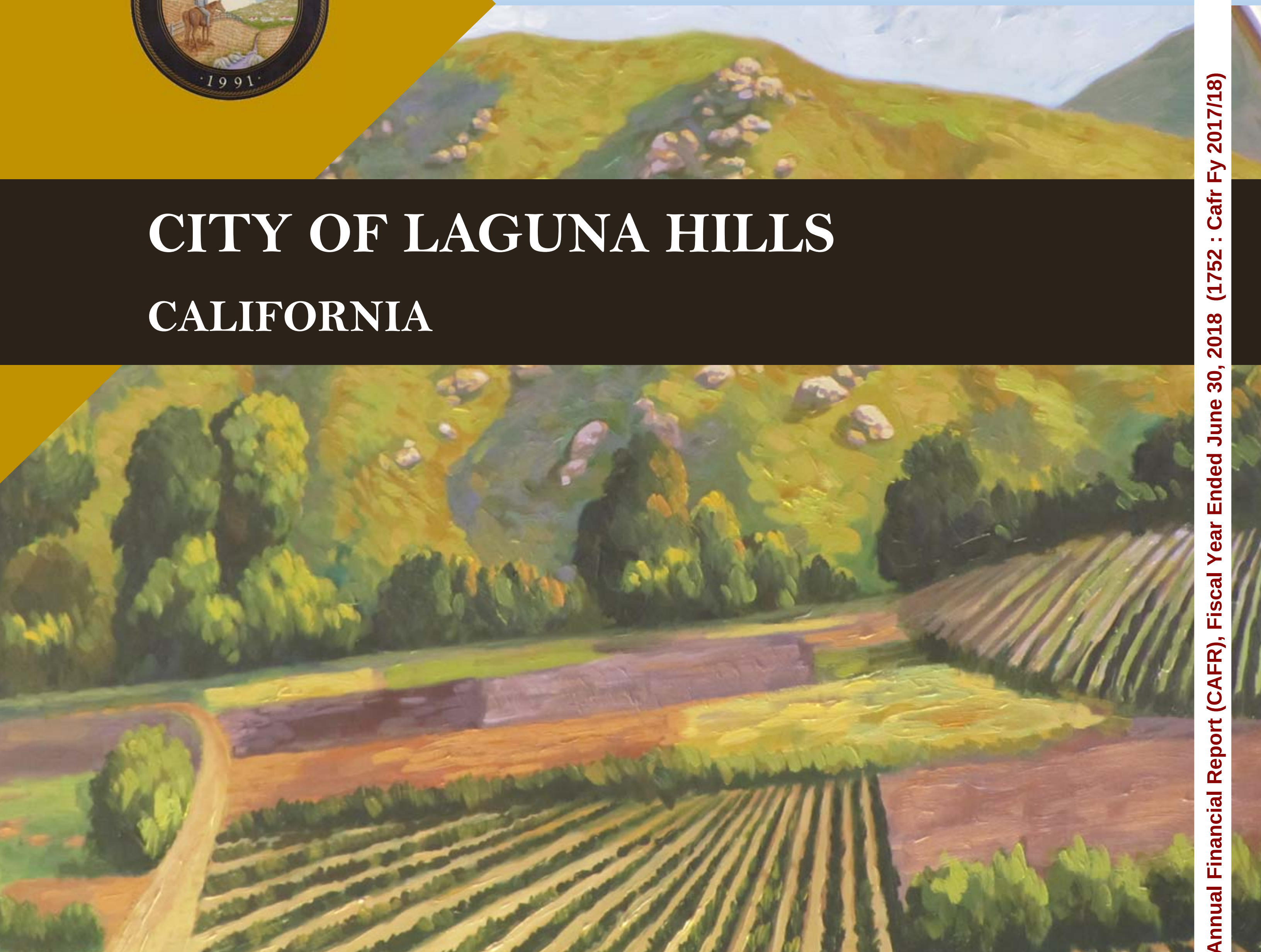
  This letter addresses the auditor's responsibility under general accepted auditing standards and complies with the requirements of the Statements of Auditing Standards, which provides guidance on the auditor's communication with those charged with governance in relation to an audit of the financial statements. In recognizing the importance of effective two-way communication, these standards provide a framework for the auditor's communication to those charged with governance and identifies some specific matters to be communicated to them. In the letter, the auditor provides those charged with governance information about the auditor's responsibilities, as well as certain information related to the planned scope and timing of the audit.

III. Government Finance Officers Association (GFOA) Award

For the past twenty-five years the City has received awards for excellence in financial reporting from the GFOA of USA and Canada. The GFOA award program was established in 1945 to encourage government units to produce and publish excellent CAFRs and to provide educational assistance and peer recognition. The award certificates are recognized as the highest distinction in government financial reporting. The Certificate of Achievement for Excellence in Financial Reporting for the preceding Fiscal Year ended June 30, 2017, can be found immediately following the Table of Contents in the attached CAFR for Fiscal Year ended June 30, 2018. Staff is confident that this CAFR will be recognized again for its excellence in financial reporting.

ATTACHMENTS:

- Comprehensive Annual Financial Report (CAFR), Fiscal Year Ended June 30, 2018
- Auditor Letter - Appropriations Limit FY 2017/18
- Auditor Letter - Government Auditing Standards
- Audit Conclusion Letter - Communication to Those Charged With Governance



CITY OF LAGUNA HILLS

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

CITY OF LAGUNA HILLS
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2018

CITY MANAGER
Donald J. White

FINANCE DIRECTOR
Janice Mateo Reyes

INTRODUCTORY SECTION

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Introductory Section

Financial Section

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Statistical Section
(Unaudited)

GFOA Certificate of Acheivement

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Laguna Hills
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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December 5, 2018

Honorable Mayor and Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Laguna Hills for the fiscal year ended June 30, 2018, is submitted herewith. This report is published in accordance with local ordinance and State law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Laguna Hills. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. It is management's opinion that the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of material misrepresentation. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City, as well as the City as a whole.

The City's financial statements have been audited by White Nelson Diehl Evans, LLP, a public accounting firm fully licensed and qualified to perform audits of local government. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements and that they present fairly, in all material respects, the financial condition of the City at the end of this fiscal year.

A narrative introduction, overview and analysis of the basic financial statements for the City for the fiscal year ended June 30, 2018, is discussed in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF LAGUNA HILLS

The City of Laguna Hills is located in South Orange County approximately 60 miles south of Los Angeles and 70 miles north of San Diego. Incorporated in 1991 under the laws of the State of California, it enjoys all the rights and privileges pertaining to "General Law" cities. The City is home to approximately 31,818 residents and over 1,000 businesses.

The City of Laguna Hills operates under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The Mayor is annually selected by the City Council from among its membership, and serves a one-year term. The governing Council is responsible, among other things, for passing the City's ordinances and operating resolutions, adopting the biennial budget, appointing commissions and committees, and hiring the City Manager. The City Manager administers the daily operations and programs of the City through department heads, other staff members and employees.

The City contracts for selected municipal services utilizing agreements with other governmental entities, private firms and individuals. Police services are provided by the Orange County Sheriff's Department and fire services are provided through the Orange County Fire Authority, of which the City is a member.

Although the majority of the area in the City has a distinctive residential character, the City has a strong commercial base, specifically in the northern section of the City. This commercial area, or “Urban Village,” is anchored by the regional Laguna Hills Mall, the Oakbrook Village Shopping Center, and the Saddleback Memorial Medical Center. In addition, the area north of the Mall holds a complement of commercial and mixed-use industrial uses.

FACTORS AFFECTING FINANCIAL CONDITION

ECONOMIC CONDITIONS & OUTLOOK

The national, state, and local economies continue to expand since the “Great Recession” of 2008. At the national level, real gross domestic product showed a 4.2% increase in the second quarter of 2018, with the state generating a 3.7% expansion during the same period. As of June 2018, the national unemployment rate was 4%, a 0.4% decrease over the previous year. Similarly, the unemployment rate for California and Orange County experienced a downward trend of 4.5% and 3.3%, respectively. Compared to the above, Laguna Hills experienced the lowest unemployment rate of 2.3%.

The City of Laguna Hills expects to see continual signs of recovery in the local tax base and anticipates revenues to reach, and ultimately surpass, pre-recessionary levels. To maintain its strong financial position, the City must continue to promote overall fiscal health and sustainability by adhering to its conservative financial policies, focusing on organizational efficiency and performance, and fiscally prudent decision-making. This financially conservative stance has played a critical role in allowing the City to respond quickly to the post-Recession difficulties that were prevalent in the economy. Another important factor in the City’s healthy financial condition is its strong and well-diversified tax base. Since Laguna Hills’ incorporation in 1991, its diversified tax base has consistently performed well in good economic times and, more importantly over these last seven years, has helped the City weather slower economic conditions.

General fund reported revenues increased in Fiscal Year 2017-2018 by $499,170 and totaled $21,243,012. Property tax revenues totaled $10,481,864, representing a 4.15% increase over the prior year revenues. Total operating expenditures totaled $19,503,425, a marginal increase of $10,821 over the previous fiscal year. Moreover, general fund revenues exceeded expenditures by $1,739,587. The City ended the fiscal year with a total fund balance of $11,307,778.

Given a positive consumer price index and the overall improvement that is occurring in the local housing market, property taxes are anticipated to increase slightly over the next few years.

LONG TERM FINANCIAL PLANNING

The City utilizes a customized 8-Year Resource Allocation plan that is specifically designed to project the City's operating and reserve policy ratios over an eight year forecast horizon. The City's policy is to strive to maintain an operating ratio of 1.1 to 1.0, an Unrestricted General Fund Balance Ratio of 35% and an Unassigned General Fund balance Ratio of 25%. The operating ratio for FY 2017-18 came in at 1.05 and the Unrestricted Fund Balance and the Unassigned Fund Balance were at 38% and 34%, respectively. During the development of the 2017-19 Biennial Budget, the City identified a number of cost saving measures that resulted in a structurally balanced budget. After the retirement of Bruce Channing, the City implemented its General Government Reorganization Plan which resulted in an annual cost savings of $253,000. Furthermore, the City Council approved a FY 2018-19 budget amendment decreasing the City's operating budget by $827,539. These, coupled with the completion of major development projects discussed under the *Major Initiatives* heading, will allow the City to improve its operating ratio target.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

In developing the City's accounting system, consideration was given to the adequacy of internal accounting controls, which are designed to provide reasonable, but not absolute, assurance in connection with: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Furthermore, the City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within and between funds as deemed necessary in order to meet the City's needs. Revisions that exceed the appropriated budget must be approved by the City Council.

CASH MANAGEMENT

The City invests its temporary idle cash in investments authorized under the City's prevailing Investment Resolution and Policies, which are reviewed and approved annually. These policies are significantly more restrictive than State law, limiting investments to a maturity of one year or less. The City's investments at the close of the most recent fiscal year ended June 30, 2018, consisted of fully insured or collaterized certificates of deposit with qualified banks, money market mutual funds, and investment pools with the State Treasurer's Local Agency Investment Fund (LAIF) and Investment Trust of California (CALTrust).

CAPITAL ASSETS

Generally, only assets which cost $5,000 or more and which have a useful life of five years or more are considered capital assets. This designation is extensively discussed in the City's Internal Control Policies and Procedures for Capital Assets and Minor Equipment, which were developed for the City's compliance with the requirements with GASB 34.

MAJOR INITIATIVES

The following section provides a sampling of some of the various initiatives and highlights occurring throughout the 2017-2018 fiscal year as well as from the current endeavors:

TYLER TECHNOLOGIES SOFTWARE IMPLEMENTATION

The City Council awarded a contract to Tyler Technologies on December 13, 2016, for the replacement of the City's finance software system and its permitting and land management software system. Both of these new software systems will provide the City with enhanced features that will streamline business processes and improve customer service and access to City data. In spring 2017, Tyler Technologies and City staff began major work efforts on the project, including: a detailed analysis and reconfiguration of current business processes; software workflow management and setup; configuration of software variables; data conversion processes; software testing; and user training. The financial system transition to Incode was completed on schedule in spring 2018, and the Finance Department is operating under all financial modules of this new software system. An underestimation of configuration time for the new land management software system (Energov Enterprise) by Tyler Technologies, and changes to Tyler Technologies project management staff assigned to the City's Energov Enterprise project, has resulted in delays with this project. It is anticipated that the Community Development Department will be operational with the new Energov Enterprise software system by May 2019.

IMPLEMENTATION OF ELECTRONIC PLAN (E-PLAN) CHECKS

In 2017, the Building Division introduced a new electronic plans (e-plan) submission and routing process, allowing applicants to submit plans and complete a plan check process electronically. The City will still continue to process paper plans at the building permit counter to meet customer needs. The e-plan process will reduce applicant wait times at the front counter and provide workflow enhancements that improve staff efficiency and property data management. In 2018, the City continued the transition to a paperless plan check submission process with the goal of only accepting digital plans beginning January 1, 2019.

Coinciding with the transition to paperless submittals, the Community Development Department embarked on a comprehensive upgrade to its permitting software system to enhance the City's ability to accept paperless submissions through on on-line self-service portal connected to the permit software system to ensure that a one-step, seamless submittal process can be provided for customers at a time convenient for them. The Department will still accept paper submissions for small projects, but will convert them into digital submissions.

OAKBROOK VILLAGE REDEVELOPMENT

The City Council approved an additional expansion of Oakbrook Village resulting in the demolition of a vacant 7,800 square foot restaurant building and the construction of approximately 21,000 square feet of new building area. The new buildings will accommodate an enlarged Trader Joe's store and additional retail space in addition to other related site improvements. Completion is expected in the second quarter of 2019.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The City successfully competed for a multiple-year award of FY 2018-2019 and 2019-2020 Community Development Block Grant (CDBG) funding for Public Facilities and Improvement monies to be used for certain improvements to public facilities. For FY 2018-2019, the City was awarded $70,000 to replace three existing heating, ventilation, and air conditioning units (HVAC) and one existing water heating unit at the Florence Sylvester Memorial Senior Center.

Additionally, the City successfully managed its FY 2017-2018 project at the Florence Sylvester Memorial Senior Center. Numerous improvements were completed, including the installation of slip-resistant tile flooring and Americans with Disabilities Act enhancements to the men's restroom.

ADMINISTRATIVE CITATIONS PROGRAM

The City Council approved the use of Administrative Citations for the City's code enforcement efforts in its building, zoning, and property maintenance codes. Staff anticipates that the new program will help reduce the City's cost of Code Enforcement by using Administrative Citations to gain code compliance instead of through criminal or civil prosecution of code enforcement matters through the City Attorney's office.

ELECTRIC VEHICLE CHARGING STATION GRANT

As part of the Local Government Partnership Program with the Mobile Source Air Pollution Reduction Review Committee, the City applied for and received a $50,000 grant to install electric vehicle charging stations and related infrastructure at the Civic Center and the Community Center and Sports Complex. The City will leverage its AB 2766 Subvention Fund – a revenue fund from the State's Motor Vehicle Registration Program – for project costs that exceed the grant award. Installation of the electric vehicle charging stations is expected to begin in 2019.

COMPREHENSIVE USER FEE UPDATE

In July, the City updated its Comprehensive User Fee Schedule in accordance with Resolution No. 2016-09-13-04 to accurately reflect the cost of providing certain municipal services. The City's user fees were adjusted by 4% to reflect the April 2018 Consumer Price Index for the Los Angeles-Riverside-Orange County area for all urban consumers. It is the City's intent to maintain and periodically update a comprehensive schedule of user fees that calculate the current full cost of providing governmental services, including all direct, indirect, and support costs.

CITYWIDE STREET MAINTENANCE

The Public Services Department completed its biennial Citywide Street Maintenance project (CIP No. 101-J). That project included work on 44 residential streets to resurface the streets with either an asphalt concrete overlay or the application of a rubberized emulsion asphalt slurry (REAS). Specifically, the project involved the removal and replacement of 23,000 square feet of deteriorated asphalt concrete, the overlay of streets with 900 tons of asphalt concrete, the placement of 1,440,000 square feet of REAS and the replacement of 14 access ramps.

MOU NEGOTIATED WITH CITY EMPLOYEES

The City and the Laguna Hills City Employees Association (LHCEA) negotiated a three-year Memorandum of Understanding (MOU), benefiting both the City and the LHCEA. The MOU achieves numerous goals for the City, including: shifting a greater percentage of the City's annual PERS' contributions to City employees; maintains the City's zero exposure to Other Post Employment Benefits; maintains total personnel costs as a percentage of budget at or below the City's historical experience of 27%; and, in an effort to remain competitive in the labor market and retain highly competent and qualified employees, maintains the City's practice of setting employee salary ranges at 5% above comparator cities average or similar positions. In keeping with the City's conservative financial position, the MOU helped to manage personnel costs in 2018 by excluding a cost-of-living increase to City employee wages.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Laguna Hills for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the twenty-sixth consecutive year the City has received this prestigious award. The certificate is a national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards, and must satisfy both generally accepted accounting principles and applicable legal requirements.

The City also received the GFOA Distinguished Budget Presentation Award for its 2017-19 Biennial Budget document. To qualify for the GFOA award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the General Government Department. The contributions are invaluable and clearly reflect the high standards the City has set for itself.

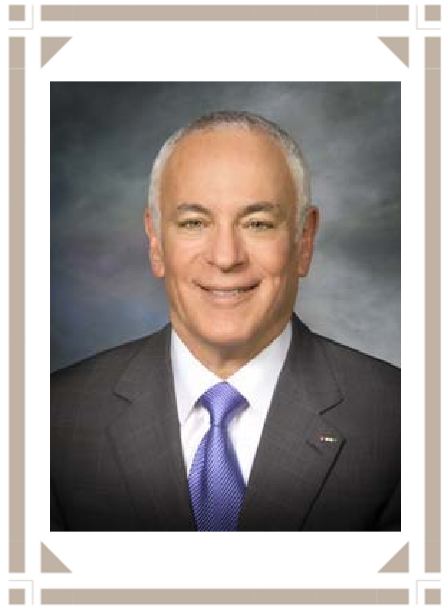
In closing, without the effective leadership, guidance, and support provided by the Mayor and the City Council, preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

Respectfully submitted,

Donald J. White	Janice Mateo Reyes
City Manager	Finance Director

ELECTED OFFICIALS
As of June 30, 2018

Melody Carruth
Mayor



Dore Gilbert
Mayor Pro Tem

Janine Heft
Council Member

Barbara Kogerman
Council Member

Don Sedgwick
Council Member

CITY OF LAGUNA HILLS

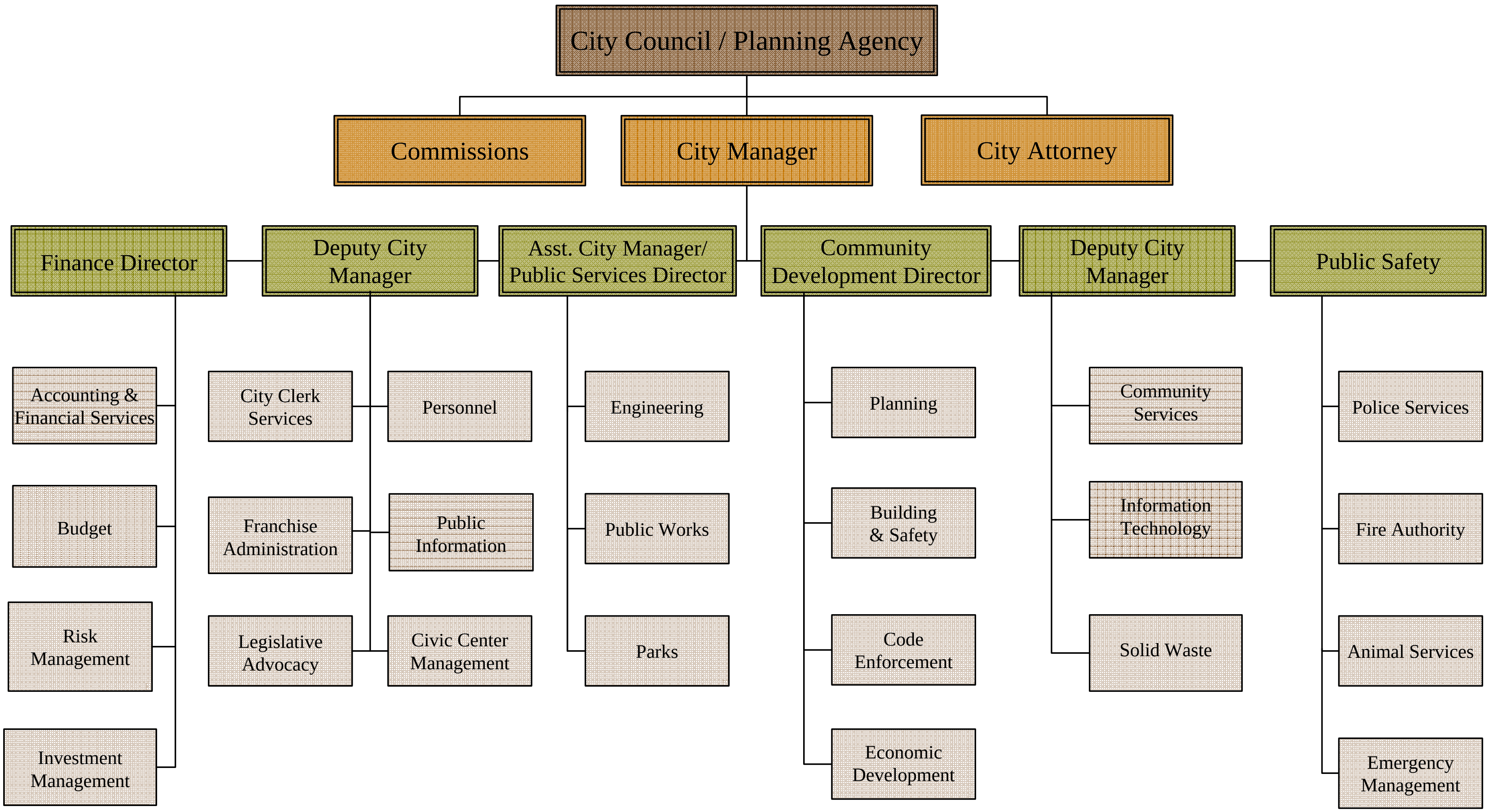
MANAGEMENT STAFF
As of June 30, 2018

Donald J. White
City Manager/Treasurer

♦ Gregory E. Simonian	City Attorney
♦ Kenneth H. Rosenfield	Assistant City Manager/Director of Public Services
♦ Lt. Matthew Stiverson	Chief of Police (O.C. Sheriff Department)
♦ David Chantarangsu	Community Development Director
♦ Melissa Au-Yeung	Deputy City Manager/City Clerk
♦ David T. Reynolds	Deputy City Manager/Community Services Director
♦ Michael Contreras	Division Chief (O.C. Fire Authority)
♦ Janice Mateo Reyes	Finance Director

CITY OF LAGUNA HILLS

ORGANIZATIONAL CHART
June 30, 2018



FINANCIAL SECTION

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

City Council
City of Laguna Hills
Laguna Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Laguna Hills (the City), as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

Opinions

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 activity, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements and schedules (supplementary information), as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Diehl Evans LLP

Irvine, California
December 5, 2018

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Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Laguna Hills offers the 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, 2018**. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter on page I-1 and the basic financial statements in the appropriate section.

Financial Highlights

Government-Wide

- The net position of the City of Laguna Hills at the close of the most recent fiscal year was $94,955,824. Of this amount, $3,192,197 is not restricted to a specific use or purpose.
- After recording the value of the City's infrastructure assets, net of accumulated depreciation, the decrease in the City's net position resulting from the most recent fiscal year's operation was $2,195,109, or approximately 2.3%.
- Total revenues from all sources were $23,803,214.
- The total cost of all City programs and projects was $25,998,323. Approximately 18%, or $4,642,353, of this amount is attributable to depreciation on the City's capital assets.
- The net pension liability reported as of June 30, 2018, for the City's proportionate shares of the net pension liability of all pension plans, was $3,610,550.
- The net position of governmental activities was $87,084,388 as of June 30, 2018, after recording the value of the City's infrastructure assets, net of accumulated depreciation and long term debt.
- Governmental activities, which include certain capital projects and depreciation related to capital assets, decreased the City's net position by $1,605,719.

Fund Based

- As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $11,307,778.

- Total nonspendable fund balances, amounts that are either not in spendable form or are legally or contractually required to be maintained, were $78,971.
- Total spendable fund balances were $11,228,807. Of this amount, approximately 8% ($871,931 in total assigned) is constrained by the City's intent to be used for a specific purpose and 35% ($3,983,335 in total restricted) is constrained in their use by external restrictions, such as by creditors, debt covenants, grantors, contributors, or by laws and regulations.
- Total governmental fund balances increased by $267,053.
- At the end of the most recent fiscal year, the total fund balance for the general fund was $7,324,443; an increase of $492,757 over prior year.
- General fund reported revenues exceeded expenditures by $1,739,587.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Laguna Hills' 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 financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

(1) **Government-wide financial statements**. These statements are designed to provide readers with a broad overview of the City of Laguna Hills' financial position, in a manner similar to a private-sector business, using the economic resources measurement focus and the full accrual basis of accounting. The following reports comprise the government-wide financial statements:

a) *Statement of Net Position*. This report presents information on all the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between the assets and deferred outflows, on the one hand, and liabilities and deferred inflows of resources, on the other, constitutes the *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 weakening, though it is important to consider other non-financial factors in accurately assessing the overall health of the City, such as the property tax base or condition of the roads, etc.; and

b) *Statement of Activities*. The information presented in this report shows how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes, program revenues, and intergovernmental revenues (referred to as *governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as *business-type activities*).

The ***governmental activities*** of the City of Laguna Hills include general government, public services, community development, community services and public safety. Property taxes, sales and use taxes, transient occupancy taxes, and franchise fees finance most of these activities.

The ***business-type activity*** of the City of Laguna Hills pertains to the leasing of certain areas in the Laguna Hills Civic Center, which also houses City Hall.

The government-wide financial statements can be found on pages II-19 to II-21 of this report.

(2) **Fund financial statements.** These statements show how City services were financed in the short term as well as what remains for future spending. These statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds, but not the City as a whole. Funds are required to be established, either by State or Federal laws, in order to meet legal responsibilities associated with the usage of certain taxes, grants, and other money. There are three types of funds, namely:

a) *Governmental funds*. These statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information provides a short-term view of the City's general government operations and shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using the *modified accrual method* of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between governmental activities and the governmental funds are reported in the reconciliation of government-wide and fund financial statements and in Note 1 in the Notes to the Basic Financial Statements.

The City maintains 20 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 balance for the general fund, capital projects fund, and debt service fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of *combining statements* elsewhere in this report.

b) *Proprietary funds*. When the City charges for the services it provides, other than those services associated with the City's general governmental operations, these services are generally reported in proprietary funds. The proprietary fund is used to report the same function presented as the *business-type activity* in the government-wide financial statements. The City uses the proprietary fund to account for its Civic Center leasing activity.

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

The fund financial statements can be found on pages II-23 to II-30 of this report.

(3) **Notes to the basic financial statements**. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages II-31 to II-63 of this report.

(4) **Other Information**. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including budgetary comparison for the general fund, a schedule of proportionate share of the net pension liability, and a schedule of employer plan contributions.

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

Government –Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator over time of the City's financial position. The City's combined net position at the close of the most recent fiscal year ended June 30, 2018, was $94,955,824, as shown on Table 1, on the following page.

By far the largest portion of the City's net position (roughly $89.6 million, or 94% of total net position) reflects its net investment in capital assets, which is made up of: (1) capital assets (land, building, machinery, and equipment) less accumulated depreciation, any related debt used to acquire those assets that are still outstanding, and the unamortized bond premium, (2) outstanding deferred loss on refunding, and (3) the cash with fiscal agent held in reserve to secure the timely payment of principal and interest on the capital asset related debt. 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 corresponding items, 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. There is $7,824,716 in debt outstanding (including the unamortized debt premium) related to the acquisition and construction of these capital assets.

Table 1
Condensed Statement of Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 12,537	$ 13,655	$ 314	$ 183	$ 12,851	$ 13,838
Capital assets	87,780	90,288	7,634	8,343	95,414	98,631
Total assets	100,317	103,943	7,948	8,526	108,265	112,469
Total deferred outflows	1,513	1,127	-	-	1,513	1,127
Long-term liabilities	11,413	13,157	-	-	11,413	13,157
Other liabilities	2,937	2,726	77	65	3,014	2,791
Total liabilities	14,350	15,883	77	65	14,427	15,948
Total deferred inflows	395	497	-	-	395	497
Net position:						
Net investment in capital assets	81,973	82,980	7,635	8,343	89,608	91,323
Restricted	2,156	2,395	-	-	2,156	2,395
Unrestricted	2,956	3,315	236	118	3,192	3,433
Total net position	$ 88,690	$ 88,690	$ 7,871	$ 8,461	$ 94,956	$ 97,151

Another portion of the City's net position, $2,155,589 (2.3% of the total net position), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position is unrestricted net position of $3,192,197 (3.4% of the total net position), which may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's business-type activity involves the leasing of rentable areas in the Civic Center building. This 3-story building complex was renovated to accommodate the City offices and to add leasable spaces. Since June 28, 2004, the City government has operated from this facility. Altogether, there are 51,945 square feet of leasable office space in the Civic Center building. The City occupies 21,033 square feet and leases out 30,912 square feet. The occupancy rate was approximately 84.5% on June 30, 2018.

During the fiscal year ended June 30, 2018, the total revenue from all sources was $23,803,214 and the cost of all activities was $25,998,323, resulting in an overall decrease in net position of $2,195,109. The City's governmental activities decreased total net position by $1,605,719. Expenses related to public services was $6,841,288 and to public safety was $8,032,660, representing 28% and 32% of total governmental activities, respectively. Public services include certain capital projects, landscape maintenance, traffic signal maintenance, road maintenance, as well as water and electric utility usage charges. Public safety includes the costs for the law enforcement contract with the Orange County Sheriff's Department (OCSD), as well as the cost for animal control and shelter services. The OCSD law enforcement contract represents roughly $7.6 million, or 31%, of total governmental activities. Additionally, depreciation of capital assets accounts for $3,894,869 (16%) and the debt service interest payment on capital related items accounts for $323,513 (1.3%). The City's business-type activities decreased total net position by $589,390. The decrease from business-type activities is largely attributable to depreciation. Of the $1,247,849 of total operating expenses related to property leasing activities, depreciation represents 60%, or $747,484, of that total.

The details of the changes in the City's Net Position are shown in **Table 2** on the following page.

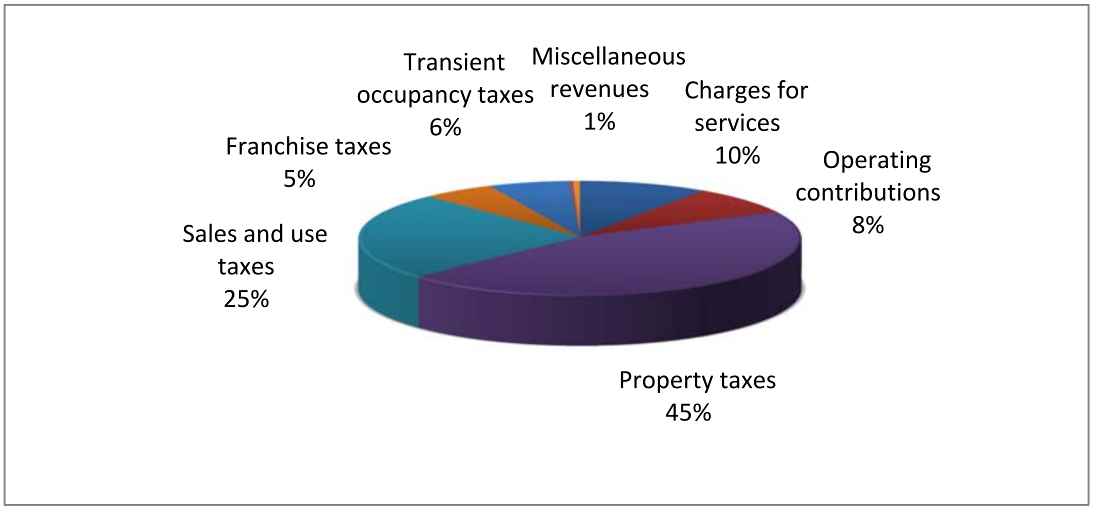
Table 2
Statement of Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	$ 2,208	$ 2,075	$ 658	$ 651	$ 2,866	$ 2,726
Operating contributions	1,876	2,131	-	-	1,876	2,131
Capital contributions	-	716	-	-	-	716
General Revenues:						
Property taxes	10,482	10,064	-	-	10,482	10,064
Sales and use taxes	5,756	5,779	-	-	5,756	5,779
Franchise taxes	1,248	1,192	-	-	1,248	1,192
Transient occupancy taxes	1,382	1,438	-	-	1,382	1,438
Motor vehicle in lieu taxes	17	14	-	-	17	14
State subvention	6	9	-	-	6	9
Interest earnings	49	22	-	-	49	22
Miscellaneous revenues	121	142	-	-	121	142
Total revenues	23,145	23,582	658	651	24,233	24,233
Expenses:						
General government	4,104	4,226	-	-	4,104	4,226
Public services	6,841	7,235	-	-	6,841	7,235
Community development	1,288	1,463	-	-	1,288	1,463
Community services	4,161	4,132	-	-	4,161	4,132
Public safety	8,033	8,167	-	-	8,033	8,167
Property leasing	-	-	1,248	1,256	1,248	1,256
Interest	323	377	-	-	323	377
Total expenses	24,750	25,600	1,248	1,256	25,998	26,856
Change in net position before transfers	(1,605)	(2,018)	(590)	(605)	(2,195)	(2,623)
Transfers	-	-	-	-	-	-
Change in net position	(1,605)	(2,018)	(590)	(605)	(2,195)	(2,623)
Net position, beginning	88,690	90,708	8,461	9,066	97,151	99,774
Net position, ending	$ 87,085	$ 88,690	$ 7,871	$ 8,461	$ 94,956	$ 97,151

Governmental Activities

The revenue sources from governmental activities presented in the preceding table are illustrated in a pie chart shown below as **Figure 1**, which illustrates the percentage relationship of these revenues to each other, as well as their impact on the City's total resources.

Figure 1
Revenue by Sources – Governmental Activities
FY 2017/18



As shown in the above pie chart, roughly 82%, or $18,884,336 of the City's total governmental revenues are from taxes, comprised of property, sales and use, motor vehicle in lieu, franchise and transient occupancy taxes. Program revenues totaled $4,084,339, or 18%, of the total revenue resources, comprised of charges for services, operating and capital contributions.

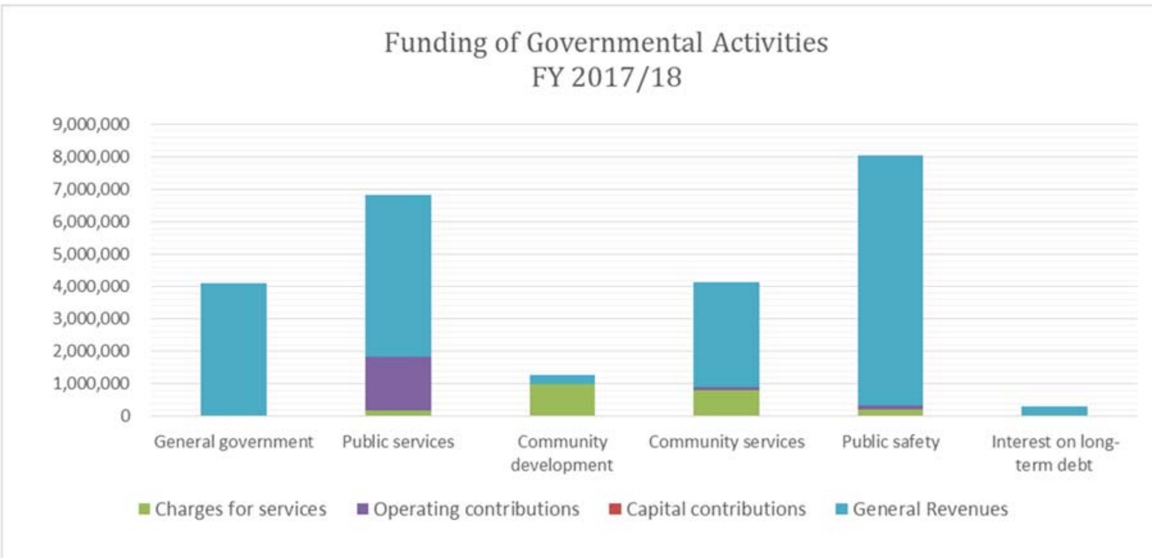
The City's expenses in connection with its governmental activities are categorized by function, namely: general government, public services, community development, community services and public safety. The program revenues associated with these governmental activities are classified into three categories, which are charges for services, operating contributions, and capital contributions. The relationships of the City's program revenues with the related governmental functions are illustrated in a graph shown as **Figure 2** on the following page.

Expenses associated with governmental activities experienced a decrease of 3%, or $849,531 over the prior fiscal year. This is a result of a concerted effort to reduce General Fund operating expenditures, as a direct response to the lower than anticipated revenues for the fiscal year.

Program Revenues and Expenses:

Program revenues for the most recent fiscal year were $4,084,339. Expenses related to governmental activities were $24,750,474. The program revenues are generally not adequate to finance the governmental programs, so it is typical for governmental expenses to be subsidized by general revenues. The City's expenses for public services and public safety are comparatively higher than the other expense categories, as shown in **Figure 2** below. The interest on long-term debt was $323,513.

Figure 2



Business-type Activities

During the most recent fiscal year, the operating revenues of the Laguna Hills Civic Center were $658,396 and the operating expenses were $1,247,849, resulting in a net operating loss of $589,453, which includes a depreciation charge of $747,484. After interest income of $63, the change in net position at fiscal year-end was $(589,390). The net cash provided by the leasing activities was $171,711. The contra rent revenue associated with the occupied spaces for City Hall was $549,965 for the current fiscal year.

Analysis of Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. As noted earlier, the City of Laguna Hills uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, the focus of the *governmental funds* is to provide information on near-term inflows and outflows, as well as the balances of spendable resources at the end of the fiscal year. Such information is useful in assessing the City of Laguna Hills' near term financing requirements. In particular, fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $11,307,778, an increase of $267,053 from the prior year's balance. Of the ending fund balance, $78,971 is non-spendable fund balance, which represents the portion of fund balance that is either not in spendable form or are legally or contractually required to be maintained. Of the remaining $11,228,807 in spendable fund balance, $3,983,335 is restricted fund balance, $871,931 is assigned fund balance and $6,373,541 is unassigned fund balance. Restricted fund balance includes amounts that have externally imposed restrictions on their usage by creditors, such as debt covenants, grantors, and contributors, or by laws and regulations. Assigned fund balance includes amounts which are constrained by the City's intent to be used for a specific purpose. These include $126,272 designated for claims liability and a total of $745,659 reserved for equipment maintenance of the Civic Center, Community Center, Sports Complex, slopes, storm drains, and various parks.

The City identifies "major" governmental funds within the fund financial statements. Funds are reviewed annually to determine if any should be classified as a major fund. Specifically, funds that have 10% or more of total assets, liabilities, or fund balance of total governmental funds. The City may also classify as a major fund any fund or combination of funds that is considered essentially important to users.

The General Fund is the City's primary operating governmental fund. The fund balance of the City's general fund increased by $492,757 from the prior fiscal year's balance, essentially as a result of the effort to reduce operating expenditures to counterbalance lower than anticipated operating revenues.

The Measure M Fund accounts for revenues and expenditures for road improvements and transportation system maintenance financed through the Orange County's half-cent sales tax administered through the Orange County

Transportation Authority (OCTA). Revenues and transfers out to other funds reflect financial resources are allocated to fund expenditures reported in other funds. During the fiscal year, the City recorded $694,070 from Measure M2 revenues and $3,946 in investment income, of which $121,766 funded storm drain improvements to clean transportation-related pollutants from local waterways and $576,250 to fund maintenance of roads, street lights, and traffic signals.

The City's capital projects fund accounts for financial resources related to the acquisition and construction of the City's capital projects. Revenues and transfers in from other funds reflect the financial resources used to fund the capital project expenditures during the current fiscal year; therefore, this fund typically reflects no fund balance at the end of the fiscal year. Total expenditures, transfers in, and capital lease proceeds for the current fiscal year were $2,151,578. The largest capital expenditure during the current year was the Annual Street Maintenance Program CIP #101, which totaled $1,084,281, or 50% of the total capital improvement expenditures for the fiscal year.

The City's debt service fund reports current financial resources restricted for the payment of principal and interest for long-term debt. As of the end of the current fiscal year, the debt service fund reported $1,836,415 in fund balance. Of the total fund balance, $1,827,746 is restricted to meet the reserve requirement under the Trust Agreement of the Certificates of Participation for the 2010 Refinancing Project. Pursuant to the Agreement, a reserve fund was established by the trustee, The Bank of New York Mellon Trust Company, N.A., to further secure the timely payment of principal and interest. All interest or income received by the investment of the reserve fund is required to be retained in the reserve fund. Only to the extent the reserve requirement is satisfied, may amounts in the reserve fund may be allocated toward lease payments. Interest income for the current fiscal year was $26,738.

Proprietary fund:

The proprietary fund provides the same type of information found in the government-wide financial statements. The City's proprietary fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the building is 51,945. The City is a tenant using approximately 21,033 square feet of the building.

The statement of revenues, expenses, and changes in net position shows a net operating loss of $589,453, before the interest income of $63. The net effect is a decrease in the ending net position of $589,390, which is largely attributable to depreciation. Before accounting for $747,484 in depreciation expense, the net operating activity would result in a net operating income of $158,031 from the City's other leasing related activities. It should be noted that the enterprise fund does not charge the City rent. The estimated annual rent for the space would be approximately $549,965.

General Fund Budgetary Highlights

At fiscal year-end, total general fund revenues came in at $21,243,012, roughly 2%, or $353,705 below the budgeted amount for the year. This shortfall is attributable to lower than anticipated revenues in a number of revenue sources, including taxes, licenses and permits, intergovernmental revenues, and fines and forfeitures. Specifically related to taxes, property tax revenue came in under budget by $113,522, or 1% of the originally budgeted amount, and franchise tax revenues were $83,032, or 3%, lower than budget. Additionally, intergovernmental revenues, which is predominantly comprised of sales tax revenue, came in 1%, or $63,550 lower than originally projected. This decline is largely due to the losses in sales tax revenues from the ongoing redevelopment occurring at the former Laguna Hills Mall site. License and permit revenue was approximately 16%, or $168,082, lower than anticipated due to the slight decrease in development throughout the City. Lastly, revenues received from fines and forfeitures fell below projections by $37,539, or 15%. It should be noted that the underperformance in these four revenue sources were partially offset by higher than anticipated revenue received from charges for services.

Consequently, as a direct response to the lower than anticipated revenues indicated above, a concerted effort was made to lower general fund operating expenditures for the fiscal year. General fund operating expenditures came in under budget by $966,977, for a total of $19,503,425 at fiscal year-end. This represents a decrease in expenditures of approximately 5% from the budgeted amount of $20,470,402. A significant percentage of the lower than anticipated expenditures came from the Public Safety Department. Overall, the Public Safety Department reduced expenditures by $368,437, or 4%. This reduction is largely the result of fluctuations in the staffing level from the Orange County Sheriff Department Law Enforcement Contract due to a variety of vacancies experienced throughout the year caused by staff retirements, transfers, training, and injuries. Expenditures in the General Government Department came in under budget by $237,886, or 6%, primarily as a result of deferred projects, including the outsourcing of files, a facility needs assessment, and IT system update projects. As a result of the slight decrease in development mentioned earlier, the Public Services Department came in under budget by 4%, or $193,837, primarily due to lower than anticipated professional engineer contract services. Expenditures in the Community Development Department came in under budget by $159,467, or 11%, due to a number of staffing level changes as well as lower than anticipated professional planning contract services.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to $95,415,412 net of accumulated depreciation. This investment includes land, land improvements, easements, right-of-ways, building, building improvements, equipment, machinery, construction in progress, and infrastructure. In accordance with the requirement of GASB 34, the value of the City's infrastructure assets are included in this report, which include streets, sidewalks, curbs, gutters, playground equipment, and similar assets that are considered public property. Equipment and machinery includes vehicles, furniture, computer hardware and software.

A schedule showing the changes in the City's capital assets are shown in the following **Table 3**.

Table 3
City of Laguna Hills Capital Assets (Net of accumulated depreciation)
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	$ 17,962	$ 17,962	$ 2,855	$ 2,855	$ 20,817	$ 20,817
Land improvements	6,712	8,030	-	-	6,712	8,030
Rights of ways/Easements	2,854	2,854	-	-	2,854	2,854
Building & improvements	2,831	3,504	4,780	5,488	7,611	8,992
Equipment and machinery	500	506	-	-	500	506
Construction in progress	-	-	-	-	-	-
Infrastructure						
Street signs	26	37	-	-	26	37
Storm drains	2,285	2,218	-	-	2,285	2,218
Streets	45,718	45,665	-	-	45,718	45,665
Parks inventory	2,210	2,495	-	-	2,210	2,495
Curbs, sidewalks, gutters	5,205	5,472	-	-	5,205	5,472
Bridges	1,477	1,545	-	-	1,477	1,545
Total capital assets net of accumulated depreciation	$ 87,780	$ 90,288	$ 7,635	$ 8,343	$ 95,415	$ 98,631

Additional information on the City's capital assets can be found in Note 5 on page II-47 of this report.

Long-term Debt

On January 26, 2010, to take advantage of favorable interest rates, the City issued $17,190,000 of Certificates of Participation (COPs). Proceeds from the sale were placed in an irrevocable trust used to service the future debt requirements of the 2001 and 2003 Certificates of Participation, which were issued to finance a portion of the costs to develop certain property, including the Civic Center Renovation Project and Community Center. As a result, the balance of the 2001 and 2003 COPs are considered to be defeased and the liability for those bonds has been removed. At fiscal year-end June 30, 2018, the per capita liability of the City of Laguna Hills was $245.92. The 2010 COPs maintain a "AA+" rating from Standard & Poor's.

Additional information on the City's long-term debt can be found in Note 6 on pages II-48 to II-50 of this report.

Budget and Economic Factors

The City's most recent adopted biennial budget for fiscal years 2017/18 - 2018/19 shows that the City continues to live within its means and poised to further improve as projects throughout the City move forward. General Fund revenues are projected at approximately $21.4 million in fiscal year 2018/19, while operating expenditures are estimated at roughly $19.6 million. The major goals and issues that dominated the budgeting process for this biennial budget are discussed in the transmittal letter together with the measures adopted to address the prevailing issues. A copy of the 2017-19 Biennial Budget is available on the City's website: www.ci.laguna-hills.ca.us .

Requests for Information

This financial report is designed to provide a general overview of the City of Laguna Hills' finances to all interested parties. Any questions regarding this report or requests for additional information should be addressed to the City's Finance Department, at 24035 El Toro Road, Laguna Hills, California, 92653.

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Government-wide Financial Statements

CITY OF LAGUNA HILLS
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	$ 8,147,872	$ 302,353	$ 8,450,225
Taxes receivable	1,539,084	-	1,539,084
Accounts receivable	432,481	8,691	441,172
Interest receivable	32,755	-	32,755
Prepaid items	78,971	2,586	81,557
Due from other governments	478,501	-	478,501
Restricted cash and investments	1,827,746	-	1,827,746
Capital assets, not depreciated	20,815,814	2,855,425	23,671,239
Capital assets, net of accumulated depreciation	66,964,358	4,779,815	71,744,173
Total Assets	100,317,582	7,948,870	108,266,452
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	189,596	-	189,596
Deferred amounts from pension plans	1,323,245	-	1,323,245
Total Deferred Outflows of Resources	1,512,841	-	1,512,841
LIABILITIES:			
Accounts payable	255,011	-	255,011
Accrued liabilities	589,394	23,500	612,894
Interest payable	139,154	-	139,154
Due to other governments	317,711	-	317,711
Deposits payable	-	49,065	49,065
Unearned revenue	-	4,869	4,869
Noncurrent Liabilities:			
Due within one year	1,635,773	-	1,635,773
Due in more than one year:			
Other long-term liabilities	7,802,927	-	7,802,927
Net pension liability	3,610,550	-	3,610,550
Total Liabilities	14,350,520	77,434	14,427,954
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts from pension plans	395,515	-	395,515
Total Deferred Inflows of Resources	395,515	-	395,515
NET POSITION:			
Net investment in capital assets	81,972,798	7,635,240	89,608,038
Restricted for:			
Public services	1,707,054	-	1,707,054
Community services	439,866	-	439,866
Debt service	8,669	-	8,669
Unrestricted	2,956,001	236,196	3,192,197
Total Net Position	$ 87,084,388	$ 7,871,436	$ 94,955,824

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total Program Revenues
Governmental Activities:					
General government	$ 4,104,012	$ -	$ -	$ -	$ -
Public services	6,841,288	189,662	1,657,536	-	1,847,198
Community development	1,287,931	988,719	-	-	988,719
Community services	4,161,070	821,388	77,890	-	899,278
Public safety	8,032,660	208,461	140,683	-	349,144
Interest expense	323,513	-	-	-	-
Total Governmental Activities	24,750,474	2,208,230	1,876,109	-	4,084,339
Business-type Activity:					
Property leasing	1,247,849	658,396	-	-	658,396
Total Business-type Activity	1,247,849	658,396	-	-	658,396
Total Primary Government	$ 25,998,323	$ 2,866,626	$ 1,876,109	$ -	$ 4,742,735

General Revenues:
Taxes:
Property taxes
Franchise tax
Transient occupancy tax
Intergovernmental, unrestricted:
Sales and use tax
Motor vehicle in lieu
State subvention
Investment earnings
Miscellaneous revenue
Total General Revenues

Changes in Net Position

Net Position, Beginning

Net Position, Ending

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activity	Total
$ (4,104,012)	$ -	$ (4,104,012)
(4,994,090)	-	(4,994,090)
(299,212)	-	(299,212)
(3,261,792)	-	(3,261,792)
(7,683,516)	-	(7,683,516)
(323,513)	-	(323,513)
(20,666,135)	-	(20,666,135)
-	(589,453)	(589,453)
-	(589,453)	(589,453)
(20,666,135)	(589,453)	(21,255,588)
10,481,864	-	10,481,864
1,248,488	-	1,248,488
1,381,719	-	1,381,719
5,755,661	-	5,755,661
16,604	-	16,604
5,725	-	5,725
49,179	63	49,242
121,176	-	121,176
19,060,416	63	19,060,479
(1,605,719)	(589,390)	(2,195,109)
88,690,107	8,460,826	97,150,933
$ 87,084,388	$ 7,871,436	$ 94,955,824

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Fund Financial Statements

CITY OF LAGUNA HILLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018

	General	Measure M Special Revenue Fund	Capital Projects	Debt Service	Other Governmental Funds	Totals
Assets						
Current:						
Cash and investments	$ 6,065,376	$ -	$ -	$ -	$ 2,082,496	$ 8,147,872
Receivables:						
Taxes	1,539,084	-	-	-	-	1,539,084
Accounts	432,481	-	-	-	-	432,481
Interest	24,086	-	-	8,669	-	32,755
Prepaid items	78,971	-	-	-	-	78,971
Due from other funds	285,722	-	-	-	-	285,722
Due from other governments	121,398	218,865	-	-	138,238	478,501
Restricted assets:						
Cash and investments	-	-	-	1,827,746	-	1,827,746
Total Assets	$ 8,547,118	$ 218,865	$ -	$ 1,836,415	$ 2,220,734	$ 12,823,132
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	$ 255,011	$ -	$ -	$ -	$ -	$ 255,011
Accrued liabilities	582,437	-	-	-	6,957	589,394
Due to other funds	-	218,865	-	-	66,857	285,722
Due to other governments	317,711	-	-	-	-	317,711
Total Liabilities	1,155,159	218,865	-	-	73,814	1,447,838
Deferred Inflows of Resources						
Unavailable revenues	67,516	-	-	-	-	67,516
Total Deferred Inflows of Resources	67,516	-	-	-	-	67,516
Fund Balances:						
Nonspendable	78,971	-	-	-	-	78,971
Restricted	-	-	-	1,836,415	2,146,920	3,983,335
Assigned	871,931	-	-	-	-	871,931
Unassigned	6,373,541	-	-	-	-	6,373,541
Total Fund Balances	7,324,443	-	-	1,836,415	2,146,920	11,307,778
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 8,547,118	$ 218,865	$ -	$ 1,836,415	$ 2,220,734	$ 12,823,132

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

JUNE 30, 2018

Fund balances of governmental funds	$ 11,307,778
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.	
Capital assets	159,572,501
Accumulated depreciation	(71,792,329)
Long-term liabilities are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds. Long-term liabilities consist of the following:	
Certificates of participation	(7,295,000)
Bond premium	(529,716)
Capital leases	(723,134)
Compensated absences	(323,894)
Claims and judgments payable	(566,956)
Deferred outflows of resources (loss on refunding of bonds) that have not been included in the governmental fund activity.	189,596
Accrued interest payable for the current portion of interest due on the Certificates of Participation has not been reported in the governmental funds.	(139,154)
Pension related debt applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:	
Deferred outflows of resources	1,323,245
Deferred inflows of resources	(395,515)
Net pension liability	(3,610,550)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	67,516
Net position of governmental activities	$ 87,084,388

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Measure M Special Revenue Fund	Capital Projects	Debt Service	Other Governmental Funds	Totals
Revenues:						
Taxes	$ 13,112,068	$ -	$ -	$ -	$ 2,000	$ 13,114,068
Licenses and permits	881,918	-	-	-	50,722	932,640
Intergovernmental revenues	5,836,700	694,070	-	-	1,072,180	7,602,950
Charges for current services	1,159,437	-	-	-	-	1,159,437
Fines and forfeitures	208,461	-	-	-	-	208,461
Investment income	44,428	3,946	-	26,738	34,190	109,302
Total Revenues	21,243,012	698,016	-	26,738	1,159,092	23,126,858
Expenditures:						
Current:						
General government	3,876,923	-	-	-	-	3,876,923
Public services	4,190,848	-	-	-	85,925	4,276,773
Community development	1,287,101	-	-	-	-	1,287,101
Community services	2,089,774	-	-	-	41,864	2,131,638
Public safety	8,025,383	-	-	-	578	8,025,961
Capital outlay	-	-	2,151,578	-	-	2,151,578
Debt service:						
Interest	-	-	-	397,428	-	397,428
Principal retirement	33,396	-	-	1,390,000	-	1,423,396
Total Expenditures	19,503,425	-	2,151,578	1,787,428	128,367	23,570,798
Excess (Deficiency) of Revenues over Expenditures	1,739,587	698,016	(2,151,578)	(1,760,690)	1,030,725	(443,940)
Other Financing Sources (Uses):						
Capital lease issuance	-	-	710,993	-	-	710,993
Transfers in	1,980,288	-	1,440,585	1,778,160	8,373	5,207,406
Transfers out	(3,227,118)	(698,016)	-	-	(1,282,272)	(5,207,406)
Total Other Financing Sources (Uses)	(1,246,830)	(698,016)	2,151,578	1,778,160	(1,273,899)	710,993
Net Change in Fund Balances	492,757	-	-	17,470	(243,174)	267,053
Fund Balances, Beginning	6,831,686	-	-	1,818,945	2,390,094	11,040,725
Fund Balances, Ending	$ 7,324,443	$ -	$ -	$ 1,836,415	$ 2,146,920	$ 11,307,778

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	$ 267,053
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 activity is reconciled as follows:	
Capital outlay, net of disposals	1,387,039
Depreciation	(3,894,869)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Premiums associated with the issuance of long-term debt are reported as revenues in the governmental funds, but in the Statement of Net Position, the premiums are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Principal payments	1,423,396
Amortization of bond premium	80,464
Capital lease obligation	(710,993)
Deferred losses on refunding of long-term debt in the Statement of Net Position are deferred and amortized throughout the period during which the related debt is outstanding.	(28,800)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences	11,867
Change in claims and judgments payable	(39,962)
Change in accrued interest for Certificates of Participation	22,251
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.	(141,062)
Revenues in the Statement of Activities that do not meet the "availability" criteria for revenue recognition are reported as deferred inflows of resources, unavailable revenues, in the governmental funds. This is the net change in deferred inflows of resources, unavailable revenues, from the prior year.	17,897
Change in net position of governmental activities	$ (1,605,719)

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

		Enterprise - Property Leasing
ASSETS:		
Current Assets:		
Cash and investments	$	302,353
Accounts receivable		8,691
Prepaid items		2,586
Total Current Assets		313,630
Noncurrent Assets:		
Capital assets not depreciated		2,855,425
Capital assets, net of accumulated depreciation		4,779,815
Total Noncurrent Assets		7,635,240
Total Assets		7,948,870
LIABILITIES:		
Current Liabilities:		
Accrued liabilities		23,500
Deposits payable		49,065
Unearned revenue		4,869
Total Current Liabilities		77,434
NET POSITION:		
Net investment in capital assets		7,635,240
Unrestricted		236,196
Total Net Position	$	7,871,436

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Enterprise - Property Leasing
Operating Revenues:	
Rental fees	$ 643,968
CAM revenues	5,072
Other current service fees	9,356
Total Operating Revenues	658,396
Operating Expenses:	
Direct operating expenses	452,757
Advertising and promotion	21,048
Administrative and professional fees	2,155
Repairs and maintenance	24,405
Depreciation expense	747,484
Total Operating Expenses	1,247,849
Operating Loss	(589,453)
Nonoperating Revenues:	
Interest income	63
Total Nonoperating Revenues	63
Change in Net Position	(589,390)
Net Position, Beginning	8,460,826
Net Position, Ending	$ 7,871,436

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Enterprise - Property Leasing
Cash Flows from Operating Activities:		
Receipts from tenants	$	657,648
Payments to suppliers for goods and services		(485,937)
Net Cash Provided by Operating Activities		171,711
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets		(39,236)
Net Cash Used for Capital and Related Financing Activities		(39,236)
Cash Flows from Investing Activities:		
Interest on investments		63
Net Cash Provided by Investing Activities		63
Net Increase in Cash and Cash Equivalents		132,538
Cash and Cash Equivalents, Beginning		169,815
Cash and Cash Equivalents, Ending	$	302,353
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$	(589,453)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		747,484
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		1,860
(Increase) decrease in prepaid items		(374)
Increase (decrease) in accrued liabilities		14,802
Increase (decrease) in deposits payable		(2,608)
Total adjustments		761,164
Net Cash Provided by Operating Activities	$	171,711

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

ASSETS:	
Accounts receivable	$ 279,433
Total Assets	$ 279,433
LIABILITIES:	
Deposits	$ 223,849
Due to other governments	55,584
Total Liabilities	$ 279,433

See Accompanying Notes to the Basic Financial Statements

Notes to the Basic Financial Statements

(1) Reporting Entity and Summary of Significant Accounting Policies

a) Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in accordance with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Financial Reporting Entity

The City of Laguna Hills (the City) was incorporated on December 20, 1991 under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, parks, solid waste, public improvements, planning and zoning, building and safety, community services, and general administrative services.

This report includes all fund types of the City (the primary government) and the Laguna Hills Public Improvement Corporation (the Corporation). The Corporation meets the definition of a component unit and is presented on a blended basis, as if it is a part of the primary government. Although it is a legally separate entity, the governing board of the Corporation is comprised of the same membership as the City Council. The City may impose its will on the Corporation, including the ability to appoint, hire, reassign, or dismiss management. There is also a financial benefit/burden relationship between the City and the Corporation.

The Corporation was established by the City Council on September 2, 1998. The Board of Directors of the Corporation is composed of the five members in connection with the acquisition, construction and improvement of public capital improvements. The activity of the Corporation is reported in the Debt Service Fund. Separate financial statements are not prepared for this blended component unit.

b) Basis of Accounting and Measurement Focus

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

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

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City. Also, interfund services provided and used have not been eliminated.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the *economic resources measurement focus*, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories: charges for service, operating grants and contributions, and capital grants and contributions.

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

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

Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental and business-type activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

Fund Financial Statements

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

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

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available*. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. For this purpose, the City considers its general revenue, to be available if they are collected within 90 days of the end of the fiscal year. The City uses a 180-day availability period for special revenue grants and contributions.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

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

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

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current 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 *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When expenditures are incurred, the City's applies the most restrictive funds first; and then the City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

Proprietary Fund

The City's enterprise fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the *economic resources measurement focus*. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The City has no internal service funds.

Proprietary fund operating revenues, such as rental fees, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income, results from non-exchange transactions or ancillary activities. Proprietary fund operating expenses result from providing the services in connection with the proprietary fund's principal ongoing operations.

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

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

<u>Fiduciary Fund</u>

The fiduciary fund financial statements include a Statement of Fiduciary Assets and Liabilities. The City's fiduciary agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. Because these funds are not available for use by the City, fiduciary funds are not included in the government-wide statements. The City uses an agency fund to account for construction deposits and trust monies received from builders, land developers, and other agencies.

c) <u>Major Funds and Fiduciary Fund Types</u>

The City reports the following major governmental funds:

<u>General Fund</u>
The General Fund is the general operating fund of the City. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

<u>Measure M Special Revenue Fund</u>
The Measure M Special Revenue Fund is used to account for Measure M revenues from the Orange County Transportation Authority to be used for street improvement and transportation system maintenance.

<u>Capital Projects Fund</u>
The Capital Projects Fund is used to account for the financial resources to be used for the acquisition and construction of the City's capital projects.

Debt Service Fund
The Debt Service Fund is used to pay the City's debt service on its COP issue.

The City reports the following major proprietary fund:

Property Leasing
The City Hall Fund is used to account for activity pertaining to the leasing of certain areas in the Laguna Hills Civic Center, which has been the City Hall site and seat of government since June 28, 2004.

Additionally, the City reports the following fund types:

Special Revenue Funds
The Special Revenue Funds are used to account for certain revenue sources set aside for specific purposes, to avoid including restricted revenues within the general fund and to provide separate information on the sources and applications of these restricted sources.

Fiduciary Fund
The City has one Fiduciary Fund, an Agency Fund, used to account for construction deposits and trust monies received from builders, land developers, and other agencies.

d) New Accounting Pronouncements

Current Year Standards

In fiscal year 2017-2018, the GASB implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. This statement did not impact the City.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the City.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017, and did not impact the City.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017, and did not impact the City.

Pending Accounting Standards

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.

- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

- GASB 88 - *Certain Disclosures Related to Debt*, Including Direct Borrowings and Direct Placements, effective for periods beginning after June 15, 2018.

- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.

- GASB 90 - *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61, effective for periods beginning after December 15, 2018.

e) Cash and Investments

Investments are reported in the accompanying basic financial statements at fair value, which is 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 that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for amounts held by fiscal agents. Investment income earned by the pooled investments is allocated to the various funds based on each fund’s average cash and investment balance.

f) Statement of Cash Flows

The enterprise proprietary fund participates in the City-wide cash and investments pool, which provides immediate access to invested funds. Accordingly, all cash and investments are considered to be cash and cash equivalents for purposes of the Statement of Cash Flows.

g) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the

Government-Wide and Fund Financial Statements utilizing the consumption method.

h) Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing, they become available (within 90 days of the fiscal year end). The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 am on the first day of January proceeding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on January 1 each year, and are delinquent, if unpaid, on August 31.

i) Capital Assets

Capital assets are capital outlay for assets of a permanent nature, valued at $5,000 or more and the usage of which is expected to be more than five years. Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at acquisition value at the date of the contribution.

Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the enterprise fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statements of net position. The range of lives used for depreciation purposes for each capital asset class, are as follows:

Building and improvements	20 years
Machinery and equipment	5-20 years
Infrastructure	5-60 years
Land improvements	20 years

j) Claims and Judgments Payable

As of July 1, 2003, the City became a member of the Exclusive Risk Management Authority of California. The annual premium included estimates the amounts paid for reported claims and incurred but not reported claims based upon past experience, modified for current trends and information. Premiums are recorded as expenditures when they become payable from expendable available resources. When it is probable that a claims liability has been incurred and the amount of the loss can be reasonably estimated through historical trends and calculation of incurred but not reported claims (IBNR), the City accrues the estimated liability for the expected claims and judgments. These amounts are recorded in the government-wide financial statements. A liability is reported in the governmental funds only if there is an amount due and payable at June 30.

k) Deferred Inflows and Outflows of Resources

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

- Deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt, which is 15 years.
- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.
- Deferred outflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

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

- Deferred inflow from unavailable revenues, which are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, which is property damage. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

- Deferred inflow related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred inflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred inflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

l) Compensated Absences

Vacation time is provided to all full-time and extended part-time employees. Upon separation or retirement from City service, all employees shall be compensated at their prevailing pay rate for their accrued vacation. No employee shall be allowed to carry over more than 320 hours of vacation time from one fiscal year to the next. At the start of the fiscal year, if an employee has more than 320 hours accrued, the City will automatically cash out any hours in excess of 320.

The City provides an ICMA Vantage Care Retirement Health Savings (RHS) Plan, a defined contribution plan, to its full-time employees that have reached ten (10) years of service with the City. This employer-sponsored retiree health benefit allows employees to accumulate assets to pay for medical expenses on a tax-free basis either upon separation of service from the City or age 50 dependent upon when contributions to the plan were made. In compliance with the Patient Protection and Affordable Care Act, contributions to the plan made after December 31, 2013, are available to plan participants for medical expenses only upon separation of employment. In the event of a participant's death, the participant's surviving spouse and/or eligible dependent(s) are immediately eligible to maintain the account and utilize it to fund eligible medical expenses. If a participant's balance is not fully depleted upon the death of the eligible spouse, the account balance may continue to be utilized to pay medical expenses of eligible dependents. An eligible dependent is (a) the participant's lawful spouse, (b) the participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as classified by Internal Revenue Service Notice 2004-79. The assets of the individual plans are not subject to claims of the City's creditors. The start-up contribution for employees will be based on their accumulated sick leave hours in excess of 160 hours at their prevailing pay rate, upon the completion of ten (10) years of service to the City. Thereafter, annual contributions will be made to each employee's account for their unused sick leave hours in excess of 160 hours on June 30th of each fiscal year at the employees' prevailing pay rate. Upon separation from employment, the City will make a final contribution on behalf of the employee equivalent to all the unused sick leave balance of the employee at the employee's prevailing pay rate at the time of separation. The City also contributes $5,000 on behalf of each participant, upon completion of ten years of service and annually thereafter on the participant's employment anniversary date as long as the individual is an employee with the City. The $5,000 City contributions cease after termination or retirement of the employee. In the fiscal year ended June 30, 2018, the City contributed $60,000 to the RHS Plan.

All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

m) <u>Pensions</u>

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

n) <u>Use of Estimates</u>

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

(2) Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Cash and investments at June 30, 2018, are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 8,450,225
Restricted cash and investments	1,827,746
Total cash and investments	$ 10,277,971

Cash and investments at June 30, 2018, consisted of the following:

Cash on hand		$ 3,000
Pooled deposits:		
Demand deposits	$ 801,169	
Certificates of deposit	570,502	
Total pooled deposits		1,371,671
Pooled investments:		
Local Agency Investment Fund		5,806,100
CalTRUST Short-Term Investment Fund		510,791
Money Market Mutual Fund		758,663
Restricted cash and investments:		
Money Market Mutual Fund	$ 810	
Local Agency Investment Fund	1,826,936	
Total restricted cash and investments		1,827,746
Total cash and investments		$ 10,277,971

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on quarterly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Authorized Investments

Under the provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments.

- U.S. Treasury bills
- U.S. Treasury notes, bonds or money market funds
- Certificates of deposit
- Money market mutual funds
- State Treasurer's Local Agency Investment Fund
- Overnight Government (U.S. Treasuries, Agencies, and Instrumentalities) Securities Investment Account managed by the City's primary bank
- Overnight Commercial Paper Investment Account managed by the City's primary bank

- Overnight repurchase agreements managed by the City's primary bank where fair value of the repurchase agreement is 102 percent or greater that the value of the funds borrowed
- Commercial paper
- Prime Banker's Acceptances
- Investment Trust of California, a Joint Powers Authority, doing business as CalTRUST

The maximum maturity for all investments listed above is 1 year with the exception of commercial paper and Prime Banker's Acceptances for which the maximum maturity is 180 days and 270 days, respectively.

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code.

Interest Rate Risk

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

The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rates. The City limits the investment maturities for operating funds to be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizable blocks of anticipated revenue. The City has elected the specific identification method to present the investment maturities as follows.

Investment Type	6 months or less	Fair Value
Local Agency Investment Fund	$ 5,806,100	$ 5,806,100
CalTRUST Short-Term Investment Fund	510,791	510,791
Money Market Mutual Fund	758,663	758,663
Investment with Fiscal Agent:		
Money Market Mutual Fund	810	810
Local Agency Investment Fund	1,826,936	1,826,936
Total	$ 8,903,300	$ 8,903,300

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. The City's minimum legal rating for Money Market Mutual

Funds is AAA. There is no minimum legal rating applicable for investments in the Local Agency Investment Fund and the City has no minimum legal rating for investments in CalTRUST. As of June 30, 2018, the City's investment in the State Treasurer's Local Agency Investment Fund has not been rated by a nationally recognized statistical rating organization, the City's investment in the CalTRUST Short-Term Investment Fund is rated AA, and the City's investment in the Money Market Mutual Funds are rated AAA by Standard and Poor's.

Concentration of Credit Risk

Concentration credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. As of June 30, 2018, other than the State Treasurer's Local Agency Investment Fund, CalTRUST Short-Term Investment Fund, and the Money Market Mutual Fund, the City had no investments concentrated in one issuer which exceeded 5% of total investments.

Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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

As of June 30, 2018, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Treasurer's Local Agency Investment Fund

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

Investment in CalTRUST Investment Pool:

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to voluntarily pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four pooled accounts within the program: Government Fund, Money Market, Short-Term, and Medium-Term. The Government Fund and Money Market accounts permit daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested. The Short-Term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The Medium- account permits investments, withdrawals and transfers once per month, with five days advance notice. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a $250,000 minimum investment; however, there is no maximum limit.

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 percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

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.

Amounts invested in the Local Agency Investment Fund, CalTRUST Short-Term Investment Fund, and Money Market Mutual Funds are not subject to fair value measurements.

(3) Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2018, were as follows.

Funds:	Interfund Receivables	Interfund Payables
Major Governmental:		
General Fund	$ 285,722	$ -
Measure M Special Revenue Fund	-	218,865
Non-major Governmental		
Special Revenue Funds:		
SB1 RMRA Fund	-	66,857
Total	$ 285,722	$ 285,722

Outstanding balances at the end of the fiscal year between funds are reported as "due to/from other funds". These balances are the result primarily of interfund transfers that have not yet been funded.

(4) Transfers In and Out

Transfers in and out for the fiscal year ended June 30, 2018 are as follows:

Paying Fund	Transfers Out	Receiving Fund	Transfers In
Major Governmental:		Major Governmental:	
General	$ 3,227,118	General	$ 1,980,288
Measure M Special Revenue	698,016	Capital Projects	1,440,585
		Debt Service	1,778,160
Non-major Governmental		Non-major Governmental	
Special Revenue Funds:		Special Revenue Funds:	
Gas Tax	911,943	Senior Mobility Program	8,373
SB1 RMRA	185,355		
CARITS	44,291		
SLEFS/COPS BRULTE	140,683		
Total	$ 5,207,406	Total	$ 5,207,406

Interfund transfers are principally used to 1) provide available funds to the Debt Service Fund for interest and principal payments on the City's long-term debt and 2) supply the Capital Projects Fund with funding necessary to accomplish those projects approved by the City Council. There were no significant interfund transfers that were unusual or of a non-routine nature.

(5) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Governmental activities:				
Buildings and improvements	$ 13,466,229	$ -	$ -	$ 13,466,229
Machinery and equipment	2,714,503	101,055	(162,419)	2,653,139
Land improvements	26,347,918	-	-	26,347,918
Infrastructure	94,994,825	1,294,576	-	96,289,401
Total cost of depreciable assets	137,523,475	1,395,631	(162,419)	138,756,687
Less accumulated depreciation for:				-
Buildings and improvements	9,962,017	673,312	-	10,635,329
Machinery and equipment	2,208,401	98,423	(153,827)	2,152,997
Land improvements	18,318,216	1,317,396	-	19,635,612
Infrastructure	37,562,653	1,805,738	-	39,368,391
Total accumulated depreciation	68,051,287	3,894,869	(153,827)	71,792,329
Net depreciable assets	69,472,188	(2,499,238)	(8,592)	66,964,358
Land	17,961,632	-	-	17,961,632
Rights of way/Easements	2,854,182	-	-	2,854,182
Total cost of non-depreciable assets	20,815,814	-	-	20,815,814
Total capital assets, net	$ 90,288,002	$ (2,499,238)	$ (8,592)	$ 87,780,172
Business-type activity:				
Buildings and improvements	$ 14,910,436	$ 39,236	$ -	$ 14,949,672
Total cost of depreciable assets	14,910,436	39,236	-	14,949,672
Less accumulated depreciation for:				
Buildings and improvements	9,422,373	747,484	-	10,169,857
Total accumulated depreciation	9,422,373	747,484	-	10,169,857
Net depreciable assets	5,488,063	(708,248)	-	4,779,815
Land	2,855,425	-	-	2,855,425
Total capital assets, net	$ 8,343,488	$ (708,248)	$ -	$ 7,635,240

Depreciation expense was charged in the following functions in the Statement of Activities:

Governmental activities:		
General government	$	49,340
Community development		830
Public services		1,808,568
Community services		2,029,432
Public safety		6,699
		3,894,869
Business-type activity:		
Property leasing		747,484
Total	$	4,642,353

(6) Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

Governmental Activities:

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018	Amounts Due in One Year
Certificates of Participation:					
2010 COP	$ 8,685,000	$ -	$ (1,390,000)	$ 7,295,000	$ 1,450,000
Unamortized permium	610,180	-	(80,464)	529,716	-
Total Certificates of Participation	9,295,180	-	(1,470,464)	7,824,716	1,450,000
Other Liabilities:					
Capital lease - Edison	45,537	423,454	(17,097)	451,894	56,320
Capital lease - SDGE	-	287,539	(16,299)	271,240	40,368
Compensated absences	335,761	216,761	(228,628)	323,894	32,389
Claims and judgments	526,994	919,170	(879,208)	566,956	56,696
Total Other Liabilities	908,292	1,846,924	(1,141,232)	1,613,984	185,773
Totals	$ 10,203,472	$ 1,846,924	$ (2,611,696)	$ 9,438,700	$ 1,635,773

Typically, the City liquidates its capital leases, compensated absences, and claims and judgments with general fund resources.

2010 Certificates of Participation

On January 26, 2010, the City (through the City's blended component unit The Public Improvement Corporation) issued $17,190,000 of Certificates of Participation (COPs). Proceeds from the sale were placed in an irrevocable trust that was used to service the future debt requirements of the 2001 and 2003 Certificates of Participation. There are no amounts outstanding on the defeased COPs.

The 2010 COPs are direct obligations and pledge the full faith and credit of the City of Laguna Hills. The certificates were executed and delivered under the provisions of the Trust Agreement by and among The Bank of New York Mellon Trust Company, N.A, as trustee. The City is required under the Lease

Agreement to make rental payments each 15th day of the month immediately preceding each February 1st and August 1st from any source of available funds in an amount sufficient to pay the annual principal and interest due with respect to the Certificates.

The Serial bonds mature in annual installments ranging from $345,000 to $1,670,000, commencing February 1, 2011 and ending February 1, 2025. Interest accrues at rates between 2.00% and 5.00% and is payable semiannually. The annual requirements to amortize the certificates of participation as of June 30, 2018, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$ 1,450,000	$ 340,881	$ 1,790,881
2020	1,520,000	282,881	1,802,881
2021	1,580,000	206,881	1,786,881
2022	1,670,000	127,881	1,797,881
2023	345,000	44,381	389,381
2024 - 2025	730,000	46,520	776,520
Totals	$ 7,295,000	$ 1,049,425	$ 8,344,425

The COPs are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due.

Capital Lease: Southern California Edison On-Bill Financing Program

In fiscal year 2016-2017, the City approved the installation of energy-efficient LED streets lights in areas of the City. The project was partially funded through Southern California Edison's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for $471,344 as of June 30, 2018. Since each individual item is below the City's capitalization policy, there are no amounts recorded as capital assets for these purchases. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2018 was $451,894. The annual debt service requirements are as follows:

Fiscal Year Ending June 30	Principal
2019	$ 56,320
2020	56,320
2021	52,299
2022	51,934
2023	51,934
2024 - 2028	183,087
Totals	$ 451,894

Capital Lease: San Diego Gas & Electric On-Bill Financing Program

In fiscal year 2017-2018, the City approved the installation of energy-efficient LED streets lights in areas of the City. The project was partially funded through San Diego Gas & Electric's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for $287,539 as of June 30, 2018. Since each individual item is below the City's capitalization policy, there are no amounts recorded as capital assets for these purchases. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2018 was $271,240. The annual debt service requirements are as follows:

Fiscal Year Ending June 30		Principal
2019	$	40,368
2020		40,368
2021		40,368
2022		40,368
2023		40,368
2024 - 2028		69,401
Totals	$	271,240

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The long-term portion of this liability, amounting to $291,505 at June 30, 2018 will be paid primarily from the general fund.

(7) General Liability Insurance

In July 2003, the City joined the Exclusive Risk Management Authority of California (ERMAC), a pool of three other cities in California, namely Beaumont, Hayward, and Santa Maria, established under the provisions of California Government Code Section 6502, in order to jointly develop and fund General Liability insurance.

The ERMAC policy covers the City for losses due to personal injury, property damage, wrongful acts because of public officials' errors and omissions and unfair employment practices (see the chart below for City's retained limits and policy liability limits). Legal defense costs may be covered in addition to policy limits.

The City carries property, business interruption, flood, and boiler & machinery insurance with ERMAC (PEPIP Program) to cover all City property. In addition, Difference in Conditions (DIC) or earthquake, including flood, is provided by Everest Indemnity Insurance Company, which covers the Laguna Hills Civic Center only.

The City is also a member in an insurance pool through the Special District Risk Management Authority (SDRMA). SDRMA is a not-for-profit public agency formed under California Government Code Sections 6500 et. Seq. SDRMA is governed by a board composed of members from participating agencies. The mission of SDRMA is to provide renewable, efficiently priced risk financing and risk management services through a financially sound pool. The City pays an annual premium for commercial insurance covering workers' compensation and employers' liability claims. Accordingly, the City retains no risk of loss. Separate financial statements of SDRMA may be obtained at Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, CA 95814.

The following is a list of the allocation of risk coverage for the City as of June 30, 2018, taking in to account the City's self-insurance portion, if any.

Area of Risk	**City Self-Insurance**	**Carrier**	**Risk Coverage**
Municipal Broad General Liability	• $100,000 for BI, PI, PD and public officials E&O • $1,000,000 for employment practices liability	ERMAC	• $25M per occurrence and in the annual aggregate excess of limit of the SIR of $1M
Property, Business Interruption and Boiler & Machinery	• $10,000 per occurrence (specific perils may be higher)	ERMAC (PEPIP program)	• $1B per occurrence combined • $10M flood limit per occurrence • $100M combined business interruption • $100M boiler explosion & machinery breakdown combined
Difference in Conditions (Multi-peril) Civic Center only	• $50,000 per occurrence • 5% earthquake	Aegis Security Insurance Company	• $7.5M per occurrence and annual aggregate • $60.6M TIV
Crime	• $2,500	CSAC-EIA	• $15M funds transfer fraud • $15M employee dishonesty • $15M forgery alterations • $15M money & securities theft, inside premises • $15M money & securities theft, outside premises • $15M computer fraud • $15M money order & counterfeit paper currency • $15M theft of other property, inside premises • $15M theft of other property, outside premises

Area of Risk	City Self-Insurance	Carrier	Risk Coverage
Recreational Class & Officials Supplemental	• None	SCMAF	• $1M per occurrence • $2M aggregate • $100,000 property damage • $1M personal and adv injury, products • $5,000 medical expense
Business Auto	• $500	Columbia Insurance Company	• $500K combined BI • $500K uninsured, under-insured motorist • $5,000 medical payments • $40,154 physical damage
Workers' Compensation & Employers' Liability	• None	SDRMA	• Statutory Workers' Compensation per occurrence • $5M Employer's Liability per occurrence

Claims Liability

In the financial statements prepared using the economic resources measurement focus, authoritative standards require that the liability for claims and the corresponding expense should be recognized in the period in which the underlying event occurs. Therefore, the liability of outstanding *unallocated loss adjustment expense*s (ULAE) must be established to represent the amount that will be paid out in claims as well as the expenses associated with processing of those claims. The City's third party administrator provides the data on estimated claim liabilities (paid and reserves). As of June 30, 2018, the estimated outstanding ULAE was $566,675.

Furthermore, as a practical matter, claims are often not reported during the period in which the underlying event occurs. The claim, even if not filed timely, must still be reported in the period in which the underlying event took place. Therefore, when it is probable that a claims liability has been incurred and the amount of the loss can be reasonably estimated through historical trends, the liability for claims should include an amount for *incurred but not reported* (IBNR) claims. IBNR is estimated at 25% of the current year annual claim expenses. As of June 30, 2018, the estimated IBNR was $281.

The following is a summary of the changes in the claims liability for the last two fiscal years:

Fiscal Year Ending June 30	FY 2017/18	FY 2016/17
Claims payable, beginning	$ 526,994	$ 22,175
Claims and changes in estimate	919,170	1,385,431
Claims payments	(879,208)	(880,612)
Claims payable, ending	$ 566,956	$ 526,994

The total amount designated in the Claims Liability Loss Reserve Fund as of June 30, 2018 is $126,272, which would cover two full limit losses. The City's self-insured retention is $100,000.

During the past three fiscal years, none of the above programs of protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-2018.

(8) Pension Plans

a) General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 and 52 with statutorily reduced benefits for Tier I and PEPRA, respectively. All members are eligible for non-industrial disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Tier I	PEPRA
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.5%
Required employer contribution rates:		
Normal cost rate	8.303%	6.908%
Payment of unfunded liability	$ 119,403	$ 539

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

Typically, the City liquidates its net pension liability with general fund resources.

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate share of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 3,610,550

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for all Plans as of the measurement dates ended June 30, 2016 and 2017 was as follows:

	Miscellaneous
Proportion - June 30, 2016	0.08502%
Proportion - June 30, 2017	0.09159%
Change - Increase (Decrease)	0.00657%

For the year ended June 30, 2018, the City recognized pension expense of $519,962. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 378,900	$ -
Differences between expected and actual experience	6,136	(87,914)
Change in assumptions	761,368	(58,055)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	4,651	(249,546)
Net differences between projected and actual earnings on plan investments	172,190	-
Total	$ 1,323,245	$ (395,515)

$378,900 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2019	$ (9,127)
2020	416,921
2021	243,270
2022	(102,234)
2023	-
Thereafter	-

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service.
(2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.
(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

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

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

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 6,120,237
Current Discount Rate	7.15%
Net Pension Liability	$ 3,610,550
1% Increase	8.15%
Net Pension Liability	$ 1,531,981

Pension Plans Fiduciary Net Position

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

c) Payable to the Pension Plans

At June 30, 2018, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

(9) Deferred Compensation

The City offers its employees two kinds of defined contribution deferred compensation plans. City contribution rates may change if plan contracts are amended.

One plan is created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer annually up to a maximum of $18,000 and $18,500 for calendar years 2017 and 2018, respectively. This maximum deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Amounts accumulated by the City under the plan have been invested in several investment options administered by independent third-party administrators at the direction of the employee. The assets of the plan are held in trust, with the City as trustee, for the exclusive benefit of the plan participants and their beneficiaries, and the assets cannot be diverted to any other purpose. The Trustee's beneficial ownership of plan assets held in the ICMA Retirement Trust is held for the further exclusive benefit of the plan participants and their beneficiaries. The plan permits loans, administered by the City, in accordance with approved loan guidelines. The City contributes 3.75% of the employee's compensation for part-time seasonal employees. There are no City contributions required for full-time and non-seasonal part-time employees. The City's total contributions for the fiscal year ended June 30, 2018 was $12,539.

The other Plan is created in accordance with Internal Revenue Code Section 401A. This Plan is available to all management staff regardless of years of service, and non-management employees who have reached a minimum of ten years of service with the City. The City is the sole contributor to this Plan, and sets the contribution amount to each class of eligible employees. The contribution limit is in accordance with the prevailing IRS regulation, which is 3% for eligible non-management employees and 6.5% for eligible management employees. The City's total contributions for the fiscal year ended June 30, 2018 was $97,167. The assets of this Plan, held for the exclusive benefits of the Plan's participants and their beneficiaries, are administered by the Public Agency Retirement System (PARS), and the trustee is Union Bank of California. Amounts accumulated under this Plan are self-directed by each participant.

(10) Classification of Net Position and Governmental Fund Balances

Net Position is measured on the full accrual basis of accounting as compared to the concept of Fund Balance, which is measured on the modified accrual basis of accounting.

Net Position Classifications

Net Position is divided into three captions as described below:

Net Investment in Capital Assets, describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less outstanding balance of any debt issued to finance these capital assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. Restricted net position is subject to constraints either by (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted describes the portion of which is not restricted as to use.

Net Position Flow Assumption

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

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

Governmental Fund Balances Classifications

Fund Balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance.

The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

Committed fund balances are those constrained to specific purposes determined by a formal action (resolution) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. The City does not have any committed fund balances at June 30, 2018.

Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes. The City Manager has the authority to assign the portion of the fund balance in the general fund that are constrained by the City's intent to be used for reserves as established in the City's Financial Policy No. 105 Section G.

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

When expenditures are incurred, the City's applies the most restrictive funds first; and then the City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2018 is as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid Items	$ 78,971	$ -	$ -	$ 78,971
Total	78,971	-	-	78,971
Restricted:				-
Public Services	-	-	1,707,054	1,707,054
Community Services	-	-	439,866	439,866
Debt Service	-	1,836,415	-	1,836,415
Total	-	1,836,415	2,146,920	3,983,335
Assigned:				
Claims Liability	126,272	-	-	126,272
Community Center and Sports Complex Mtnc	450,000	-	-	450,000
Parks Maintenance	165,700	-	-	165,700
Slopes/Storm Drain Mtnc	129,959	-	-	129,959
Total	871,931	-	-	871,931
Unassigned	6,373,541	-	-	6,373,541
Total Fund Balances	$ 7,324,443	$ 1,836,415	$ 2,146,920	$ 11,307,778

(11) Joint Venture

Orange County Fire Authority

In January 1995, the City of Laguna Hills entered into a Joint Powers Agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, and Yorba Linda and the County of Orange to create the Orange County Fire Authority (the Authority). Since the creation of the Authority, the Cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita and Westminster have joined the Authority as members eligible for protection services. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member Cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, Seal Beach and Westminster. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, Seal Beach and Westminster are considered "cash contract cities" and accordingly make cash contributions based on the Authority's annual budget. No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2018. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership.

Complete financial statements may be obtained from the Orange County Fire Authority, 180 South Water Street, Orange, California 92866.

(12) Related Party Transactions

The City's enterprise fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the building is 51,944. The City is a tenant using approximately 21,033 square feet of the building. The enterprise fund does not charge the City rent. The estimated annual rent for the space occupied by the City would be approximately $549,965.

(13) Other Required Individual Fund Disclosures

Excess of Expenditures over Appropriations

The following are funds in which expenditures exceeded appropriations for the fiscal year ended June 30, 2018. The City manages its budget at the fund level.

	Appropriations	Expenditures	Variance Positive (Negative)
Major Governmental Fund:			
Debt Service Fund	$ 1,785,387	$ 1,787,428	$ (2,041)

(14) Commitments and Contingencies

The City is occasionally a defendant in lawsuits which have arisen in the normal course of business. Damages are alleged in some of these actions and their outcome cannot be predicted with certainty. However, in the opinion of the City Attorney, the outcome of these actions will not have a material adverse effect on the financial position of the City.

The City participates in several federal and state grant programs. The programs are subject to examination by the granters and the amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

(15) Operating Leases

Operating leases arise from renting the City's Civic Center. Initial lease terms generally range from 12 to 60 months. Future minimum rental payments to be received on non-cancelable operating leases are contractually due as follows as of June 30, 2018:

Fiscal Year Ending June 30	Principal
2019	$ 487,463
2020	362,353
2021	272,835
2022	255,144
Thereafter	355,420
Totals	$ 1,733,215

The Property Leasing Enterprise Fund Statement of Net Position includes the capital assets that represent the land, building, and improvements utilized by the operating leases. The original cost of these capital assets is $17,805,096. The carrying value of these capital assets as of June 30, 2018 is $7,635,240.

Total rent revenue for the year ended June 30, 2018 was $643,968.

(16) Subsequent Events

In preparing these financial statements, the City's Management has evaluated events and transactions for potential recognition or disclosure through December 5, 2018, the date these financial statements were available to be issued, and has determined there were no other material events requiring disclosure.

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Required Supplementary Information

CITY OF LAGUNA HILLS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS*

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.03641%	0.03413%	0.02851%	0.03634%
Plan's proportionate share of the net pension liability	$ 3,610,550	$ 2,953,536	$ 1,956,617	$ 2,261,011
Plan's covered payroll	$ 3,197,331	$ 3,076,464	$ 3,093,576	$ 2,893,989
Plan's proportionate share of the net pension liability as a percentage of covered payroll	112.92%	96.00%	63.25%	78.13%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.06%	78.40%	79.82%
Plan's proportionate share of aggregate employer contributions	$ 553,754	$ 482,240	$ 431,378	$ 299,124

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 to June 30, 2016:

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

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

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

CITY OF LAGUNA HILLS

SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 378,900	$ 346,439	$ 308,768	$ 278,231
Contributions in relation to the actuarially determined contributions	(378,900)	(346,439)	(308,768)	(278,231)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 3,199,277	$ 3,197,331	$ 3,076,464	$ 3,093,576
Contributions as a percentage of covered payroll	11.84%	10.84%	10.04%	8.99%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense including inflation**
Retirement age	50 years (2%@60), 52 years (2%@62)**
Mortality	Morality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

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

** - The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017 respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

CITY OF LAGUNA HILLS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variances with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 13,308,625	$ 13,308,625	$ 13,112,068	$ (196,557)
Licenses and permits	1,050,000	1,050,000	881,918	(168,082)
Intergovernmental revenues	5,900,250	5,900,250	5,836,700	(63,550)
Charges for current services	1,091,842	1,091,842	1,159,437	67,595
Fines and forfeitures	246,000	246,000	208,461	(37,539)
Investment income	-	-	44,428	44,428
Total Revenues	21,596,717	21,596,717	21,243,012	(353,705)
Expenditures:				
Current:				
General government	4,114,809	4,114,809	3,876,923	237,886
Public services	4,384,685	4,384,685	4,190,848	193,837
Community development	1,446,568	1,446,568	1,287,101	159,467
Community services	2,130,520	2,130,520	2,089,774	40,746
Public safety	8,393,820	8,393,820	8,025,383	368,437
Debt service:				
Principal retirement	-	-	33,396	(33,396)
Total Expenditures	20,470,402	20,470,402	19,503,425	966,977
Excess of Revenues over Expenditures	1,126,315	1,126,315	1,739,587	613,272
Other Financing Sources (Uses):				
Transfers in	2,442,658	3,024,001	1,980,288	(1,043,713)
Transfers out	(3,764,265)	(4,165,563)	(3,227,118)	938,445
Total Other Financing Sources (Uses)	(1,321,607)	(1,141,562)	(1,246,830)	(105,268)
Net Change in Fund Balance	(195,292)	(15,247)	492,757	508,004
Fund Balance, Beginning	6,831,686	6,831,686	6,831,686	-
Fund Balance, Ending	$ 6,636,394	$ 6,816,439	$ 7,324,443	$ 508,004

See Accompanying Note to Required Supplementary Information

CITY OF LAGUNA HILLS
MEASURE M SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 570,658	$ 570,658	$ 694,070	$ 123,412
Investment income	-	-	3,946	3,946
Total Revenues	570,658	570,658	698,016	127,358
Other Financing Uses:				
Transfers out	(570,658)	(698,016)	(698,016)	-
Total Other Financing Uses	(570,658)	(698,016)	(698,016)	-
Net Change in Fund Balance	-	(127,358)	-	127,358
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ (127,358)	$ -	$ 127,358

See Accompanying Note to Required Supplementary Information

CITY OF LAGUNA HILLS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. The City Council approves the two-year budget submitted by the City Manager prior to the beginning of the new two-year budget cycle. The Council conducts public hearings prior to its adoption. All remaining appropriations in the Operating Budget will be carried over from the first year to the second year of the two-year budget period. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to transfer budgeted amounts between funds and divisions as deemed necessary to meet the City's needs within the overall legal limit established by the City Council. The city maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the city Council. The level of budgetary control is total expenditures by fund. Formal budgetary integration is employed as a management control device during the fiscal year for the governmental fund types.

Biennial budgets are adopted for all governmental funds except for certain special revenue funds and capital projects funds, which adopt project length budgets. The CASp Special Revenue Fund, Water Conservation Special Revenue Fund, Grants and Contributions Special Revenue Fund, and Other Law Enforcement Special Revenue Fund did not have adopted budgets during the current fiscal year.

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Supplementary Information

NON-MAJOR FUNDS

Gas Tax Fund - Used to account for revenues and expenditures for general street improvement maintenance related to the City's share of state gasoline taxes collected under Street and Highway Code, Sections 2103, 2105, 2106,2107 and 2107.5.

SB1 RMRA Fund - Used to account for revenues received from the State SB1 taxes. Expenditures are restricted to basic road maintenance, rehabilitation, and critical safety projects.

AB 2766 Fund - Used to account for revenues and expenditures for air quality improvement. AB 2766 was enacted to authorize air pollution control districts to impose fees on motor vehicles.

Senior Mobility Program Fund - Used to account for revenues and expenditures related to help design and operate a transit program that best fits the needs of older adults under the OCTA Senior Mobility Program.

USVP Traffic Impact Fund - Used to account for revenues and expenditures related to the Traffic Impact/Mitigation Fee Program for the Urban Village Specific Plan area that will assist in mitigating the cost of roadway improvements that are partly required as a result of new development within the plan area.

CARTIS Fund - Used to account for revenues and expenditures related to the cooperative agreement with the County of Orange for Coastal Area Road Improvement and Traffic Signals (CARTIS) fee program.

Public Art Fund - Used to account for revenues and expenditures related to the City's Public Art program designed to enhance the cultural and aesthetic environment and to encourage creativity, education and appreciation of the arts.

Beverage Recycling Fund - Used to account for revenues and expenditures related to grant funding received from the California State Department of Conservation for the purpose of implementing and supporting beverage container recycling programs within the City.

CR&R Recycling Fees Fund - Used to account for contractual revenues received from the City's franchised hauler, CR&R, for the purposes of recycling consulting services and general recycling activity expenditures.

C & D Forfeited Deposits Fund - Used to account for Construction and Demolition Waste Recycling Program security deposits, which have been forfeited by the applicant, used for administration costs of the program, or on programs to divert the waste from construction, demolition and alteration projects from landfill disposal, or other recycling programs.

Quimby Act Park Impact Fees Fund - Used to account for revenues and expenditures related to the "Quimby Act", which authorizes the City to require dedication of parkland, or fee in-lieu of such dedication, to meet the needs of new residential subdivisions in accordance of the City's General Plan.

CASp Fund – (Certified Access Specialist Program) Used to account for revenues and expenditures related to Senate Bill 1186 funds that are to be used for disability access and compliance with construction-related accessibility requirements.

Water Conservation Fund - Used to account for revenues and expenditures related to water use efficiency and conservation programs.

Grants & Contributions Fund - Used to account for revenues and expenditures made for specific projects including landscape improvements and certain capital expenditures. Land developers and builders, as well as other public agencies provide financing.

SLESF/COPS BRULTE Fund - Used to account for revenues received and expenditures made for front line law enforcement services related to the allocations received through the State Supplemental Law Enforcement Services Fund (SLESF)/COPS program.

Other Law Enforcement Grant Fund - Used to account for revenues received and expenditures made for law enforcement services related to the allocations received through other State and local law enforcement programs, which are not part of the State Supplemental Law Enforcement Services Fund (SLESF)/COPS program.

CITY OF LAGUNA HILLS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2018

	Special Revenue Funds							
	Gas Tax	SB1 RMRA	AB 2766	Senior Mobility Program	USVP Traffic Impact	CARITS	Public Art	Beverage Recycling
Assets								
Cash and investments	$ 17,609	$ -	$ 168,725	$ 65,655	$ -	$ 1,221,817	$ 79,069	$ 21,757
Due from other governments	54,829	66,857	10,385	6,167	-	-	-	-
Total Assets	$ 72,438	$ 66,857	$ 179,110	$ 71,822	$ -	$ 1,221,817	$ 79,069	$ 21,757
Liabilities and Fund Balances								
Liabilities:								
Accrued liabilities	$ -	$ -	$ -	$ 1,980	$ -	$ -	$ -	$ -
Due to other funds	-	66,857	-	-	-	-	-	-
Total Liabilities	-	66,857	-	1,980	-	-	-	-
Fund Balances:								
Restricted	72,438	-	179,110	69,842	-	1,221,817	79,069	21,757
Total Fund Balances	72,438	-	179,110	69,842	-	1,221,817	79,069	21,757
Total Liabilities and Fund Balances	$ 72,438	$ 66,857	$ 179,110	$ 71,822	$ -	$ 1,221,817	$ 79,069	$ 21,757

Special Revenue Funds (Continued)								Total
CR&R Recycling Fees	C & D Forfeited Deposits	Quimby Act Park Impact Fees	CASp	Water Conservation	Grants & Contributions	SLEFS/COPS BRULTE	Other Law Enforcement Gramt	Nonmajor Governmental Funds
$ 878	$ 87,377	$ -	$ 2,990	$ 331,841	$ 84,778	$ -	$ -	$ 2,082,496
-	-	-	-	-	-	-	-	138,238
$ 878	$ 87,377	$ -	$ 2,990	$ 331,841	$ 84,778	$ -	$ -	$ 2,220,734
$ -	$ 4,977	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,957
-	-	-	-	-	-	-	-	66,857
-	4,977	-	-	-	-	-	-	73,814
878	82,400	-	2,990	331,841	84,778	-	-	2,146,920
878	82,400	-	2,990	331,841	84,778	-	-	2,146,920
$ 878	$ 87,377	$ -	$ 2,990	$ 331,841	$ 84,778	$ -	$ -	$ 2,220,734

CITY OF LAGUNA HILLS

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue Funds							
	Gas Tax	SB1 RMRA	AB 2766	Senior Mobility Program	USVP Traffic Impact	CARITS	Public Art	Beverage Recycling
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	671,887	184,834	40,345	35,698	-	-	-	-
Investment income	7,941	521	1,815	805	-	14,640	915	366
Total Revenues	679,828	185,355	42,160	36,503	-	14,640	915	366
Expenditures:								
Current:								
Public services	-	-	-	-	-	-	-	13,560
Community services	-	-	-	41,864	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	41,864	-	-	-	13,560
Excess (Deficiency) of Revenues over Expenditures	679,828	185,355	42,160	(5,361)	-	14,640	915	(13,194)
Other Financing Sources (Uses):								
Transfers in	-	-	-	8,373	-	-	-	-
Transfers out	(911,943)	(185,355)	-	-	-	(44,291)	-	-
Total Other Financing Sources (Uses)	(911,943)	(185,355)	-	8,373	-	(44,291)	-	-
Net Change in Fund Balances	(232,115)	-	42,160	3,012	-	(29,651)	915	(13,194)
Fund Balances, Beginning	304,553	-	136,950	66,830	-	1,251,468	78,154	34,951
Fund Balances, Ending	$ 72,438	-	$ 179,110	$ 69,842	$ -	$ 1,221,817	$ 79,069	$ 21,757

Special Revenue Funds (Continued)								Total
CR&R Recycling Fees	C & D Forfeited Deposits	Quimby Act Park Impact Fees	CASp	Water Conservation	Grants & Contributions	SLEFS/COPS BRULTE	Other Law Enforcement Grant	Nonmajor Governmental Funds
$ 2,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,000
-	47,742	-	2,980	-	-	-	-	50,722
-	-	-	-	-	-	139,416	-	1,072,180
14	892	-	10	3,837	1,167	1,267	-	34,190
2,014	48,634	-	2,990	3,837	1,167	140,683	-	1,159,092
1,136	71,229	-	-	-	-	-	-	85,925
-	-	-	-	-	-	-	-	41,864
-	-	-	-	-	-	-	578	578
1,136	71,229	-	-	-	-	-	578	128,367
878	(22,595)	-	2,990	3,837	1,167	140,683	(578)	1,030,725
-	-	-	-	-	-	-	-	8,373
-	-	-	-	-	-	(140,683)	-	(1,282,272)
-	-	-	-	-	-	(140,683)	-	(1,273,899)
878	(22,595)	-	2,990	3,837	1,167	-	(578)	(243,174)
-	104,995	-	-	328,004	83,611	-	578	2,390,094
$ 878	$ 82,400	$ -	$ 2,990	$ 331,841	$ 84,778	$ -	$ -	$ 2,146,920

CITY OF LAGUNA HILLS

CAPITAL PROJECTS FUND - MAJOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues	$ -	$ -	$ -	$ -
Expenditures:				
Capital outlay	1,932,000	2,333,298	2,151,578	181,720
Total Expenditures	1,932,000	2,333,298	2,151,578	181,720
Excess (Deficiency) of Revenues over Expenditures	(1,932,000)	(2,333,298)	(2,151,578)	181,720
Other Financing Sources:				
Capital lease proceeds	-	-	710,993	710,993
Transfers in	1,932,000	2,333,298	1,440,585	(892,713)
Total Other Financing Sources	1,932,000	2,333,298	2,151,578	(181,720)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ -	$ -

CITY OF LAGUNA HILLS
DEBT SERVICE FUND - MAJOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Investment income	$ -	$ -	$ 26,738	$ 26,738
Total Revenues	-	-	26,738	26,738
Expenditures:				
Debt service:				
Interest	395,387	395,387	397,428	(2,041)
Principal retirement	1,390,000	1,390,000	1,390,000	-
Total Expenditures	1,785,387	1,785,387	1,787,428	(2,041)
Excess (Deficiency) of Revenues over Expenditures	(1,785,387)	(1,785,387)	(1,760,690)	24,697
Other Financing Sources:				
Transfers in	1,785,387	1,785,387	1,778,160	(7,227)
Total Other Financing Sources	1,785,387	1,785,387	1,778,160	(7,227)
Net Change in Fund Balance	-	-	17,470	17,470
Fund Balance, Beginning	1,818,945	1,818,945	1,818,945	-
Fund Balance, Ending	$ 1,818,945	$ 1,818,945	$ 1,836,415	$ 17,470

CITY OF LAGUNA HILLS

GAS TAX SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 710,099	$ 747,517	$ 671,887	$ (75,630)
Investment income	-	-	7,941	7,941
Total Revenues	710,099	747,517	679,828	(67,689)
Other Financing Uses:				
Transfers out	(710,099)	(1,052,070)	(911,943)	140,127
Total Other Financing Uses	(710,099)	(1,052,070)	(911,943)	140,127
Net Change in Fund Balance	-	(304,553)	(232,115)	72,438
Fund Balance, Beginning	304,553	304,553	304,553	-
Fund Balance, Ending	$ 304,553	$ -	$ 72,438	$ 72,438

CITY OF LAGUNA HILLS

SB1 RMRA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 151,901	$ 173,351	$ 184,834	$ 11,483
Investment income	-	-	521	521
Total Revenues	151,901	173,351	185,355	12,004
Other Financing Uses:				
Transfers out	(151,901)	(185,355)	(185,355)	-
Total Other Financing Uses	(151,901)	(185,355)	(185,355)	-
Net Change in Fund Balance	-	(12,004)	-	12,004
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ (12,004)	$ -	$ 12,004

CITY OF LAGUNA HILLS
AB 2766 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 40,000	$ 40,000	$ 40,345	$ 345
Investment income	-	-	1,815	1,815
Total Revenues	40,000	40,000	42,160	2,160
Net Change in Fund Balance	40,000	40,000	42,160	2,160
Fund Balance, Beginning	136,950	136,950	136,950	-
Fund Balance, Ending	$ 176,950	$ 176,950	$ 179,110	$ 2,160

CITY OF LAGUNA HILLS
SENIOR MOBILITY PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 33,984	$ 33,984	$ 35,698	$ 1,714
Investment income	-	-	805	805
Total Revenues	33,984	33,984	36,503	2,519
Expenditures:				
Current:				
Community services	43,500	43,500	41,864	1,636
Total Expenditures	43,500	43,500	41,864	1,636
Excess (Deficiency) of Revenues over Expenditures	(9,516)	(9,516)	(5,361)	4,155
Other Financing Sources (Uses):				
Transfers in	16,700	16,700	8,373	(8,327)
Transfers out	(40,000)	(40,000)	-	
Total Other Financing Sources (Uses)	(23,300)	(23,300)	8,373	(8,327)
Net Change in Fund Balance	(32,816)	(32,816)	3,012	35,828
Fund Balance, Beginning	66,830	66,830	66,830	-
Fund Balance, Ending	$ 34,014	$ 34,014	$ 69,842	$ 35,828

CITY OF LAGUNA HILLS

USVP TRAFFIC IMPACT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Licenses and permits	$ 830,567	$ 830,567	$ -	$ (830,567)
Total Revenues	830,567	830,567	-	(830,567)
Net Change in Fund Balance	830,567	830,567	-	
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ 830,567	$ 830,567	$ -	$ -

CITY OF LAGUNA HILLS

CARITS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Investment income	$ -	$ -	$ 14,640	$ 14,640
Total Revenues	-	-	14,640	14,640
Other Financing Uses:				
Transfers out	(100,000)	(137,877)	(44,291)	93,586
Total Other Financing Uses	(100,000)	(137,877)	(44,291)	93,586
Net Change in Fund Balance	(100,000)	(137,877)	(29,651)	108,226
Fund Balance, Beginning	1,251,468	1,251,468	1,251,468	-
Fund Balance, Ending	$ 1,151,468	$ 1,113,591	$ 1,221,817	$ 108,226

CITY OF LAGUNA HILLS
PUBLIC ART SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive(Negative)
Revenues:				
Intergovernmental	$ 127,420	$ 127,420	$ -	$ (127,420)
Investment income	-	-	915	915
Total Revenues	127,420	127,420	915	(126,505)
Other Financing Uses:				
Transfers out	(200,000)	(200,000)	-	200,000
Total Other Financing Uses	(200,000)	(200,000)	-	200,000
Net Change in Fund Balance	(72,580)	(72,580)	915	73,495
Fund Balance, Beginning	78,154	78,154	78,154	-
Fund Balance, Ending	$ 5,574	$ 5,574	$ 79,069	$ 73,495

CITY OF LAGUNA HILLS
BEVERAGE RECYCLING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Investment income	$ -	$ -	$ 366	$ 366
Total Revenues	-	-	366	366
Expenditures:				
Current:				
Community services	34,707	34,707	13,560	21,147
Total Expenditures	34,707	34,707	13,560	21,147
Excess (Deficiency) of Revenues over Expenditures	(34,707)	(34,707)	(13,194)	21,513
Fund Balance, Beginning	34,951	34,951	34,951	-
Fund Balance, Ending	$ 244	$ 244	$ 21,757	$ 21,513

CITY OF LAGUNA HILLS
CR&R RECYCLING FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Taxes	$ 2,000	$ 2,000	$ 2,000	$ -
Investment income	-	-	14	14
Total Revenues	2,000	2,000	2,014	14
Expenditures:				
Current:				
Public services	2,000	2,000	1,136	864
Total Expenditures	2,000	2,000	1,136	864
Excess of Revenues over Expenditures	-	-	878	878
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ 878	$ 878

CITY OF LAGUNA HILLS
C & D FORFEITED DEPOSITS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Licenses and permits	$ 40,000	$ 40,000	$ 47,742	$ 7,742
Investment income	-	-	892	892
Total Revenues	40,000	40,000	48,634	8,634
Expenditures:				
Current:				
Public Services	97,000	97,000	71,229	25,771
Total Expenditures	97,000	97,000	71,229	25,771
Excess (Deficiency) of Revenues over Expenditures	(57,000)	(57,000)	(22,595)	34,405
Fund Balance, Beginning	104,995	104,995	104,995	-
Fund Balance, Ending	$ 47,995	$ 47,995	$ 82,400	$ 34,405

CITY OF LAGUNA HILLS
QUIMBY ACT PARK IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Licenses and permits	$ 5,832,228	$ 5,832,228	$ -	$ (5,832,228)
Total Revenues	5,832,228	5,832,228	-	(5,832,228)
Other Financing Uses:				
Transfers out	(520,000)	(520,000)	-	520,000
Total Other Financing Uses	(520,000)	(520,000)	-	520,000
Net Change in Fund Balance	5,312,228	5,312,228	-	(5,312,228)
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ 5,312,228	$ 5,312,228	$ -	$ (5,312,228)

CITY OF LAGUNA HILLS
SLESF/COPS BRULTE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 100,000	$ 100,000	$ 139,416	$ 39,416
Investment income	-	-	1,267	1,267
Total Revenues	100,000	100,000	140,683	40,683
Other Financing Uses:				
Transfers out	(100,000)	(140,683)	(140,683)	-
Total Other Financing Uses	(100,000)	(140,683)	(140,683)	-
Net Change in Fund Balance	-	(40,683)	-	40,683
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ (40,683)	$ -	$ 40,683

CITY OF LAGUNA HILLS

AGENCY FUND
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assets				
Cash and investments	$ 146,551	$ -	$ (146,551)	$ -
Accounts receivables	-	279,433	-	279,433
Total assets	$ 146,551	$ 279,433	$ (146,551)	$ 279,433
Liabilities				
Deposits	$ 146,551	$ 87,727	$ (10,429)	$ 223,849
Due to other governments	-	55,584	-	55,584
Total liabilities	$ 146,551	$ 143,311	$ (10,429)	$ 279,433

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Laguna Hills' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Laguna Hills' overall financial health.

Contents **Page**

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF LAGUNA HILLS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets	$ 56,606,677	$ 76,364,755	$ 78,797,985	$ 82,982,768	$ 84,618,576	$ 84,465,323	$ 84,623,408	$ 83,320,937	$ 82,980,468	$ 81,972,798
Restricted	3,356,723	3,935,701	3,653,349	2,106,914	998,727	2,414,686	5,240,670	2,470,305	2,394,252	2,155,589
Unrestricted	7,858,499	7,501,713	6,504,972	6,944,547	8,340,769	5,751,121	1,789,992	4,916,994	3,315,387	2,956,001
Total government activities net position	$ 67,821,899	$ 87,802,169	$ 88,956,306	$ 92,034,229	$ 93,958,072	$ 92,631,130	$ 91,654,070	$ 90,708,236	$ 88,690,107	$ 87,084,388
Business-type activities										
Net Investment in capital assets	$ 12,720,481	$ 12,206,656	$ 11,542,563	$ 10,989,447	$ 10,403,077	$ 9,894,503	$ 9,324,493	$ 8,998,114	$ 8,343,488	$ 7,635,240
Restricted										
Unrestricted	134,998	150,668	85,344	96,511	47,563	47,801	(36,397)	68,288	117,338	236,196
Total business-type activities net position	$ 12,855,479	$ 12,357,324	$ 11,627,907	$ 11,085,958	$ 10,450,640	$ 9,942,304	$ 9,288,096	$ 9,066,402	$ 8,460,826	$ 7,871,436
Primary government										
Net Investment in capital assets	$ 69,327,158	$ 88,571,411	$ 90,340,548	$ 93,972,215	$ 95,021,653	$ 94,359,826	$ 93,947,901	$ 92,319,051	$ 91,323,956	$ 89,608,038
Restricted	3,356,723	3,935,701	3,653,349	2,106,914	998,727	2,414,686	5,240,670	2,470,305	2,394,252	2,155,589
Unrestricted	7,993,497	7,652,381	6,590,316	7,041,058	8,388,332	5,798,922	1,753,595	4,985,282	3,432,725	3,192,197
Total primary government net position	$ 80,677,378	$ 100,159,493	$ 100,584,213	$ 103,120,187	$ 104,408,712	$ 102,573,434	$ 100,942,166	$ 99,774,638	$ 97,150,933	$ 94,955,824

City of Laguna Hills
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General Government	$ 3,261,396	$ 3,316,426	$ 3,309,197	$ 3,320,664	$ 3,522,274	$ 3,304,687	$ 3,088,372	$ 3,112,783	$ 4,226,233	$ 4,104,012
Public services	8,318,347	7,389,564	5,781,123	5,999,412	6,150,553	6,376,642	6,332,724	6,802,499	7,234,921	6,841,288
Community development	1,523,476	1,595,670	1,404,624	1,127,036	1,138,280	1,265,719	1,434,213	1,309,210	1,462,611	1,287,931
Community services	1,776,257	1,769,589	3,702,911	3,642,792	3,777,102	3,886,180	4,660,667	4,141,792	4,131,886	4,161,070
Public safety	6,422,802	6,597,894	6,487,711	6,528,489	6,575,855	6,837,050	7,162,514	6,929,025	8,167,361	8,032,660
Interest expense	875,447	636,441	663,944	620,376	583,461	530,039	479,589	431,264	376,993	323,513
Total governmental activities expenses	22,177,725	21,305,584	21,349,510	21,238,769	21,747,525	22,200,317	23,158,079	22,726,573	25,600,005	24,750,474
Business-type activities:										
Property leasing	1,117,002	1,125,330	1,190,752	1,154,967	1,163,305	1,278,434	1,204,437	1,222,043	1,255,765	1,247,849
Total business-type activities expenses	1,117,002	1,125,330	1,190,752	1,154,967	1,163,305	1,278,434	1,204,437	1,222,043	1,255,765	1,247,849
Total primary government expenses	$ 23,294,727	$ 22,430,914	$ 22,540,262	$ 22,393,736	$ 22,910,830	$ 23,478,751	$ 24,362,516	$ 23,948,616	$ 26,855,770	$ 25,998,323
Program Revenues										
Government activities:										
Charges for Services:										
General Government	$ -	$ -	$ 98,962	$ 2,838	$ -	$ -	$ -	$ -	$ -	$ -
Public services	98,818	86,176	155,373	83,989	112,629	106,633	136,037	205,446	196,054	189,662
Community development	544,227	514,162	653,918	669,936	750,626	799,316	1,050,127	881,286	894,150	988,719
Community services	687,987	703,099	701,040	657,129	714,634	608,877	775,330	780,519	756,089	821,388
Public safety	435,452	542,732	401,665	295,587	226,311	186,347	300,032	267,555	228,649	208,461
Operating Contributions	4,217,578	3,059,335	4,738,096	3,082,972	2,137,580	2,186,050	2,989,299	1,960,392	2,131,220	1,876,109
Capital Contributions			820,456	3,040,344	945,068	807,545	2,264,558	60,850	716,200	-
Total governmental activities program revenues	5,984,062	4,905,504	7,569,510	7,832,795	4,886,848	4,694,768	7,515,383	4,156,048	4,922,362	4,084,339
Business-type activities:										
Charges for Services:										
Property Leasing	591,665	649,270	535,455	527,530	527,931	476,391	500,202	579,313	650,147	658,396
Operating grants and contributions										
Capital grants and contributions				85,134						
Total business-type activities program revenues	591,665	649,270	535,455	612,664	527,931	476,391	500,202	579,313	650,147	658,396
Total primary government program revenues	$ 6,575,727	$ 5,554,774	$ 8,104,965	$ 8,445,459	$ 5,414,779	$ 5,171,159	$ 8,015,585	$ 4,735,361	$ 5,572,509	$ 4,742,735
Net (expense)/revenue										
Governmental activities	$ (16,193,663)	$ (16,400,080)	$ (13,780,000)	$ (13,405,974)	$ (16,860,677)	$ (17,505,549)	$ (15,642,696)	$ (18,570,525)	$ (20,677,643)	$ (20,666,135)
Business- type activities	(525,337)	(476,060)	(655,297)	(542,303)	(635,374)	(802,043)	(704,235)	(642,730)	(605,618)	(589,453)
	$ (16,719,000)	$ (16,876,140)	$ (14,435,297)	$ (13,948,277)	$ (17,496,051)	$ (18,307,592)	$ (16,346,931)	$ (19,213,255)	$ (21,283,261)	$ (21,255,588)

(continued) (continued)

City of Laguna Hills
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(continued)

	Fiscal Year 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 8,624,076	$ 8,573,008	$ 8,186,735	$ 8,223,234	$ 8,722,406	$ 8,826,271	$ 9,128,568	$ 9,660,614	$ 10,064,067	$ 10,481,864
Sales and use taxes	5,522,204	5,197,367	5,238,949	5,157,787	5,305,487	5,562,823	5,603,521	5,439,210	5,779,073	5,755,661
Motor vehicle in lieu taxes	114,895	99,167	154,787	16,727	17,332	14,344	13,856	12,506	13,745	16,604
Other State subvention					-	16,549	93,653	57,112	9,209	5,725
Franchise taxes	1,237,335	1,217,595	1,199,882	1,223,523	1,210,837	1,259,021	1,343,505	1,303,919	1,191,868	1,248,488
Transient occupancy taxes	915,807	752,478	869,505	1,004,483	1,108,290	1,203,422	1,285,455	1,406,823	1,437,420	1,381,719
Investment earnings	119,006	29,205	25,267	15,736	12,216	12,251	14,266	14,893	21,911	49,179
Miscellaneous revenue	62,493	21,389	4,468	21,951	21,016	29,706	56,542	150,614	142,221	121,176
Lawsuit settlement										
Sale of capital assets					2,769,504					
Transfers	150,000	24,790	75,000			(293,691)	(50,000)	(421,000)	-	-
Total governmental activities	16,745,816	15,914,999	15,754,593	15,663,441	19,167,088	16,630,696	17,489,366	17,624,691	18,659,514	19,060,416
Business-type activities:										
Investment earnings	2,877	2,695	880	354	56	16	27	36	42	63
Transfers	(150,000)	(24,790)	(75,000)			293,691	50,000	421,000	-	-
Total business-type activities	(147,123)	(22,095)	(74,120)	354	56	293,707	50,027	421,036	42	63
Total primary government	$ 16,598,693	$ 15,892,904	$ 15,680,473	$ 15,663,795	$ 19,167,144	$ 16,924,403	$ 17,539,393	$ 18,045,727	$ 18,659,556	$ 19,060,479
Change in Net Position:										
Governmental activities	$ 552,153	$ (485,081)	$ 1,974,593	$ 2,257,467	$ 2,306,411	$ (874,853)	$ 1,846,670	$ (945,834)	$ (2,018,129)	$ (1,605,719)
Business-type activities	(672,460)	(498,155)	(729,417)	(541,949)	(635,318)	(508,336)	(654,208)	(221,694)	(605,576)	(589,390)
Total primary government	$ (120,307)	$ (983,236)	$ 1,245,176	$ 1,715,518	$ 1,671,093	$ (1,383,189)	$ 1,192,462	$ (1,167,528)	$ (2,623,705)	$ (2,195,109)

City of Laguna Hills
Governmental Activities - Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales & Use Tax	Motor Vehicle in Lieu Tax	Other State Subvention	Franchise Tax	Transient Occupancy Tax	Total
2009	8,624,076	5,522,204	114,895		1,237,335	915,807	16,414,317
2010	8,573,008	5,197,367	99,167		1,217,595	752,478	15,839,615
2011	8,186,735	5,238,949	154,787		1,199,882	869,505	15,649,858
2012	8,223,234	5,157,787	16,727		1,223,523	1,004,483	15,625,754
2013	8,722,406	5,305,487	17,332		1,210,837	1,108,290	16,364,352
2014	8,826,271	5,562,823	14,344	16,549	1,259,021	1,203,422	16,882,430
2015	9,128,568	5,603,521	13,856	93,653	1,343,505	1,285,455	17,468,558
2016	9,660,614	5,439,210	12,506	57,112	1,303,919	1,406,823	17,880,184
2017	10,064,067	5,779,073	13,745	9,209	1,191,868	1,437,420	18,495,382
2018	10,481,864	5,755,661	16,604	5,725	1,248,488	1,381,719	18,890,061

City of Laguna Hills
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011 [1]	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	$ 44,610	$ 15,624	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	8,582,945	8,611,931								
Nonspendable			305,302	311,223	335,603	416,994	318,769	312,137	81,520	78,971
Restricted							88,990	-	-	-
Committed										
Assigned			1,318,164	1,284,939	1,315,557	1,726,228	1,230,959	1,059,959	720,659	871,931
Unassigned			4,716,361	5,149,410	6,718,179	4,184,661	5,078,583	6,727,197	6,029,507	6,373,541
Total general fund	$ 8,627,555	$ 7,422,224	$ 6,339,827	$ 6,745,572	$ 8,369,339	$ 6,327,883	$ 6,717,301	$ 8,099,293	$ 6,831,686	$ 7,324,443
All other governmental funds										
Reserved	$ 415,078	$ 1,817,086								
Unreserved, reported in:										
Special revenue funds	2,427,534	2,411,192								
Debt service funds										
Nonspendable										
Restricted			4,473,805	3,916,541	2,813,802	4,222,459	5,151,680	4,276,934	4,209,039	3,983,335
Committed										
Assigned										
Unassigned			(273,326)	(238,732)	(245,214)	(322,781)	(229,971)	(227,254)		
Total all other governmental funds	$ 2,842,612	$ 4,228,278	$ 4,200,479	$ 3,677,809	$ 2,568,588	$ 3,899,678	$ 4,921,709	$ 4,049,680	$ 4,209,039	$ 3,983,335

[1] *Fund Balance Classification reflects implementation of GASB 54 requirements starting with Fiscal Year 2010/11*

City of Laguna Hills
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of acounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	$ 10,858,989	$ 10,553,196	$ 10,513,681	$ 10,533,542	$ 11,061,533	$ 11,308,714	$ 11,777,528	$ 12,393,356	$ 12,695,355	$ 13,114,068
Licenses and permits	521,724	423,012	550,155	816,863	655,855	778,208	3,195,756	959,138	1,022,542	932,640
Intergovernmental	9,727,124	7,975,877	10,023,285	10,960,315	8,597,520	8,864,729	8,765,516	7,897,817	8,506,103	7,602,950
Charges for current services	909,504	946,119	1,047,727	887,126	981,063	931,909	944,054	1,156,880	1,068,521	1,159,437
Fines and forfeitures	435,452	542,732	401,665	295,587	226,311	186,347	300,032	267,555	228,649	208,461
Investment income	223,846	45,732	36,906	30,129	25,928	21,608	24,209	35,970	65,691	109,302
Total revenues	22,676,639	20,486,668	22,573,419	23,523,562	21,548,210	22,091,515	25,007,095	22,710,716	23,586,861	23,126,858
Expenditures:										
Current:										
General Government	3,191,956	3,120,850	3,119,712	3,178,508	3,675,542	3,168,265	3,271,039	3,128,699	3,599,531	3,876,923
Public services	4,419,088	4,088,538	4,190,842	4,155,386	4,346,672	4,399,704	4,299,138	4,273,572	4,848,571	4,276,773
Community development	1,660,768	1,593,187	1,404,624	1,127,036	1,259,502	1,261,715	1,433,383	1,308,380	1,461,781	1,287,101
Community services	1,733,464	1,570,196	1,646,388	1,595,904	1,904,831	1,860,866	2,608,281	2,070,952	2,101,883	2,131,638
Public safety	6,427,542	6,585,639	6,475,456	6,494,020	6,591,732	6,826,303	7,153,841	6,917,275	8,149,762	8,025,961
Capital outlay	7,102,899	2,013,797	5,013,252	5,289,390	4,402,694	2,965,511	2,976,435	2,277,446	2,777,691	2,151,578
Debt service:										
Interest	878,480	427,854	712,976	670,243	625,043	601,542	553,529	503,429	451,427	397,428
Cost of bond issuance		301,477								
Principal retirement	1,010,000	820,000	1,090,000	1,130,000	1,180,000	1,205,000	1,250,000	1,300,000	1,352,353	1,423,396
Total expenditures	26,424,197	20,521,538	23,653,250	23,640,487	23,986,016	22,288,906	23,545,646	21,779,753	24,742,999	23,570,798
Excess (deficiency) of revenues over expenditures	(3,747,558)	(34,870)	(1,079,831)	(116,925)	(2,437,806)	(197,391)	1,461,449	930,963	(1,156,138)	(443,940)

(Continued) (Continued)

(Continued)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses):										
Capital Lease Proceeds									47,890	710,993
Transfers in	$ 13,800,602	$ 7,868,431	$ 12,431,918	$ 13,529,097	$ 10,468,784	$ 7,214,336	$ 8,059,715	$ 7,006,357	$ 7,582,790	$ 5,207,406
Transfers out	(13,650,602)	(7,843,641)	(12,356,918)	(13,529,097)	(10,468,784)	(7,508,027)	(8,109,715)	(7,427,357)	(7,582,790)	(5,207,406)
Bond Proceeds		17,190,000								
Payment to bond escrow agent		(18,081,996)								
Premium on bond issue		1,206,953								
Lawsuit Settlement	(55,750)	(7,500)	(105,365)							
Sale of Capital Assets					2,952,352					
Total other financing sources (uses)	94,250	332,247	(30,365)	-	2,952,352	(293,691)	(50,000)	(421,000)	47,890	710,993
Net change in fund balances	$ (3,653,308)	$ 297,377	$ (1,110,196)	$ (116,925)	$ 514,546	$ (491,082)	$ 1,411,449	$ 509,963	$ (1,108,248)	$ 267,053
Debt service as a percentage of noncapital expenditures	9.77%	6.74%	9.67%	9.81%	9.22%	9.35%	8.60%	8.76%	8.00%	8.21%

City of Laguna Hills

Assessed Value and Estimated Actual Value of Taxable Property, Citywide
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year End	Secured Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (3)
2008-09	5,516,226	174,459	32,955	5,690,685	.05371	5,690,685	1.000000
2009-10	5,413,579	175,241	33,614	5,588,820	.05371	5,588,820	1.000000
2010-11	5,299,826	160,738	33,534	5,460,564	.05371	5,460,564	1.000000
2011-12	5,308,488	156,488	33,852	5,464,976	.05371	5,464,976	1.000000
2012-13	5,371,901	143,351	34,825	5,515,252	.05371	5,515,252	1.000000
2013-14	5,509,351	146,695	35,252	5,656,046	.05371	5,656,046	1.000000
2014-15	5,809,642	148,567	35,410	5,958,209	.05371	5,958,209	1.000000
2015-16	6,236,428	183,676	165,185	6,254,919	.05371	8,159,912	1.304559
2016-17	6,499,868	187,553	218,920	6,468,501	.05371	9,167,561	1.417262
2017-18	6,728,482	188,841	209,680	6,707,643	.05371	9,373,474	1.397432

Source: Orange County Assessor data, Avenu Insights & Analytics
Source: 2008-2016 prior CAFR
Table has been reformatted to comply with GASB No. 44 and include estimated actual value.
(1.) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 31-001.
(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.
(3.) Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

City of Laguna Hills

Assessed Value of Property by Use Code, Citywide
Last Two Fiscal Year (In Thousands)

Category	2016-17	2017-18
Commercial	1,107,991	1,100,803
Industrial	221,072	229,033
Residential	5,170,783	5,398,624
Rural	22	23
Gross Secured Value	6,499,868	6,728,482
Unsecured Value	187,553	188,841
Exemptions	218,920	209,680
Net Taxable Value	6,468,501	6,707,643

Source: Orange County Assessor Data, Avenu Insights & Analytics

City of Laguna Hills

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Overlapping Basic Rate	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Capistrano Union	0.009710	0.010770	0.011050	0.011010	0.011710	0.009720	0.009000	0.008450	0.008430	0.008000
Metropolitan Water District	0.004300	0.004300	0.003700	0.003000	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
Moulton Niguel Water District	0.116790	0.121040	0.122030	0.129360	0.145470	0.129770	0.086000	-	-	-
Saddleback Valley Unified	0.028340	0.030430	0.031940	0.031630	0.032650	0.032070	0.028060	-	-	-
Total	1.159140	1.166540	1.168720	1.175000	1.193330	1.175060	1.126560	1.011950	1.011930	1.011500
City Direct Rate										
City Share of 1% Levy Per Prop 13	0.122280	0.122820	0.053710	0.053710	0.053710	0.053710	0.053710	0.053710	0.053710	0.053710

Source: Orange County Assessor data, Avenu Insights & Analytics
Source: 2008/09 - 2016/17 prior CAFR
TRA 31-000 is represented

City of Laguna Hills

Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

	2017-18		2008-09	
Taxpayer	Taxable Value ($)	Percent of Total City Taxable Value (%)	Taxable Value ($)	Percent of Total City Taxable Value (%)
23961 Calle De La Magdalena In	35,190,000	0.52%		
Acquiport Three Corp	82,529,001	1.23%	72,118,387	1.28%
Ag Lo Oakbrook Owner LLC	30,000,000	0.45%		
Ashley Real Estate LLC	14,658,504	0.22%		
Colton David A Colton	20,326,492	0.30%	17,674,639	0.31%
Eqr Villa Solana Vistas Inc.	23,759,152	0.35%	21,058,509	0.37%
K M Royal Group LLC	15,534,218	0.23%	13,541,747	0.24%
La Paz Office Plaza LLC	33,535,012	0.50%	29,420,468	0.52%
La Paz Shopping Center	14,768,282	0.22%		
Laguna Hills Estate LLC	23,165,245	0.35%	17,122,367	0.30%
Laguna Hills Investment Co	47,114,954	0.70%	21,526,426	0.38%
Laguna Hills Real Estate Partn	14,771,204	0.22%		
Lakehills Cm Cg LLC	46,972,399	0.70%	53,031,212	0.94%
Memorial Health Services	33,884,420	0.51%	19,451,104	0.34%
Mgp Fund X Laguna Hills LLC	125,914,920	1.88%		0.00%
Mission Hills Investment Co	14,708,659	0.22%		
Mouldy LLC	15,800,230	0.24%	14,176,466	0.25%
Moulton La Paz LLC	18,572,384	0.28%		0.00%
Moulton Plaza LLC	29,119,526	0.43%	27,086,522	0.48%
Muller Taj LLC	20,624,289	0.31%		
Pmi Prado LLC	92,949,594	1.39%		
Realty Assoc Fund Viii	16,250,959	0.24%		
Sptmrt Properties Trust	39,678,305	0.59%	39,066,136	0.69%
Sylmar Apts LLC	21,022,742	0.31%	18,521,320	0.33%
Universal Properties Lh Five L	15,151,657	0.23%	21,139,500	0.37%
Alicia Office Park			21,547,781	0.38%
Columbia California			36,830,160	0.65%
Cox Com Inc. Orange			15,034,091	0.27%
Greenlaw Laguna Hills Llc			17,686,800	0.31%
Hpf Glb Saddleback Llc			20,935,500	0.37%
Lht Saddleback Llc			49,988,047	0.89%
Pine Brook Apartments			39,386,622	0.70%
Shea Laguna Hills Llc			13,390,007	0.24%
Shopping Center			100,981,244	1.79%
Shopping Ctr Assoc			18,518,079	0.33%
The Realty Associates			35,650,000	0.63%
Total Top 25 Taxpayers	846,002,148	12.61%	754,883,134	13.37%
Total Taxable Value	6,707,642,658		5,645,854,926	

Source: Orange County Assessor data, Avenu Insights & Analytics
Source: 2008-09 prior CAFR

City of Laguna Hills

Levy and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Secured	Unsecured	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount Collected	Collected within the Fiscal Year of the Levy: % of Levy	Other Collections	Total Collections to Date: Amount	Total Collections to Date: % of Levy
2008-09	5,675	250	$5,925	$ 5,685	95.9%	$ 200	$ 5,885	99%
2009-10	5,555	256	$5,812	$ 5,629	96.9%	$ 203	$ 5,832	100%
2010-11	5,489	248	$5,737	$ 5,577	97.2%	$ 126	$ 5,703	99%
2011-12	5,526	246	$5,772	$ 5,605	97.1%	$ 87	$ 5,692	99%
2012-13	5,587	239	$5,827	$ 5,694	97.7%	$ 85	$ 5,779	99%
2013-14	5,732	261	$5,992	$ 5,885	98.2%	$ 62	$ 5,947	99%
2014-15	6,051	275	$6,327	$ 6,180	97.7%	$ 52	$ 6,231	98%
2015-16	6,375	232	$6,607	$ 6,456	97.7%	$ 72	$ 6,528	99%
2016-17	6,634	300	$6,934	$ 6,733	97.1%	$ 69	$ 6,802	98%
2017-18	6,901	230	$7,131	$ 7,004	98.2%	$ 66	$ 7,070	99%

Source: County Auditor-Controller, Avenu Insights & Analytics

City of Laguna Hills

Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2017-18		2008-09	
Taxpayer	**Business Type**	**Taxpayer**	**Business Type**
Daimler Trust	Leasing	Macy's Department Store	Department Stores
Sidepat	Office Equipment	Sears Roebuck & Company	Department Stores
Ashley Furniture Homestore	Furniture/Appliance	J C Penney Company	Department Stores
Nordstrom	Apparel Stores	Becton Dickinson & Company	Light Industry
The Reinforced Earth Company	Office Equipment	414 Laguna Hills	Furniture/Appliance
Macy's West Stores	Department Stores	Nordstrom Department Store	Department Stores
Total Wine & More	Liquor Stores	David J.Phillips Buick-Pntc Ma	Auto Sales - New
Ralph's	Food Markets	Chick'S Sporting Goods	Recreation Products
Material Supply	Bldg.Matls-Whsle	Howard'S Appliances	Furniture/Appliance
Siteone Landscape Supply	Florist/Nursery	Material Supply	Bldg.Matls-Retail
Marshall's Stores	Apparel Stores	G & M Oil Co.	Service Stations
Jerome's	Furniture/Appliance	Marshall's Stores	Apparel Stores
Tesoro Service Stations	Service Stations	Chicago Pizza And Brewery	Restaurants
J.C.Penney Company	Department Stores	Sit 'N Sleep	Furniture/Appliance
Laguna Hills Auto Spa	Service Stations	Laguna Hills Auto Spa	Service Stations
Bj'S Restaurants	Restaurants	Tesoro Service Stations	Service Stations
King'S Seafood Company	Restaurants	Ralph's	Food Markets
Dick'S Sporting Goods	Recreation Products	King'S Seafood Company	Restaurants
Raising Cane'S Chicken Fingers	Restaurants	Allied Real Estate School	Office Equipment
Howard's Appliances	Furniture/Appliance	Philip Linder & Associates	Furniture/Appliance
Schireson Bros	Recreation Products	TSPS Industries Inc	Light Industry
In-N-Out Burger	Restaurants	The Claim Jumper	Restaurants
Gse El Toro	Service Stations	Union 76 Service Stations	Service Stations
Sit N Sleep	Furniture/Appliance	Trader Joe's	Food Markets
Consolidated Electrical Dstrs.	Bldg.Matls-Whsle	Easy Life Furniture	Furniture/Appliance

Source: Avenu Insights & Analytics

City of Laguna Hills

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	Total Government Certificates of Participation	Personal Income	Per Capita Personal Income	Percentage of Personal Income	Per Capita (a)
2009	18,470	1,417,282	$ 42,444	1.30%	553.13
2010	17,943	1,500,666	$ 44,672	1.20%	534.14
2011	16,802	1,445,996	$ 47,227	1.16%	548.75
2012	15,620	1,363,858	$ 44,421	1.15%	508.75
2013	14,388	1,320,001	$ 42,778	1.09%	466.29
2014	13,437	1,336,181	$ 43,315	1.01%	435.57
2015	12,106	1,373,184	$ 44,757	0.88%	390.60
2016	10,726	1,479,761	$ 46,911	0.72%	340.02
2017	9,295				294.67
2018	7,825				245.92

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

Source: 2008-2009 Income Data: ESRI-Demographic Estimates are based on the lastest available Census

2010 and later -Income Data-US Census Bureau, most recent American Community Survey

(a) *Population data can be found in the Schedule of Demographic and Economic Statistics on page III - 21.*

(b) *2017 personal income data not available at time of print; Hence, table provides personal income history for years 2008-2016.*

City of Laguna Hills
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Percentage of Estimated Actual Taxable Value of Property	Per Capita

Note: There was no general bonded debt outstanding for the last ten fiscal years.

City of Laguna Hills
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	60,600,000	0.246%	149,076
Saddleback Valley Unified School District	113,365,000	17.330%	19,646,155
Capistrano Unified School District Facilities Improvement District No. 1	24,498,787	0.023%	5,635
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT:			$ 19,800,866
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			
Orange County General Fund Obligations	210,347,000	1.209%	2,543,095
Orange County Pension Obligations	383,564,389	1.209%	4,637,293
Orange County Board of Education Certificates of Participation	13,990,000	1.209%	169,139
Capistrano Unified School District Certificates of Participation	29,955,000	0.015%	4,493
Moulton-Niguel Water District Certificates of Participation	72,265,000	13.294%	9,606,909
SUBTOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			$ 16,960,929
City of Laguna Hills Certificates of Participation, Direct Debt	**7,824,716**	**100.000%**	**7,824,716**
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT:			$ 24,785,645
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	14,445,000	0.899-2.927%	257,837
GROSS COMBINED TOTAL DEBT			$ 44,844,348 [b]

[a] *The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.*

[b] *Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.*

Source: MuniServices, LLP

City of Laguna Hills

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	$ 853,897	838,413	$ 819,070	$ 819,547	$ 832,512	$ 853,695	$ 899,043	$ 963,016	$ 1,003,113	$ 1,037,598
Total net debt applicable to limit	18,470	17,190	16,100	14,970	13,790	12,585	11,335	10,035	9,295	7,825
Legal debt margin	$ 835,427	$ 821,223	$ 802,970	$ 804,577	$ 818,722	$ 841,110	$ 887,708	$ 952,981	$ 993,818	$ 1,029,774
Total net debt applicable to limit, as a percentage of debt limit	2.16%	2.05%	1.97%	1.83%	1.66%	1.47%	1.26%	1.04%	0.93%	0.75%

Legal Debt Margin Calculation for Fiscal Year 2017/18

Assessed value	6,707,643
Add back: exempt real property	209,680
Total assessed value	6,917,323
Debt limit (15% of total assessed value)	1,037,598
Debt applicable to limit:	
Certificates of Participation	7,825
Total net debt applicable to limit	7,825
Legal debt margin	$ 1,029,774

Note: Under state finance law, the City of Laguna Hills' outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Laguna Hills
Pledged-Revenue Coverage
Last Ten Fiscal Years

Note: There was no debt covenants that required pledged-revenue coverage for the last ten fiscal years.

City of Laguna Hills

Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	City Unemployment Rate (3)	Median Age (4)	% Of Pop with High School Diploma (5)	% of Pop With Bachelor's Degree (5)
2008	33,117	1,441,089	43,346	4.4%	37.7	-	-
2009	33,246	1,417,282	42,444	7.6%	41.2	92.8%	44.0%
2010	33,392	1,500,666	44,672	8.1%	39.3	90.6%	42.9%
2011	33,593	1,445,996	47,227	7.4%	40.7	91.4%	43.0%
2012	30,618	1,363,858	44,421	4.8%	41.6	92.3%	44.5%
2013	30,703	1,320,001	42,778	4.2%	41.5	91.7%	42.8%
2014	30,857	1,336,181	43,315	5.0%	41.8	91.6%	45.3%
2015	30,681	1,373,184	44,757	4.1%	41.7	91.2%	44.8%
2016	31,544	1,479,761	46,911	3.7%	41.8	91.5%	45.6%
2017	31,818	1,587,577	49,896	2.6%	43.0	91.3%	46.7%

Source: MuniServices, LLC, U.S. Census Bureau, 2010 American Community Survey
Source: 2008-2016 prior CAFR
The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.
1.) Population Projections are provided by the California Department of Finance Projections.
2.) Income Data is provided by the United States Census Data and is adjusted for inflation.
3.) Unemployment and Total Employment Data are provided by the EDD's Bureau of Labor Statistics Department.
4.) Median Age reflects the U.S. Census data estimation table for years 2009-2016, Orange County progress report for years 2006-2008
5.) % of population with HS diploma and bachelors degree unavailable for years 2006-2008

City of Laguna Hills

Principal Employers
Last Fiscal Year and Nine Years Ago

	2017-18		2009-10	
Business Name	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Saddleback Memorial Medical Center	1,686	9.69%	1,020	
Laguna Hills Health and Rehabiliation Cntr	272	1.56%		
Saddleback Valley USD	222	1.28%		
Five Star-Villa Valencia	205	1.18%		
Moulton Niguel Water	152	0.87%		
Memorial Care home health	150	0.86%		
Bj's Restaurant & Brewhouse*	150	0.86%		
The Wellington (Senior Living)	120	0.69%		
Orange Coast Women's Med Group	120	0.69%		
City of Laguna Hills	102	0.59%		
Professional Community Management			350	
JCPenney Corp Inc.			250	
Macys Department Store			200	
Total Top Employers	3,179	18.27%	1,820	11.00%
Total City Employment (1)	17,400			

Source: Orange County Assessor data, Avenu Insights & Analytics
Source: 2009-10 prior published CAFR only list Top 4 employers.
*Includes Full and Part time
Note: Both Macy's and JCPenney Department Stores are permanently closed.

City of Laguna Hills
Full-time Equivalent Personnel Allocation by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Personnel at June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	11.90	11.90	11.90	11.90	11.75	11.75	10.99	10.99	10.49	9.74
Non-Departmental	0.00	0.00	0.00	0.00	1.25	1.25	1.00	1.00	1.00	1.00
Public Services	42.00	42.00	44.00	44.00	44.00	44.00	43.00	43.00	43.00	43.00
Community Development	8.15	7.15	8.15	8.15	7.85	7.85	8.23	8.23	8.23	8.00
Community Services	15.61	15.61	15.75	15.75	15.75	15.75	15.40	15.40	15.40	14.65
Public Safety	29.19	29.19	29.20	29.20	28.89	28.89	26.46	26.46	26.46	25.33
Total	106.85	105.85	109.00	109.00	109.49	109.49	105.08	105.08	104.58	101.72

Source: City of Laguna Hills' Biennial Budget

City of Laguna Hills
Operating Indicators by Function
Last Ten Fiscal Years

Function	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Police [b]										
Physical arrests	740	721	684	468	362	458	534	284	293	281
Parking violations	3,636	2,662	2,087	1,107	885	1,407	1,981	3,257	3,406	2,487
Traffic violations	4,886	5,781	4,089	3,074	2,462	2,070	3,041	3,187	2,669	1,512
Fire [c]										
Number of calls answered	2,421	2,558	2,614	2,550	2,579	2,584	2,675	2,888	3,077	3,203
Inspections	387	439	393	308	273	379	494	364	299	440
Highways and Streets [d]										
Sidewalk replacement (sq. ft.)	4,660	22,266	8,592	13,482	13,610	3,519	7,250	940	7,012	1,328
Curb & gutter replacement (linear ft.)	2,374	1,030	1,727	3,990	1,141	478	-	211	523	28
Asphalt concrete placed (tons)	21,291	15,695	14,454	15,692	16,319	7,857	16,276	134	10,536	1,215
Street sweeping debris collected (tons)	449	294	290	374	432	293	265	229	219	217
New sign installations	64	92	102	28	42	65	23	155	12	31
Sign Replacements	277	168	173	161	378	278	380	297	312	196
Trees trimmed	1,774	2,273	1,872	1,474	1,568	1,185	792	821	1,396	1,347
Trees removed	214	81	114	166	215	179	461	152	263	286
Trees planted	82	43	39	649	39	44	38	43	118	120
Sanitation [a]										
Refuse collected (tons/day)	50	46	46	44	47	45	43	47	49	48
Recyclables collected (tons/day)	52	50	47	45	46	46	49	50	47	46
Culture and Recreation [e]										
Community center programs (participants)	9,022	7,262	6,876	5,682	5,633	5,783	5,637	6,152	5,686	5,993
Athletic permits	76	69	57	44	41	45	41	42	48	41
Waste Stream [a]										
Refuse collected (tons)	18,089	16,698	16,814	15,932	17,185	16,416	15,707	17,197	17,966	17,520
Recyclables collected (tons)	19,081	18,162	17,325	16,391	16,753	16,964	17,728	18,150	17,058	16,827

[a] *CR&R Monthly Tonnage Report, 6/30/17*
[b] *Orange County Sheriff's Daily Booking Log,; Monthly Traffic Statistics; Data Ticket Citation Report*
[c] *Orange County Fire Authority- Clerk of the Authority, Safety & Environmental Services, Planning & Development*
[d] *City of Laguna Hills, Public Works Department*
[e] *City of Laguna Hills, Community Center Department*

CITY OF LAGUNA HILLS
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Highways and streets										
Streets (miles)	83	83	83	83	83	83	83	83	83	83
Traffic signals	46	46	46	46	46	46	47	47	47	48
Culture and recreation										
Parks acreage	83	83	83	83	83	83	83	83	83	83
Parks	15	15	15	15	15	15	15	15	15	15
Community centers	1	1	1	1	1	1	1	1	1	1
Civic Center	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments

CITY OF LAGUNA HILLS

AT A GLANCE

GENERAL INFORMATION

The City of Laguna Hills, located in South Orange County, has approximately 6.6 square miles of land in its corporate boundary and is now home to 31,818 people. Majority of the area in the City has a distinctive residential character. Yet, the City has a strong commercial base in its northern part. This commercial area, or "urban village", is anchored by the regional Five Lagunas (formerly Laguna Hills Mall), the Oakbrook Village Shopping Center, and the Saddleback Memorial Hospital. It includes retail, restaurant, professional office, and medical related building space. When the City annexed the "North Laguna Hills" area in July of 1996, the City acquired 1.2 square miles of primarily light industrial, professional office, specialty retail, hotel, and residential uses. This annexed area contains a furniture row, office headquarters, and the only light industrial/manufacturing establishments in the City. In September of 2000, the City grew by another 150 acres as a result of the annexation of residential properties identified as West Laguna Hills.

HISTORY

Laguna Hills is built on one of the major land grants developed during the rancho area. Following Mexico's independence from Spain in 1821, those who had served in the government or who had friends in authority were given vast lands for cattle grazing. Rancho Lomas de Santiago, Rancho San Joaquin, and Rancho Niguel covered much of the western portion of the Saddleback Valley. Don Juan Avila was granted the 13,000-acre Rancho Niguel on which Laguna Hills is located.

In 1874, Lewis Moulton purchased Rancho Niguel from Don Juan Avila and increased the original grant to 22,000 acres. Moulton and his partner, Jean Piedrea Daguerre, used the ranch to raise sheep and cattle. The Moulton ranch was eventually subdivided in the early 1960s, part of which is recognized as Laguna Hills.

Incorporation efforts began in 1987 and on March 5, 1991, the goal of incorporation was finally achieved with 86% of the residents voting in favor of forming the City of Laguna Hills. On December 20, 1991, Laguna Hills officially became a City.

CITY GOVERNMENT

The City of Laguna Hills is a General Law City that operates under the Council/Manager form of government. The voters elect five of their fellow citizens to the City Council for overlapping four-year terms. The Council, in turn, selects one of its members to serve as Mayor for a one-year term. The City Council holds regular public meetings on the second and fourth Tuesday of each month.

CITY OF LAGUNA HILLS, CALIFORNIA

APPROPRIATIONS LIMIT WORKSHEET NO. 6

WITH INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT WORKSHEET NO. 6

FOR THE YEAR ENDED JUNE 30, 2018

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES APPLIED
TO APPROPRIATIONS LIMIT WORKSHEET NO. 6

Honorable Mayor and
Members of the City Council
of the City of Laguna Hills
Laguna Hills, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet No. 6 of the City of Laguna Hills, California for the year ended June 30, 2018. These procedures, which were agreed to by the City of Laguna Hills, California and the League of California Cities (as presented in the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines") were performed solely to assist the City of Laguna Hills, California in meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution. The City of Laguna Hill's management is responsible for the Appropriations Limit Worksheet No. 6.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheet No. 6 for the year ended June 30, 2018, and compared the limit and annual adjustment factors included in that worksheet to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the City Council.

   No exceptions were noted as a result of this procedure.

   When selecting the population factor, the City has the option to utilize the larger of the annual percentage change of the City or the County in which the City is located. The City's factor of 1.02630000 was the larger percentage change; however, the County's factor was utilized.

   Utilizing the appropriate factor for inflation and the population factor for the City as noted above, the adopted appropriations limit for fiscal year 2017-2018 would have increased from $37,791,907 to $38,520,046.

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2. For the accompanying Appropriations Limit Worksheet No. 6, we added last year's limit to the total adjustments, and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population, and compared the results to the amounts on Worksheet No. 6.

   No exceptions were noted as a result of this procedure.

3. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

   No exceptions were noted as a result of this procedure.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet No. 6. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines".

This report is intended solely for the information and use of the City Council and management of the City of Laguna Hills, California and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Diehl Evans LLP

Irvine, California
December 5, 2018

CITY OF LAGUNA HILLS

APPROPRIATIONS LIMIT WORKSHEET NO. 6

For the year ended June 30, 2018

Appropriations limit for fiscal year ended June 30, 2017 (see Note 2)				$ 36,197,251
Adjustment factors for the fiscal year ended June 30, 2018 (see Note 2):				
	Inflation Factor (Note 3)	Population Factor (Note 4)	Combined Factor	
	1.03690000	1.00690000	1.04405461	x 0.04405461
Adjustment for inflation and population				1,594,656
Other adjustments (Note 5)				-
Total adjustments				1,594,656
Appropriations limit for fiscal year ended June 30, 2018				$ 37,791,907

See accompanying notes to Appropriations Limit Worksheet No. 6.

CITY OF LAGUNA HILLS

NOTES TO APPROPRIATIONS LIMIT WORKSHEET NO. 6

For the year ended June 30, 2018

1. PURPOSE OF LIMITED PROCEDURES REVIEW:

   Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIIIB, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

2. METHOD OF CALCULATION:

   Under Section 10.5 of Article XIIIB, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

3. INFLATION FACTORS:

   A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4^{th} quarter per capita personal income (which percentages are supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Laguna Hills (the City) for fiscal year 2017-2018 represents the annual percentage change in the 4^{th} quarter per capita personal income.

4. POPULATION FACTORS:

   A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2017-2018 represents the annual percentage change in population for the County in which the City is located.

5. OTHER ADJUSTMENTS:

   A California governmental agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another governmental agency or private entity. The City had no such adjustments for the year ended June 30, 2018.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the City Council
of the City of Laguna Hills
Laguna Hills, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activity, each major fund, and the aggregate remaining fund information of the City of Laguna Hills, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

White Nelson Diehl Evans LLP

Irvine, California
December 5, 2018

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

To the Honorable Mayor and
Members of the City Council
of the City of Laguna Hills
Laguna Hills, California

We have audited the financial statements of the governmental activities, business-type activity, each major fund, and aggregate remaining fund information of the City of Laguna Hills, California (the City) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 14, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2017-2018. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the City's financial statements are as follows:

a. Management's estimate of the fair value of investments is based on quoted prices in an active market. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the City's broker or custodian. Amounts invested in the Local Agency Investment Fund are valued based on information provided by the California Department of Treasury.

b. Management's estimate of the value of capital assets (infrastructure assets) is based on industry standards.

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Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Sensitive Estimates (Continued):

c. The estimated useful lives of capital assets for depreciation purposes are based on industry standards.

d. The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.

e. Management's estimate of the claims payable liabilities related to general liability and worker's compensation claims are based on estimates by the claims administrators.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was reported in Note 8 regarding the CalPERS defined benefit plans.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. As a result of our audit related test work, we did not identify any such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2018.

Significant Audit Findings (Continued)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of revenues, and expenditures and changes in fund balance - budget and actual - general fund and major special revenue fund, which are required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual non-major fund financial statements and schedules (supplementary information), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on them.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Diehl Evans LLP

Irvine, California
December 5, 2018

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: Matthew Stiverson
Police Chief

ISSUE: Amended and Restated Administrative Order No. 27 Regarding Policy for Review and Appeal of Parking Citations in Accordance with AB 503 and AB 2544

RECOMMENDATION: That the City Council approve the proposed Amended and Restated Administrative Order No. 27 Regarding Policy for Review and Appeal of Parking Citation.

SUMMARY:

The California Vehicle Code requires cities to adopt an administrative policy stating the procedure for review and appeal of parking citations. City of Laguna Hills Administrative Order No. 27 satisfies this requirement. Administrative Order No. 27 was reviewed by the City Council as part of the approval of an agreement with Data Ticket Inc. for parking citation processing on April 11, 2017, whereby Administrative Order No. 27 was included as an attachment to the agreement to ensure that the City's parking citation processing agent acknowledges and implements the City's policy.

The California Legislature enacted AB 503 effective July 1, 2018, and more recently, AB 2544 was signed into law by the Governor on September 18, 2018, both of which impose additional requirements for written procedures to provide an optional payment plan for indigent persons. The proposed Amended and Restated Administrative Order No. 27 Policy for Review and Appeal of Parking Citations adds the required procedures relating to the optional payment plan for indigent persons. The proposed Amended and Restated Administrative Order also includes minor text and formatting changes consistent with state law. Upon approval, the Amended and Restated Administrative Order No. 27 will be provided to Data Ticket, Inc. for implementation

FISCAL IMPACT:

Staff anticipates nominal fiscal impact in the form of additional processing fees paid directly to Data Ticket, Inc. The additional fees associated with this action include a $5.00 fee to process each Indigent Payment Plan Request and $0.85 fee per issuance of indigent payment plan letters.

ATTACHMENTS:

- Proposed Amended and Restated Administrative Order No 27 - Policy for Review and Appeal of Parking Citations

CITY OF LAGUNA HILLS

ADMINISTRATIVE ORDER NO. 27
EFFECTIVE DATE: DECEMBER 11, 2018

General Subject: **Miscellaneous Policies**

Specific Subject: **Policy for Review and Appeal of Parking Citations**

Purpose:

This Policy governs the City's process and procedures for administrative review and appeal of parking citations. The City contracts with a private vendor or processing agency to process parking citations. The purpose of this Policy is to provide effective oversight of the vendor and to establish a written procedure to ensure compliance with California Vehicle Code Section 40200 et seq. for the administrative review and appeal of parking citations.

Statement of Policy:

THE RESPONSIBLE PARTY

For purposes of this policy, the "responsible party" includes both the registered owner and the operator, rentee, or lessee of the vehicle. The responsible party receiving a parking citation for any violation of any regulation governing parking a vehicle under the California Vehicle Code or City Municipal Code, or under any federal statute or regulation, shall be jointly liable for parking penalties imposed, unless the owner can show that the vehicle was used without their consent. An owner who pays any parking penalty, civil judgment, costs, or administrative fees shall have the right to recover the same from the operator, rentee, or lessee.

The operator of a vehicle who is not the owner but who uses or operates the vehicle with the express or implied permission of the owner shall be considered the agent of the owner to receive parking citations and may contest a parking citation.

HOW TO CONTEST A PARKING CITATION

There are three levels of review and appeal of a parking citation:

Level 1: Initial Review
Level 2: Administrative Hearing
Level 3: Superior Court Appeal

LEVEL 1: INITIAL REVIEW

In accordance with California Vehicle Code Section 40215(a), the City, as the issuing agency, upon request from the responsible party, must complete an initial review of a parking citation. The City shall not charge a fee for the initial review.

The responsible party must request an initial review by the City within 21 calendar days of when the parking citation is issued, or within 14 calendar days of the mailing of a notice of delinquent parking citation. The request for an initial review may be made by telephone, in writing via regular mail or website, or in person. The City and/or processing agency may provide an online link to submit a written request on its website, or a request for the initial review may be submitted as follows:

By Mail:
City of Laguna Hills
c/o Citation Processing Center
P.O. Box 10479
Newport Beach, CA 92658-0479

In Person:
City of Laguna Hills City Hall
24035 El Toro Road
Laguna Hills, CA 92653

By Telephone:
800-989-2058

When making the request, the responsible party must indicate the reason(s) for requesting an initial review and include copies of all supporting documents related to the citation, i.e., photographs, permit holder information, witness statements, etc. All documents provided should be copies as the documents will not be returned following the initial review.

The following reasons will not justify dismissal of a parking citation:

- The responsible party has no money to pay the fine or the fine is too high.
- The responsible party has never received a parking citation in the past.
- The responsible party was unaware of the parking regulations.
- The parking violation was brief.
- The responsible party agrees not to commit the parking violation in the future.

If, based on the initial review, the City is satisfied that the parking violation did not occur, that the registered owner was not responsible for the violation, or that extenuating circumstances make dismissal of the citation appropriate in the interest of justice, the City shall cancel the parking citation. The City shall advise the processing agency of the cancellation.

If the City instead upholds the parking citation, the results of the initial review must include the reason(s) the citation was upheld and must notify the responsible party of the ability to request an administrative hearing. The notice must also contain a statement that the responsible party may request the City waive prepayment of the parking penalty based upon the responsible party's inability to pay, as described below.

<u>Level 1: Initial review – Handicap Placard Citation Only</u>

If a responsible party is issued a parking citation for failure to display a handicap placard, the following two options are available:

> <u>Option 1</u>: The responsible party may contest the citation by requesting an initial review of the citation within 21 calendar days of the citation date or 14 calendar days from the date of mailing of the notice of delinquent parking violation as described above.
>
> <u>Option 2</u>: In lieu of contest, remit a $25 Failure to Display Placard: Administrative Charge in accordance with California Vehicle Code Section 40226 to cancel a citation. The responsible party must demonstrate that the individual who received the citation had been issued a valid placard at the time the citation was issued. The remittal must include a signed statement by the placard owner that he/she was present at the time of citation issuance, a copy of the placard, and a copy of placard owner's photo identification.

Following the initial review, the City or the processing agency shall mail the results of the initial review to the responsible party contesting the parking citation.

<u>LEVEL TWO: ADMINISTRATIVE HEARING</u>

If the initial review is complete and the responsible party is not satisfied with the results of the initial review, they may request an administrative hearing in accordance with Vehicle Code Section 40215(b). Upon receipt of a request, the processing agency contracted by the City will complete the administrative hearing process in accordance with the procedures established by state law and outlined below.

The responsible party must request the administrative hearing to review the parking citation no later than 21 calendar days following the date the results of the City's initial review are mailed. The request may be made by telephone, in writing via regular mail or website, or in person. The City and/or the processing agency may provide an online link to submit a written request on its website, or a request for the administrative hearing may be submitted as follows:

By Mail:
City of Laguna Hills
c/o Citation Processing Center
P.O. Box 10479
Newport Beach, CA 92658-0479

In Person:
City of Laguna Hills City Hall
24035 El Toro Road
Laguna Hills, CA 92653

By Telephone:
800-989-2058

Level Two: Administrative Hearing – Request for Hearing

The request for administrative hearing must indicate whether the responsible party is requesting a hearing in-person or by mail. If an in-person hearing is requested, the processing agency will notify the responsible party of the date, time, and location of the hearing and the responsible party must appear at that time. If a hearing by written declaration is requested, the responsible party may submit additional documents prior to the hearing for consideration by the hearing examiner.

If the responsible party is a minor, the responsible party shall be permitted to appear at the hearing or admit responsibility for the parking violation without the appointment of a guardian. The City or processing agency may proceed against the minor in the same manner as it would against an adult.

To submit a request for an administrative hearing, the responsible party must also deposit the amount of the parking penalty with the processing agency.

Level Two: Administrative Hearing – Request for Parking Penalty Waiver

If the responsible party is unable to pay the parking violation penalty at the time of requesting an administrative hearing, he/she may request a parking penalty waiver. To request a parking penalty waiver, the responsible party must submit a Request for Parking Penalty Waiver - Administrative Hearing form and copies of required documents that demonstrate their inability to pay the penalty amount due by the due date indicated on the initial review results notice. The form must include the responsible party's name, driver's license number, license plate of the cited vehicle, and the citation number. The responsible party must provide their total monthly income and state all the reasons why they are not able to pay the parking citation fine. Failure to submit documentation by the due date will result in normal processing of the citation and forfeiture of the opportunity to obtain an administrative hearing. If the hearing examiner upholds the citation, the penalty amount is due within 30 days of the administrative hearing decision. If the penalty is not paid within the stated time, a late fee and other penalties will be added.

Level Two: Administrative Hearing – Hearing Procedures

An administrative hearing shall be held within 90 calendar days following the receipt of a request for an administrative hearing. The person requesting the hearing may request one continuance, not to exceed 21 calendar days.

The administrative hearing shall provide an independent, objective, fair, and impartial review of contested parking violations and be conducted in accordance with the following hearing procedures:

- All oral evidence or testimony shall be taken only on oath or affirmation. The hearing examiner shall administer the oath. If many witnesses are expected to testify, the hearing examiner has the discretion to have all prospective witnesses rise and be sworn at the same time at the outset of the proceedings.

- The oath or affirmation may be administered as follows: Do you solemnly swear or affirm, that the evidence you shall give in this issue (or matter), pending before this body, shall be the truth, the whole truth, and nothing but the truth, so help you God.

- The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.

- The responsible party may examine witnesses, introduce exhibits, cross-examine opposing witnesses on any matter relevant to the issues, impeach any witness, and rebut the evidence against him/her. The hearing examiner has the discretionary authority to: limit the number of witnesses to testify where their testimony would be cumulative or repetitive in nature; limit or curtail any abusive, argumentative, repetitive, or otherwise irrelevant cross-examination; and in conformance with other rules, place reasonable time limits on the right to cross-examine and the presentation of evidence.

- The hearing examiner shall determine the order of proceedings. If a party is absent, the hearing examiner may proceed with the hearing in that party's absence if due notice was given and no explanation for the absence was given.

- The officer or person who issues a notice of parking violation shall not be required to participate in an administrative hearing. The City shall not be required to produce any evidence other than the notice of parking violation or copy of the notice and information received from the Department of Motor Vehicles identifying the registered owner of the vehicle. The documentation in proper form shall be prima facie evidence of the violation.

- Other than at the hearing, there shall be no direct communication between the responsible party and the hearing examiner on any matter related to the hearing.

- The hearing examiner shall render his/her decision not later than 15 calendar days after the hearing is closed. The report shall be in writing and shall include findings of fact, a summary of the relevant evidence, a statement of the issues, a resolution of the credibility of witnesses, and a determination. If the citation is not cancelled, the written decision must include the reason(s) for the denial.

- Following the administrative hearing, the hearing examiner will notify the responsible party of the decision either by personal delivery or by first-class mail. If the responsible party is not satisfied with the hearing examiner's decision, he/she may file an appeal in Superior Court. It is the responsibility of the responsible party to follow up with the hearing examiner if they do not receive the results within three weeks of the administrative hearing.

The City shall appoint or contract with qualified examiners or administrative hearing providers that employ qualified examiners to conduct the administrative hearings. Examiners shall demonstrate those qualifications, training, and objectivity necessary to conduct a fair and impartial review. An examiner shall not be employed, managed, or controlled by a person whose primary duties are parking enforcement or parking citation processing, collection, or issuance. The examiner shall be separate and independent from the citation, collection, or processing function. An examiner's continued employment, performance evaluation, compensation, and benefits shall not, directly or indirectly, be linked to the amount of fines collected by the examiner.

The hearing examiner or the City may, at any stage of the initial review or the administrative hearing process, allow payment of the parking penalty in installments, or the City may allow for deferred payment if the responsible party provides evidence satisfactory to the hearing examiner or the City, of an inability to pay the parking penalty in full.

LEVEL 3: SUPERIOR COURT APPEAL

Within 30 calendar days after the mailing or personal delivery of the final decision of the hearing examiner, the responsible party may seek further review by filing an appeal with the Orange County Superior Court. The court appeal shall be heard de novo, except that the contents of the processing agency's file in the case shall be received in evidence. A copy of the notice of parking violation or, if the citation was issued electronically, a true and correct abstract containing the information set forth in the notice of parking violation shall be admitted into evidence as prima facie evidence of the facts stated therein.

A copy of the notice of appeal shall be served in person or by first-class mail upon the processing agency by the responsible party.

The fee for filing the notice of appeal is $25 as established by Government Code Section 70615. The court shall retain the fee regardless of the outcome of the court appeal. The court shall request that the processing agency's file on the case be delivered to the court and received within 15 calendar days of the request. The court shall notify the responsible party of the appearance date by mail or personal delivery. If the court finds in favor of the responsible party, the amount of the fee shall be reimbursed by the processing agency.

If the responsible party does not file a Notice of Appeal of the hearing examiner's decision within the 30 days allotted, the hearing examiner's decision shall be deemed final.

REQUEST FOR PAYMENT PLAN – INDIGENT PERSONS

If the responsible party is an indigent person as described below, and is either unable to pay the parking violation penalty at the time the citation is issued or unable to pay the parking violation penalty following an administrative hearing, he/she may request a payment plan. To request a payment plan, the responsible party must submit a Request For Payment Plan form and copies of the required documents that demonstrate their inability to pay the penalty amount due by the due date. The form must include the responsible party's name, driver's license number, license plate of the cited vehicle, and the citation number. Failure to submit documentation by the due date will result in normal collection of the parking violation penalty and forfeiture of the opportunity to obtain a payment plan.

Timeline to Request Payment Plan

The responsible party must submit a Request for Payment Plan for an indigency determination within 60 calendar days from the issuance of a notice of parking violation, or 10 days after the administrative hearing determination, whichever is later.

Terms of Payment Plan

- Unpaid parking fines and fees must be paid in monthly installments of no more than twenty-five dollars ($25) for total amounts due that are three hundred dollars ($300) or less.
- Unpaid parking fines and fees shall be paid within 18 months from the initial month of the payment plan. There shall be no prepayment penalty for paying off the balance prior to the payment period expiring.
- After qualifying for a payment plan, upon payment of the initial monthly installment, the issuing agency will waive all late fees and penalty assessments, exclusive of any state surcharges described in Sections 70372, 76000, and 76000.3 of the Government Code.
- All waived late fees and penalty assessments shall be reinstated if the responsible person fails to comply with the payment plan.
- The processing agency may assess a processing fee to participate in a payment plan of no more than five dollars ($5). The processing fee may be added to the payment plan amount, at the request of the responsible party.

- ~~A responsible party is not eligible for a payment plan if they cannot demonstrate they are indigent in accordance with the terms below.~~

- A responsible party is not eligible for a payment plan, regardless of indigence, if they do not enroll in a payment plan within the time specified.

- A responsible party who fails to comply with the payment plan may obtain a one-time extension of 45 calendar days from the date the plan becomes delinquent to resume payments before the processing agency resumes collection procedures.

- The processing agency shall rescind the filing of an itemization of unpaid parking penalties and service fees with the Department of Motor Vehicles for an indigent individual, for one time only, if the registered owner or lessee enrolls in a payment plan and pays a late fee of no more than five dollars ($5).

- If a responsible party's indigent status is found to have been willfully fraudulent, his or her fines and fees reduction shall be overturned and the full amount of fines and fees shall be restored.

- A responsible party is not eligible for a payment plan if they cannot demonstrate they are indigent in accordance with the terms below.

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Determination of Indigency

For purposes of this Policy, a person is "indigent" if any of the following conditions are met:

- The person meets the income criteria set forth in subdivision (b) of Section 68632 of the Government Code: A person whose monthly income is 125 percent or less of the current poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of paragraph (2) of Section 9902 of Title 42 of the United States Code.

- The person receives public benefits from any of the programs listed in subdivision (a) of Section 68632 of the Government Code:

    - Supplemental Security Income (SSI) and State Supplementary Payment (SSP)
    - California Work Opportunity and Responsibility to Kids Act (CalWORKs) or a federal Tribal Temporary Assistance for Needy Families (Tribal TANF) grant program

- Supplemental Nutrition Assistance Program or the California Food Assistance Program
- County Relief, General Relief (GR), or General Assistance (GA)
- Cash Assistance Program for Aged, Blind, and Disabled Legal Immigrants (CAPI)
- In-Home Supportive Services (IHSS)
- Medi-Cal

- Alternatively, the person may demonstrate that he or she is indigent by providing either of the following information, as applicable:

  - Proof of income from a pay stub or another form of proof of earnings, such as a bank statement, that shows that the individual meets the income criteria set forth above, subject to review and approval by the processing agency. The processing agency shall not unreasonably withhold its approval.
  - Proof of receipt of benefits under the programs described above, including, but not limited to, an electronic benefits transfer card or another card, subject to review and approval by the processing agency. The (processing agency shall not unreasonably withhold its approval.

<u>Interpretation of Policy and Revisions:</u>

The City Manager or designee is responsible for interpreting and enforcing this Policy, monitoring its implementation, and recommending changes to this Policy. The City reserves the right to modify this Policy at any time.

<u>Approval:</u>

Administrative Order No. 27 shall be effective on the date set forth above for the City of Laguna Hills.

Approved as to Form:

DON WHITE, City Manager	GREGORY E. SIMONIAN, City Attorney

Date of Issue Date of Issue

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: David Reynolds
Deputy City Manager

ISSUE: Cooperative Agreement with the Orange County Transportation Authority for the Administration of the Orange County Taxi Administration Program

RECOMMENDATION: That the City Council approve Cooperative Agreement No. C-8-2015 with the Orange County Transportation Authority for the administration of the Orange County Taxi Administration Program, effective January 1, 2019, through December 31, 2020, and authorize the City Manager to execute the Agreement.

SUMMARY:

The Orange County Transportation Authority (OCTA) has administered the Orange County Taxi Administration Program (OCTAP) since 1998. Recent legislative changes prevent OCTA from continuing to administer the program in its current form. An OCTAP Steering Committee has worked with OCTA and the Orange County City Managers Association (OCCMA) to create a cooperative agreement that will allow OCTA to continue to administer OCTAP under the new legislation. It is recommended that the City approve Cooperative Agreement No. C-8-2015 ("Agreement") prior to January 1, 2019, to ensure that taxis within the City are properly regulated pursuant to State law. It should be noted that the City of Laguna Hills' Senior Dial a Taxi Program is serviced by California Yellow Cab (CYC), and continued oversight by OCTAP of CYC and other taxi service providers within Laguna Hills is highly advisable.

BACKGROUND:

Government Code Section 53075.5 and Vehicle Code Section 21100, et seq. require cities to regulate taxicabs and taxicab businesses in terms of permitting, rates, certifications, etc. to protect public health and safety. To assist cities with implementing this regulatory framework in an efficient and cost-effective manner, OCTAP was established in 1998 and is administered through an interagency agreement by the OCTA on behalf of Orange County cities and the County of Orange. Each agency adopted OCTAP regulations in their respective jurisdictions.[1]

Since its inception, OCTAP was designed to be funded entirely through permit and license fees collected from taxi operators and drivers. With the arrival of transportation network companies (TNC) such as Uber, Lyft, and others, the marketplace has greatly reduced the number of taxi permits in the County, which, in turn, has reduced revenues and, thereby, created a financially unsustainable condition for OCTAP as currently funded.

In June 2016, OCTA provided a one-year notice to member agencies, pursuant to the interagency agreements, that OCTA only had sufficient funds to continue administering OCTAP through June 2017, and would, thereafter, be required to withdraw as the administrator. Given that costs to administer OCTAP continued to exceed revenues, in May 2017, OCCMA recommended that member agencies cover the shortfall in funding for OCTAP administration. Subsequently, all OCTAP member agencies have been invoiced on a population-based cost sharing basis for costs needed to cover this funding gap and continue the operation of the OCTAP program through 2018. The City of Laguna Hills participated accordingly.

In October 2017, Governor Brown signed AB 1069 (Chapter 753, Statutes of 2017) altering the rules regarding taxicab regulation. Under this legislation, only those certain cities and counties where taxicabs are "substantially located" are permitted to regulate taxicabs, unless the cities form a joint powers authority or enter into an agreement with a transit agency for administering or regulating taxicabs. While clean-up legislation (AB 939, Chapter 472, Statutes of 2018) for AB 1069 was recently passed and signed into law by Governor Brown, it did not substantially change the process of regulating taxis. The term "substantially located" is defined as being "substantially located within the

[1] On March 9, 1999, the City Council of Laguna Hills introduced an ordinance to add Chapter 4-44 "Taxi Administration Program" to the City of Laguna Hills Municipal Code, approved an interagency agreement with OCTA for the City's participation in OCTAP, and adopted a resolution to approve of the OCTAP regulations.

jurisdiction where the primary business address of the company or driver is located. A taxicab company or taxicab driver is also substantially located in the jurisdiction within a single county in which trips originating in that jurisdiction account for the largest share of that company or driver's total number of trips within that county over the past year and determined every five years thereafter." Consequently, OCTAP as it is currently structured cannot continue, and the OCTA Board of Directors directed its staff in May 2018 to take necessary steps to cease OCTA administration of OCTAP effective December 31, 2018, absent a viable solution from OCTAP member agencies.

Since the initial decline in taxicab regulatory revenues and the passage of AB 1069, OCCMA has been in discussions with OCTA and other OCTAP stakeholders to develop a new OCTAP regulatory framework to be administered by OCTA beginning January 1, 2019. As a result of these discussions, OCTA has prepared a two-year cooperative Agreement for the purpose of administering OCTAP which is attached to this staff report. OCTA has requested Orange County cities and the County of Orange to approve and execute the Agreement prior to January 1, 2019. The costs to administer OCTAP would be proportionally allocated to each jurisdiction based on population as illustrated in Exhibit A of the Agreement. In order to comply with State law regarding the administration of taxicab regulations, staff recommends entering into the Agreement with OCTA to administer the OCTAP program for a period of two years.

A requirement for municipalities in the Agreement is to adopt new OCTAP regulations into each city’s respective municipal code. Staff will, therefore, be working with the City Attorney’s office to bring back to the City Council revisions to Chapter 4-44 “Taxi Administration Program” of the City of Laguna Hills Municipal Code at an appropriate time.

FISCAL IMPACT:

For the City of Laguna Hills, the estimated cost sharing for OCTAP under the proposed Cooperative Agreement No. C-8-2015 is as follows:

Time Period	Estimated Cost
January 2019 - June 2019 (1/2 FY)	$933.15
July 2019 - June 2020 (Entire FY)	$2,246.33
July 2020 - December 2020 (1/2 FY)	$1,669.80

The cost for the entire two-year agreement term is estimated at $4,849.28.

ATTACHMENTS:

- OCTAP Cooperative Agreement C-8-2015

COOPERATIVE AGREEMENT NO. C-8-2015

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

THE CITIES OF ALISO VIEJO, ANAHEIM, BREA, BUENA PARK, COSTA MESA, CYPRESS, DANA POINT, FOUNTAIN VALLEY, FULLERTON, GARDEN GROVE, HUNTINGTON BEACH, IRVINE, LAGUNA BEACH, LAGUNA HILLS, LAGUNA NIGUEL, LAGUNA WOODS, LA HABRA, LAKE FOREST, MISSION VIEJO, LA PALMA, LOS ALAMITOS, NEWPORT BEACH, ORANGE, PLACENTIA, RANCHO SANTA MARGARITA, SAN CLEMENTE, SAN JUAN CAPISTRANO, SANTA ANA, SEAL BEACH, STANTON, TUSTIN, VILLA PARK, WESTMINSTER, YORBA LINDA, AND THE COUNTY OF ORANGE

THIS COOPERATIVE AGREEMENT (Agreement), is effective this 1st day of January, 2019, by and between the Orange County Transportation Authority (hereinafter referred to as "AUTHORITY") and the Cities of Aliso Viejo, Anaheim, Brea, Buena Park, Costa Mesa, Cypress, Dana Point, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Irvine, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, La Habra, Lake Forest, Mission Viejo, La Palma, Los Alamitos, Newport Beach, Orange, Placentia, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Santa Ana, Seal Beach, Stanton, Tustin, Villa Park, Westminster, Yorba Linda, and the County of Orange (each individually referred to as "MEMBER AGENCY" and collectively as "MEMBER AGENCIES.") The foregoing MEMBER AGENCIES and AUTHORITY may each hereinafter also be referred to singularly as a "Party" and collectively as "Parties".

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RECITALS:

WHEREAS, pursuant to Government Code Section 53075.5, cities and counties are required to protect the public health, safety, and welfare in regard to taxicab transportation service within their jurisdictions.

WHEREAS, Government Code Section 53075.5 permits a city or county to enter into an agreement with a transit agency for the purpose of administering taxicab permits on behalf of said city or county.

WHEREAS, the Orange County Taxi Administration Program ("OCTAP") is a voluntary association of MEMBER AGENCIES which have delegated the issuance of taxicab permits and other administrative functions to AUTHORITY.

WHEREAS, AUTHORITY has agreed to provide administrative services on behalf of MEMBER AGENCIES for the permitting of taxicabs in Orange County.

WHEREAS, MEMBER AGENCIES have agreed to participate in OCTAP in order to increase public safety, reduce administrative costs, and expand the provision of private transportation service in Orange County.

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY and MEMBER AGENCIES as follows:

ARTICLE 1. COMPLETE AGREEMENT

A. This Agreement, including any attachments incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the term(s) and condition(s) of this Agreement between AUTHORITY and MEMBER AGENCIES and it supersedes all prior representations, understandings, and communications. The invalidity in whole or in part of any term or condition of this Agreement shall not affect the validity of other term(s) or condition(s) of this Agreement. The above referenced Recitals are true and correct and are incorporated by reference herein.

B. AUTHORITY's failure to insist on any instance(s) of MEMBER AGENCIES' performance of any term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such term(s) or condition(s), and

MEMBER AGENCIES' obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Agreement shall not be binding upon AUTHORITY except when specifically confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

C. MEMBER AGENCIES' failure to insist on any instance(s) of AUTHORITY's performance of any term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of MEMBER AGENCIES' right to such performance or to future performance of such term(s) or condition(s), and AUTHORITY's obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Agreement shall not be binding upon MEMBER AGENCIES except when specifically confirmed in writing by authorized representatives of MEMBER AGENCIES by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 2. SCOPE OF AGREEMENT

This Agreement specifies the roles and responsibilities of the Parties as they pertain to the administration of OCTAP. Both AUTHORITY and MEMBER AGENCIES agree that each will cooperate and coordinate with the other in all activities covered by this Agreement and any other supplemental agreements that may be required to facilitate purposes thereof. The Parties agree to work diligently together and in good faith, using their reasonable best efforts in the performance of this Agreement.

ARTICLE 3. RESPONSIBILITIES OF AUTHORITY

AUTHORITY agrees to the following responsibilities:

A. AUTHORITY will provide staffing and administrative services necessary to implement the OCTAP Regulations.

B. AUTHORITY will collect permit fees for taxicab companies, drivers, and vehicles, as appropriate, to offset administrative costs.

ARTICLE 4. RESPONSIBILITIES OF MEMBER AGENCIES

MEMBER AGENCIES agree to the following responsibilities:

A. MEMBER AGENCIES will appoint an OCTAP Steering Committee. The OCTAP Steering Committee is responsible for creating OCTAP Regulations that define the requirements for permitting taxicabs in Orange County and establish minimum safety and service standards for the operation of taxicabs. The OCTAP Steering Committee shall advise AUTHORITY on matters including the OCTAP Regulations, the policies and procedures governing the issuance of taxicab permits, and public safety issues in Orange County.

B. Each MEMBER AGENCY shall adopt the OCTAP Regulations into its Municipal Code, by ordinance or other appropriate means, and shall provide notice thereof to AUTHORITY. Each MEMBER AGENCY shall use such ordinance and any applicable state laws to enforce the OCTAP Regulations and regulate taxicabs within the MEMBER AGENCY's jurisdiction. Each MEMBER AGENCY shall be responsible for enforcement of all violations of its taxicab ordinance and the OCTAP Regulations occurring within its jurisdiction and shall endeavor to notify AUTHORITY of such occurrences.

ARTICLE 5. LEGAL RESPONSIBILITY FOR TAXICAB REGULATION

MEMBER AGENCIES acknowledge and agree that AUTHORITY does not possess police power and therefore is providing administrative services on behalf of MEMBER AGENCIES. MEMBER AGENCIES shall retain all responsibility for taxicab regulation and enforcement within their respective jurisdictions in accordance with state law. AUTHORITY does not assume any responsibility or liability for the regulation or enforcement of MEMBER AGENCY ordinances, MEMBER AGENCIES' compliance with state law, or for the performance of taxicab operators, vehicles, or drivers. MEMBER AGENCIES acknowledge and agree that OCTAP is not a separate legal entity that can sue or be sued.

ARTICLE 6. DELEGATED AUTHORITY

To ensure prompt and continued cooperation and coordination between the Parties, the Parties agree to each designate, identify and authorize a responsible individual to act on behalf of and as the lead for the Party and to perform any tasks needed as part of this Agreement. The actions required to be taken by each MEMBER AGENCY in the implementation of this Agreement are delegated to its City Manager, or designee, and the actions required to be taken by AUTHORITY in the implementation of this Agreement are delegated to AUTHORITY's Chief Executive Officer or designee.

ARTICLE 7. PAYMENT

A. Each MEMBER AGENCY agrees to pay AUTHORITY in an amount equal to its pro rata share of AUTHORITY's costs to administer OCTAP, as shown in Exhibit A. Each MEMBER AGENCY agrees to pay its pro rata share to AUTHORITY in full, in six (6) month intervals, or as otherwise mutually agreed upon in writing by AUTHORITY and MEMBER AGENCY. Upon execution of this Agreement, each MEMBER AGENCY shall submit an initial payment to AUTHORITY consistent with this Article.

B. Failure by any MEMBER AGENCY to timely provide payment in accordance with this Article is considered a default of the Agreement by MEMBER AGENCY and shall result in termination of the Agreement for MEMBER AGENCY, pursuant to Article 10. AUTHORITY will not administer OCTAP on behalf of any terminated MEMBER AGENCY.

C. Upon expiration or termination of this Agreement, AUTHORITY will perform a final accounting of all OCTAP expenses and shall submit a reasonably detailed accounting summary to MEMBER AGENCIES. If the total expenses are less than the total combined contributions by MEMBER AGENCIES and other related OCTAP revenues, AUTHORITY will refund each MEMBER AGENCY its pro rata share of unspent funds. If the total expenses are greater than the total combined contributions by MEMBER AGENCIES and other related OCTAP revenues, AUTHORITY will invoice each MEMBER AGENCY for its pro rata share, which shall be timely paid by each MEMBER AGENCY.

ARTICLE 8. AUDIT AND INSPECTION

AUTHORITY and MEMBER AGENCIES shall maintain a complete set of records in accordance with generally accepted accounting principles. Upon reasonable notice, MEMBER AGENCIES shall permit the authorized representatives of the AUTHORITY to inspect and audit all work, materials, payroll, books, accounts, and other data and records of MEMBER AGENCIES for a period of four (4) years after final payment, or until any on-going audit is completed. For purposes of audit, the date of completion of this Agreement shall be the date of MEMBER AGENCIES' payment of AUTHORITY's final billing (so noted on the invoice) under this Agreement. AUTHORITY shall have the right to reproduce any such books, records, and accounts. The above provision with respect to audits shall extend to and/or be included in contracts with MEMBER AGENCIES' contractor.

ARTICLE 9. INDEMNIFICATION

A. To the fullest extent permitted by law, MEMBER AGENCIES shall defend (at MEMBER

AGENCIES' sole cost and expense with legal counsel reasonably acceptable to AUTHORITY), indemnify, protect, and hold harmless AUTHORITY, its officers, directors, employees, and agents (collectively the "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (MEMBER AGENCIES' employees included), for damage to property, including property owned by AUTHORITY, or from any violation of any federal, state, or local law or ordinance, by the negligent acts, omissions or willful misconduct of MEMBER AGENCIES, their officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

B. To the fullest extent permitted by law, AUTHORITY shall defend (at AUTHORITY's sole cost and expense with legal counsel reasonably acceptable to MEMBER AGENCIES), indemnify, protect, and hold harmless MEMBER AGENCIES, their officers, directors, employees, and agents (collectively the "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (AUTHORITY's employees included), for damage to property, including property owned by MEMBER AGENCIES, or from any violation of any federal, state, or local law or ordinance, by the negligent acts, omissions or willful misconduct of AUTHORITY, its officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

C. The indemnification and defense obligations of this Agreement shall survive its expiration or termination.

ARTICLE 10. ADDITIONAL PROVISIONS

A. Term of Agreement: This Agreement shall be effective on January 1, 2019 and shall remain in full force and effect for two (2) years through December 31, 2020.

B. Termination: In the event either Party defaults in the performance of their obligations under this Agreement or breaches any of the provisions of this Agreement, the non-defaulting Party shall have the option to terminate this Agreement upon thirty (30) days' prior written notice to the other Party.

C. Termination for Convenience: Any Party may terminate this Agreement for its convenience by providing six (6) months' prior written notice of its intent to terminate for convenience to the other Parties. If any MEMBER AGENCY terminates its participation in this Agreement prior to the Agreement's expiration, AUTHORITY shall refund to MEMBER AGENCY its pro rata contribution of unspent funds, as determined by AUTHORITY, as of the effective date of the MEMBER AGENCY's termination.

D. AUTHORITY and MEMBER AGENCIES shall comply with all applicable federal, state, and local laws, statues, ordinances and regulations of any governmental authority having jurisdiction over OCTAP.

E. Legal Authority: AUTHORITY and MEMBER AGENCIES hereto consent that they are authorized to execute this Agreement on behalf of said Parties and that, by so executing this Agreement, the Parties hereto are formally bound to the provisions of this Agreement.

F. Severability: If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

G. Counterparts of Agreement: This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will be permitted.

H. Force Majeure: Either Party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to; any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other Party; when satisfactory evidence of such cause is presented to the other Party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the Party not performing.

I. Assignment: Neither this Agreement, nor any of the Parties' rights, obligations, duties, or authority hereunder may be assigned in whole or in part by either Party without the prior written consent of the other Party in its sole and absolute discretion. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

J. Governing Law: The laws of the State of California and applicable local and federal laws, regulations and guidelines shall govern this Agreement.

K. Litigation Fees: Should litigation arise out of this Agreement for the performance thereof, the court shall award costs and expenses, including attorney's fees, to the prevailing party.

L. Notices: Any notices, requests, or demands made between the Parties pursuant to this Agreement shall be deemed given when mailed to them, first class, postage prepaid, or faxed to the address set out by their signatures.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement No. C-8-2015 to be executed on the date first written above.

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: ______________________________
Darrell E. Johnson
Chief Executive Officer

NOTICE TO AUTHORITY TO BE GIVEN TO:
550 South Main Street
P. O. Box 14184
Orange, CA 92863-1584

By: ______________________________
Jennifer L. Bergener
Chief Operating Officer, Operations

Attention: Carla Shaffer
Senior Contract Administrator
Tel: (714) 560-5884
E-mail: cshaffer@octa.net

CITY OF ANAHEIM

Dated:______________________________

By:________________________________
Chris Zapata
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Chris Zapata
200 South Anaheim Boulevard
Anaheim, California 92805

Email: czapata@anaheim.net
Phone: (714) 765-5162

APPROVED AS TO FORM:

____
City Attorney

CITY OF BREA

Dated:______________________________ By:_________________________________
Bill Gallardo
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Bill Gallardo
1 Civic Center Circle
Brea, California 92821

Email: billga@cityofbrea.net
Phone: (714) 990-7710

APPROVED AS TO FORM:

____
City Attorney

CITY OF BUENA PARK

Dated:______________________________ By:_________________________________
James B. Vanderpool
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. James B. Vanderpool
6650 Beach Boulevard
Buena Park, California 90621

Email: jvanderpool@buenapark.com
Phone: (714) 562-3551

APPROVED AS TO FORM:

____
City Attorney

CITY OF COSTA MESA

Dated:______________________________ By:________________________________
Tom Hatch
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Tom Hatch
77 Fair Drive
Costa Mesa, California 92626

Email: thatch@costamesaca.gov
Phone: (714) 754-5328

APPROVED AS TO FORM:

____
City Attorney

CITY OF CYPRESS

Dated:____________________________

By:______________________________
Peter Grant
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Peter Grant
5275 Orange Avenue
Cypress, California 90630

Email: pgrant@ci.cypress.ca.us
Phone: (714) 229-6688

APPROVED AS TO FORM:

____
City Attorney

CITY OF DANA POINT

Dated:______________________________

By:_________________________________
Mark Denny
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Mark Denny
33282 Golden Lantern, Suite 203
Dana Point, California 92629

Email: mdenny@danapoint.org
Phone: (949) 248-3524

APPROVED AS TO FORM:

____
City Attorney

CITY OF FOUNTAIN VALLEY

Dated:______________________________ By:_________________________________

Robert Houston
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Robert Houston
10200 Slater Avenue
Fountain Valley, California 92708

Email: rob.houston@fountainvalley.org
Phone: (714) 593-4412

APPROVED AS TO FORM:

____
City Attorney

CITY OF FULLERTON

Dated:______________________________

By:_________________________________
Ken Domer
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Ken Domer
303 West Commonwealth Avenue
Fullerton, California 92832

Email: KDomer@cityoffullerton.com
Phone: (714) 738-6310

APPROVED AS TO FORM:

____
City Attorney

CITY OF GARDEN GROVE

Dated:______________________________ By:_________________________________
Scott C. Stiles
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Scott C. Stiles
11222 Acacia Parkway
Garden Grove, California 92840

Email: sstiles@ci.garden-grove.ca.us
Phone: (714) 741-5100

APPROVED AS TO FORM:

____
City Attorney

CITY OF HUNTINGTON BEACH

Dated:____________________________

By:_______________________________
Fred Wilson
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Fred Wilson
2000 Main Street
Huntington Beach, California 92648

Email: fred.wilson@surfcity-hb.org
Phone: (714) 536-5575

APPROVED AS TO FORM:

____
City Attorney

CITY OF IRVINE

Dated:______________________________ By:_________________________________

John A. Russo
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. John A. Russo
1 Civic Center Plaza
Irvine, California 92606

Email: jrusso@cityofirvine.org
Phone: (949) 724-6246

APPROVED AS TO FORM:

____
City Attorney

CITY OF LAGUNA BEACH

Dated:______________________________ By:_________________________________

John Pietig
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. John Pietig
505 Forest Avenue
Laguna Beach, California 92651

Email: jpietig@lagunabeachcity.net
Phone: (949) 497-0704

APPROVED AS TO FORM:

____
City Attorney

CITY OF LAGUNA HILLS

Dated:______________________________ By:_________________________________
Donald J. White
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Donald J. White
24035 El Toro Road
Laguna Hills, California 92653

Email: dwhite@lagunahillsca.gov
Phone: (949) 707-2620

APPROVED AS TO FORM:

____
City Attorney

CITY OF LAGUNA NIGUEL

Dated:______________________________ By:_________________________________
Kristine Ridge
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Kristine Ridge
30111 Crown Valley Parkway
Laguna Niguel, California 92677

Email: kridge@cityoflagunaniguel.org
Phone: (949) 362-4300

APPROVED AS TO FORM:

____
City Attorney

CITY OF LAGUNA WOODS

Dated:______________________________

By:_________________________________
Christopher Macon
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Christopher Macon
24264 El Toro Road
Laguna Woods, California 92637

Email: cmacon@lagunawoodscity.org
Phone: (949) 639-0525

APPROVED AS TO FORM:

____
City Attorney

CITY OF LA HABRA

Dated:______________________________ By:_________________________________
Jim Sadro
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Jim Sadro
201 East La Habra Boulevard
La Habra, California 90631

Email: jsadro@lahabraca.gov
Phone: (562) 905-9701

APPROVED AS TO FORM:

____
City Attorney

CITY OF LAKE FOREST

Dated:______________________________ By:_________________________________

Debra D. Rose
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Debra D. Rose
25550 Commerce Center Drive, Suite 100
Lake Forest, California 92630

Email: DRose@lakeforestca.gov
Phone: (949) 461-3412

APPROVED AS TO FORM:

____
City Attorney

CITY OF MISSION VIEJO

Dated:______________________________ By:________________________________
Dennis Wilberg
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Dennis Wilberg
200 Civic Center
Mission Viejo, California 92691

Email: dwilberg@cityofmissionviejo.org
Phone: (949) 470-3051

APPROVED AS TO FORM:

____
City Attorney

CITY OF LA PALMA

Dated:______________________________ By:_________________________________
Laurie A. Murray
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Laurie A. Murray
7822 Walker Street
La Palma, California 90623

Email: Lauriem@cityoflapalma.org
Phone: (714) 690-3337

APPROVED AS TO FORM:

____
City Attorney

CITY OF LOS ALAMITOS

Dated:______________________________ By:_________________________________

Bret M. Plumlee
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Bret M. Plumlee
3191 Katella Avenue
Los Alamitos, California 90720

Email: bplumlee@cityoflosalamitos.org
Phone: (562) 431-3538

APPROVED AS TO FORM:

____
City Attorney

CITY OF NEWPORT BEACH

Dated:______________________________

By:_________________________________
Grace K. Leung
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Grace K. Leung
100 Civic Center
Newport Beach, California 92660

Email: gleung@newportbeachca.gov
Phone: (949) 644-3002

APPROVED AS TO FORM:

____
City Attorney

CITY OF ORANGE

Dated:______________________________ By:_________________________________
Rick Otto
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Rick Otto
300 East Chapman Avenue
Orange, California 92866

Email: rotto@cityoforange.org
Phone: (714) 744-2222

APPROVED AS TO FORM:

____
City Attorney

CITY OF PLACENTIA

Dated:______________________________ By:_________________________________
Damien Arrula
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Damien Arrula
401 East Chapman Avenue
Placentia, California 92870

Email: darrula@placentia.org
Phone: (714) 993-8117

APPROVED AS TO FORM:

____
City Attorney

CITY OF RANCHO SANTA MARGARITA

Dated:______________________________

By:_________________________________
Jennifer M. Cervantez
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Jennifer M. Cervantez
22112 El Paseo
Rancho Santa Margarita, California 92688

Email: jcervantez@cityofrsm.org
Phone: (949) 635-1800 Ext. 6301

APPROVED AS TO FORM:

____
City Attorney

CITY OF SAN CLEMENTE

Dated:____________________________ By:________________________________
James Makshanoff
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. James Makshanoff
910 Calle Negocio
San Clemente, California 92673

Email: makshanoffj@san-clemente.org
Phone: (949) 361-8322

APPROVED AS TO FORM:

____
City Attorney

CITY OF SAN JUAN CAPISTRANO

Dated:____________________________

By:_______________________________
Ben Siegel
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Ben Siegel
32400 Paseo Adelanto
San Juan Capistrano, California 92675

Email: BSiegel@sanjuancapistrano.org
Phone: (949) 443-6317

APPROVED AS TO FORM:

____
City Attorney

CITY OF SANTA ANA

Dated:______________________________

By:_________________________________
Raul Godinez II
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Raul Godinez II
20 Civic Center Plaza
Santa Ana, California 92701

Email: rgodinez@santa-ana.org
Phone: (714) 647-5603

APPROVED AS TO FORM:

____
City Attorney

CITY OF SEAL BEACH

Dated:______________________________ By:_________________________________
Jill R. Ingram
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Jill R. Ingram
211 8th Street
Seal Beach, California 90740

Email: jingram@sealbeachca.gov
Phone: (562) 431-2527 Ext. 1300

APPROVED AS TO FORM:

____
City Attorney

CITY OF STANTON

Dated:______________________________

By:__________________________________

Robert W. Hall
City Manager

ATTEST:

____

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

Interim City Manager
Mr. Robert W. Hall
7800 Katella Avenue
Stanton, California 90680

Email: rhall@ci.stanton.ca.us
Phone: (714) 349-9222 Ext. 241

APPROVED AS TO FORM:

____

City Attorney

CITY OF TUSTIN

Dated:______________________________ By:_________________________________

Jeffrey C. Parker
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Jeffrey C. Parker
300 Centennial Way
Tustin, California 92780

Email: jparker@tustinca.org
Phone: (714) 573-3010

APPROVED AS TO FORM:

____
City Attorney

CITY OF VILLA PARK

Dated:______________________________ By:_________________________________
Steve Franks
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Steve Franks
17855 Santiago Boulevard
Villa Park, California 92861

Email: sfranks@villapark.org
Phone: (714) 998-1500

APPROVED AS TO FORM:

____
City Attorney

CITY OF WESTMINSTER

Dated:______________________________ By:_________________________________
Eddie Manfro
City Manager

ATTEST:

____
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Eddie Manfro
8200 Westminster Boulevard
Westminster, California 92683

Email: emanfro@westminster-ca.gov
Phone: (714) 548-3172

APPROVED AS TO FORM:

____
City Attorney

CITY OF YORBA LINDA

Dated:__________________________

By:______________________________

Mark Pulone
City Manager

ATTEST:

____

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Mark Pulone
P.O. Box 87014
4845 Casa Loma
Yorba Linda, California 92886

Email: mpulone@yorbalindaca.gov
Phone: (714) 961-7100 Ext. 108

APPROVED AS TO FORM:

____

City Attorney

COUNTY OF ORANGE

Dated:______________________________

By:_________________________________
Frank Kim
County Executive Officer

ATTEST:

____
County Clerk

NOTICE TO COUNTY TO BE GIVEN TO:

County Executive Officer
Mr. Frank Kim
333 West Santa Ana Boulevard
Santa Ana, California 92703

Email: frank.kim@ocgov.com
Phone: (714) 834-6201

APPROVED AS TO FORM:

____
County Counsel

Estimated Cost Sharing for OCTAP Member Agencies

AGREEMENT NO. C-8-
EXHIBIT A

City	Funding Share	Cost Recovery Based on Funding Share**	Cost Recovery Based on Funding Share**	Jan-Jun 2018-19 2019 **	Full Year 2019-20 2020**	July-Dec 2020-21 2021**
Aliso Viejo	1.55%	$ 2,299.54	$ 69.73	$ 1,523.58	$ 3,667.64	$ 2,726.32
Anaheim	10.64%	$ 15,806.12	$ 494.45	$ 10,472.46	$ 25,209.94	$ 18,739.67
Brea	1.34%	$ 1,987.03	$ 60.35	$ 1,316.52	$ 3,169.21	$ 2,355.81
Buena Park	2.50%	$ 3,717.99	$ 115.07	$ 2,463.38	$ 5,930.00	$ 4,408.03
Costa Mesa	3.43%	$ 5,103.51	$ 158.22	$ 3,381.37	$ 8,139.84	$ 6,050.70
Cypress	1.49%	$ 2,212.25	$ 68.68	$ 1,465.74	$ 3,528.42	$ 2,622.83
Dana Point	1.01%	$ 1,508.13	$ 46.13	$ 999.23	$ 2,405.39	$ 1,788.04
Fountain Valley	1.70%	$ 2,519.53	$ 78.30	$ 1,669.33	$ 4,018.52	$ 2,987.15
Fulleton	4.30%	$ 6,383.55	$ 196.68	$ 4,229.47	$ 10,181.43	$ 7,568.31
Garden Grove	5.27%	$ 7,830.20	$ 244.79	$ 5,187.96	$ 12,488.76	$ 9,283.45
Huntington Beach	6.04%	$ 8,970.10	$ 269.51	$ 5,943.21	$ 14,306.84	$ 10,634.91
Irvine	8.23%	$ 12,224.78	$ 356.73	$ 8,099.62	$ 19,497.88	$ 14,493.64
Laguna Beach	0.69%	$ 1,031.76	$ 32.61	$ 683.60	$ 1,645.60	$ 1,223.25
Laguna Hills	0.95%	$ 1,408.41	$ 42.36	$ 933.15	$ 2,246.33	$ 1,669.80
Laguna Niguel	1.95%	$ 2,893.88	$ 91.32	$ 1,917.36	$ 4,615.58	$ 3,430.97
Laguna Woods	0.49%	$ 734.66	$ 22.38	$ 486.75	$ 1,171.74	$ 871.01
La Habra	1.87%	$ 2,782.02	$ 85.69	$ 1,843.25	$ 4,437.18	$ 3,298.35
Lake Forest	2.53%	$ 3,755.62	$ 115.85	$ 2,488.31	$ 5,990.01	$ 4,452.64
Mission Viejo	2.86%	$ 4,250.09	$ -	$ 2,815.93	$ 6,778.68	$ 5,038.89
La Palma	0.48%	$ 705.93	$ 22.17	$ 467.72	$ 1,125.92	$ 836.95
Los Alamitos	0.35%	$ 525.11	$ 16.21	$ 347.91	$ 837.52	$ 622.57
Newport Beach	2.60%	$ 3,859.06	$ 116.34	$ 2,556.85	$ 6,155.00	$ 4,575.29
Orange	4.23%	$ 6,282.98	$ 195.25	$ 4,162.84	$ 10,021.03	$ 7,449.08
Placentia	1.57%	$ 2,335.17	$ 72.16	$ 1,547.18	$ 3,724.48	$ 2,768.57
Rancho Santa Margarita	1.47%	$ 2,183.52	$ 66.98	$ 1,446.71	$ 3,482.60	$ 2,588.77
San Clemente	1.95%	$ 2,901.22	$ 91.46	$ 1,922.23	$ 4,627.30	$ 3,439.68
San Juan Capistrano	1.09%	$ 1,627.12	$ 49.82	$ 1,078.06	$ 2,595.17	$ 1,929.10
Santa Ana	10.08%	$ 14,972.32	$ 473.46	$ 9,920.02	$ 23,880.06	$ 17,751.11
Seal Beach	0.77%	$ 1,150.17	$ 34.62	$ 762.05	$ 1,834.46	$ 1,363.63
Stanton	1.18%	$ 1,747.12	$ 54.88	$ 1,157.57	$ 2,786.56	$ 2,071.37
Tustin	2.45%	$ 3,644.91	$ 114.20	$ 2,414.96	$ 5,813.44	$ 4,321.39
Villa Park	0.18%	$ 263.42	$ 8.21	$ 174.53	$ 420.14	$ 312.31
Westminster	2.81%	$ 4,181.93	$ 129.88	$ 2,770.77	$ 6,669.96	$ 4,958.07
Yorba Linda	2.06%	$ 3,059.60	$ 93.38	$ 2,027.16	$ 4,879.91	$ 3,627.45
County of Orange (includes JWA)*	7.90%	$ 11,744.24	$ 366.31	$ 7,781.23	$ 18,731.45	$ 13,923.92
TOTALS	**100%**	**$ 148,603.00**	**$148,603.00**	**$ 98,458.00**	**$ 237,014.00**	**$ 176,183.00**

*based on trips not population
** Costs are estimated, may adjust slighlty

10/1/18

Attachment: OCTAP Cooperative Agreement C-8-2015 (1743 : OCTAP Agreement)

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: Kenneth H. Rosenfield P.E.
Assistant City Manager/Director of Public Services

ISSUE: Grant Application to the Orange County Transportation Authority for Project W - Safe Transit Stops Improvements

RECOMMENDATION: That the City Council approve the submission of a grant application to the Orange County Transportation Authority for the Measure M2 Project W Safe Transit Stops Improvements for upgrading passenger amenities at the El Toro Road farside at Paseo de Valencia bus stop (adjacent to BJ's Restaurant and across the street from the Civic Center) and adopt a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, authorizing an application for funds for the Measure M2 Project W, Safe Transit Stops Grant Program, under Orange County Local Transportation Ordinance No. 3 for the Bus Stop Passenger Amenity Improvements Project."

SUMMARY:

In accordance with project categories for Measure M2, the Orange County Transportation Authority (OCTA) has issued a call for projects for Project W, Safe Transit Stops, to provide grant funding for improving passenger amenities at the 100 busiest bus stops in Orange County. Staff is preparing a grant application for the City's bus stop, included on the top 100 list, located on eastbound El Toro Road, farside, at Paseo de Valencia. The City Council is requested to approve the submission of this grant application and adopt the associated Resolution. If the City is awarded the grant, staff will bring a design plan to the City Council for approval.

BACKGROUND:

OCTA recently issued a call for projects for Project W, Safe Transit Stops, to provide up to $3 million in total grant funding to implement bus stop amenity improvements, including installation of bus benches or seating, shelters, lighting and other passenger related amenities at the 100 busiest bus stops in Orange County. The City of Laguna Hills has one bus stop, ranked 33rd in the top 100 list, located on eastbound El Toro Road, farside, at Paseo de Valencia. Staff is preparing a grant application for passenger amenity improvements at this bus stop to include new seating, space for an accessible area under the existing bus shelter, waste receptacles and expanded concrete flatwork.

This project is unique in scope and there are few similar projects from which to provide a firm cost estimate of construction. However, staff's current cost estimate for this work, based upon data provided by other cities with somewhat similar projects, is within the $35,000 funding cap for this grant.

The City Council is requested to approve the submission of this grant application and adopt the OCTA required Resolution. If the City is awarded the grant, staff will bring a design plan to the City Council for approval.

CEQA FINDINGS:

Environmental review is not required under the California Environmental Quality Act (CEQA) pursuant to the California Code of Regulations, Title 14, Chapter 3, Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, Cal. Code of Regs, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

FISCAL IMPACT:

If selected for funding by OCTA, the Project W Safe Transit Stops Grant Application will provide the City up to $35,000 for use in the construction of the above-described bus stop amenities. No local funding match is required.

ATTACHMENTS:

- Resolution - Project W

RESOLUTION NO. 2018-12-11-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING AN APPLICATION FOR FUNDS FOR THE MEASURE M2 PROJECT W, SAFE TRANSIT STOPS GRANT PROGRAM, UNDER ORANGE COUNTY LOCAL TRANSPORTATION ORDINANCE NO. 3 FOR THE BUS STOP PASSENGER AMENITY IMPROVEMENTS PROJECT

The City Council of the City of Laguna Hills, California, hereby finds, determines, declares, and resolves as follows:

WHEREAS, Orange County Local Transportation Ordinance No. 3, dated July 24, 2006, and is known and cited as the Renewed Measure M Transportation Ordinance and Investment Plan makes funds available through the Project W, Safe Transit Stops, Grant Program; and

WHEREAS, the Project W, Safe Transit Stops, Grant Program, consists of funding bus stop passenger amenity improvements, such as bus benches or seating, shelters, lighting and other passenger related amenities; and

WHEREAS, Orange County Transportation Authority (OCTA) has established the procedures and criteria for reviewing proposals; and

WHEREAS, the City of Laguna Hills has been declared by OCTA to meet the eligibility requirements to receive revenues as part of the Project W; and

WHEREAS, Project W funding is available for the 100 busiest bus stops in the County, of which one (1) bus stop is in the City of Laguna Hills; and

WHEREAS, the City of Laguna Hills desires to implement bus stop passenger amenity improvements at the eligible bus stop on the top 100 list located at El Toro Road and Paseo de Valencia; and

WHEREAS, by formal action the City of Laguna Hills authorizes the nomination of the Bus Stop Passenger Amenity Improvements Project, including all understanding and assurances contained therein, and authorizes the person identified as the official representative of the City of Laguna Hills to act in connection with the nomination and to provide such additional information as may be required; and

WHEREAS, the City of Laguna Hills will maintain and operate the equipment acquired and installed; and

WHEREAS, the City of Laguna Hills will give OCTA's representatives access to and right to examine all records, books, papers or documents related to the funded Project W Grant; and

WHEREAS, the City of Laguna Hills will cause work on the project to be commenced within a reasonable time after receipt of notification from OCTA and that the project will be carried to completion with reasonable diligence; and

WHEREAS, the City of Laguna Hills will comply where applicable with provisions of the California Environmental Quality Act, the National Environmental Policy Act, the American with Disabilities Act, and any other federal, state, and/or local laws, rules and/or regulations; and

WHEREAS, the City of Laguna Hills must include all projects funded by Net Revenues in the seven-year Capital Improvement Program as part of the Renewed Measure M Ordinance eligibility requirement; and

WHEREAS, the City of Laguna Hills will process a formal amendment to the seven-year Capital Improvement Program to add projects, if any, approved for funding upon approval from the OCTA Board of Directors; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The City Council of the City of Laguna Hills hereby authorizes Kenneth H. Rosenfield, P.E., Assistant City Manager/Director of Public Services, as the official representative of the City of Laguna Hills to accept funds for the Project W Grant Program, for the Bus Stop Passenger Amenity Improvements Project.

PASSED, APPROVED, AND ADOPTED this 11th day of December 2018.

____

ATTEST:

____

MELISSA AU-YEUNG, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2018-12-11-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 11th day of December 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: 2019 City Council Meeting Schedule

RECOMMENDATION: That the City Council adopt the proposed calendar for 2019.

SUMMARY:

In order to facilitate the preparation of agendas, as well as to provide adequate time for City Council Members and staff to plan schedules, it is helpful to review the meeting schedule for the upcoming calendar year. Attached is the proposed calendar for 2019. The City Council, with proper noticing, can decide to adjourn a regular meeting to a specific date and time prior to its meeting or call a special meeting, if the need for a meeting arises. Please note that the second meeting in July, first meeting in August, and second meeting in December are dark. Additionally, as indicated on the schedule, the second meeting of remaining months may be subject to cancellation if staff determines there are not sufficient items anticipated to warrant a meeting. Notice of such intent to cancel will generally be provided at the previous meeting. One exception to this practice next year is the second meeting in January where the City Council will conduct Commission interviews. Staff also anticipates that one or more second meetings in the spring will be utilized for budget workshops.

ATTACHMENTS:

- 2019 Calendar

Calendar 2019

January 1, 2019	**New Year's Day Holiday** **City Hall Closed**
January 8, 2019	Regular City Council/Planning Agency Meeting
January 22, 2019	Regular City Council/Planning Agency Meeting **Commission Interviews**
February 12, 2019	Regular City Council/Planning Agency Meeting Public Improvement Corp
February 18, 2019	**Presidents Day Holiday** **City Hall Closed**
February 26, 2019	Regular City Council/Planning Agency Meeting (subject to cancellation)
March 12, 2019	Regular City Council/Planning Agency Meeting
March 26, 2019	Regular City Council/Planning Agency Meeting (subject to cancellation)
April 9, 2019	Regular City Council/Planning Agency Meeting
April 23, 2019	Regular City Council/Planning Agency Meeting (subject to cancellation)
May 14, 2019	Regular City Council/Planning Agency Meeting
May 27, 2019	**Memorial Day Holiday** **City Hall Closed**
May 28, 2019	Regular City Council/Planning Agency Meeting (subject to cancellation)
June 11, 2019	Regular City Council/Planning Agency Meeting
June 25, 2019	Regular City Council/Planning Agency Meeting (subject to cancellation)
July 4, 2019	**City's Fourth of July Celebration** **City Hall Closed**
July 9, 2019	Regular City Council/Planning Agency Meeting
July 23, 2019	**Regular City Council/Planning Agency Meeting** **Dark Me**

August 13, 2019	**Regular City Council/Planning Agency Meeting** **Dark Meeting**
August 27, 2019	Regular City Council/Planning Agency Meeting
September 2, 2019	**Labor Day Holiday** **City Hall Closed**
September 10, 2019	Regular City Council/Planning Agency Meeting
September 24, 2019	Regular City Council/Planning Agency Meeting (subject to cancellation)
October 8, 2019	Regular City Council/Planning Agency Meeting
October 16 –18, 2019	League of California Cities Conference Long Beach, California
October 22, 2019	Regular City Council/Planning Agency Meeting (subject to cancellation)
November 11, 2019	**Veteran's Day Holiday** **City Hall Closed**
November 12, 2019	Regular City Council/Planning Agency Meeting
November 26, 2019	Regular City Council/Planning Agency Meeting (subject to cancellation)
November 28-29, 2019	**Thanksgiving Holiday** **City Hall Closed**
December 10, 2019	Regular City Council/Planning Agency Meeting
December 24, 2019	**Regular City Council/Planning Agency Meeting** **Dark Meeting**
December 24-25, 2019	**Christmas Holiday** **City Hall Closed**

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Affirmation of Appointments List for City Boards, Commissions, and Committees

RECOMMENDATION: That the City Council affirm the Local Appointments List and direct that it be posted on the City's web site, at City Hall and in the Laguna Hills Branch Technology Library in accordance with the Maddy Act.

SUMMARY:

In accordance with State Law, Government Code Section 54972, the City Council must prepare and post a Local Appointments List prior to December 31, 2018.

BACKGROUND:

The State Legislature found that there was a vast and largely untapped reservoir of talent existing among the citizenry of the State of California and that this resource was not, all too frequently, aware of the many opportunities which exist to participate in and serve on local regulatory and advisory boards, commissions, and committees. In order to provide access to information regarding vacancies which occur on local boards, commissions, and committees, Government Code Section 54972 requires that each legislative body prepare a Local Appointments List on or before December 31st of each year consisting of the following:

- A list of appointive terms, which will expire during the next calendar year, with the name of the incumbent appointee, the date of the appointment, the date the term expires, and the necessary qualifications for the position.

- A list of all boards, commissions, and committees whose members serve at the pleasure of the legislative body and the necessary qualifications for each position.

A Local Appointments List for the City of Laguna Hills is attached. After the City Council takes action to affirm the list, a copy of the list will be posted on the City's web site, at City Hall and in the Laguna Hills Branch Technology Library at the Community Center.

ATTACHMENTS:

- Local Appointments List

LOCAL APPOINTMENTS LIST
Ongoing Commissions, Boards, and Committees
(Pursuant to Government Code Section 54972 et seq.)

Parks and Recreation Commission

Established by:	Resolution No. 92-04-14-5 Amended by Resolution No. 96-02-13-1 Amended by Resolution No. 2005-09-13-1 Amended by Resolution No. 2006-01-10-1 Amended by Resolution No. 2009-08-25-4
Number of Members:	Five
Term of Office	Four-Year Staggered Terms
Qualifications:	All Commission Members, at all times during their incumbencies, must be a bona fide resident and registered voter of the City of Laguna Hills.

Incumbents	Date Appointed	Date of Oath	Date Term Expires
Daniel Cooper	01/18/2003	01/28/2003	01/31/2019
Victoria Auer	02/05/2013	02/26/2013	01/31/2021
David Robbins	01/23/2017	01/25/2017	01/31/2021
Chris Mackey	03/12/2013	03/26/2013	01/31/2019
Maya Douglas	01/27/2015	02/04/2015	01/31/2019

Traffic Commission

Established by:	Resolution No. 92-02-25-4 Amended by Resolution No. 96-04-23-2 Amended by Resolution No. 2005-09-13-2
Number of Members:	Five
Term of Office	Four-Year Staggered Terms
Qualifications:	All Commission Members, at all times during their incumbencies, must be a bona fide resident and registered voter of the City of Laguna Hills.

Incumbents	Date Appointed	Date of Oath	Date Term Expires
Len Herman	01/23/2017	02/22/2017	01/31/2021
Mark Jones	01/27/2015	02/10/2015	01/31/2019
Greg Staar	01/27/2015	02/10/2015	01/31/2019
Larry Woodruff	05/12/2015	05/15/2015	01/31/2021
Vacant			

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Chair and Agency Members

FROM: Jennifer Lee
Assistant City Clerk

ISSUE: Approval of Minutes for November 27, 2018, Regular Meeting

RECOMMENDATION: That the Planning Agency approve the Minutes for the November 27, 2018, Regular Meeting.

ATTACHMENTS:

- 181127 PA Minutes

Recommendation: That the City Council adopt Ordinance No. 2018-9: "An Ordinance of the City of Laguna Hills, California, adding Chapter 8-07 (Citywide Park and Recreation Facilities Fees) to Title 8 (Recreation, Parks, and Facilities) of the Laguna Hills Municipal Code establishing Development Impact Fees for Citywide Parks, Recreation and Open Space Facilities for non-subdivision residential development."

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Mel Carruth, Mayor
SECONDER:	Dore J. Gilbert, M.D., Mayor Pro Tempore
AYES:	Mel Carruth, Mayor, Dore J. Gilbert, M.D., Mayor Pro Tempore, Janine Heft, Council Member, Don Sedgwick, Council Member

4. PLANNING AGENCY

Mayor Carruth recessed the City Council Meeting, and acting in capacity as Chair, called the Regular Meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:22 p.m.

4.1. ROLL CALL OF PLANNING AGENCY MEMBERS

Attendee Name	Title	Status	Arrived
Mel Carruth	Chair	Present	
Dore J. Gilbert, M.D.	Vice Chair	Present	
Janine Heft	Agency Member	Present	
Don Sedgwick	Agency Member	Present	

4.2. PUBLIC COMMENTS

There were no Planning Agency Public Comments.

4.3. APPROVAL OF MINUTES FOR NOVEMBER 13, 2018, REGULAR MEETING

4.3.1 Approval of Minutes for November 13, 2018, Regular Meeting

Recommendation: That the Planning Agency approve the Minutes for the November 13, 2018, Regular Meeting.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Don Sedgwick, Council Member
SECONDER:	Dore J. Gilbert, M.D., Mayor Pro Tempore
AYES:	Mel Carruth, Mayor, Dore J. Gilbert, M.D., Mayor Pro Tempore, Janine Heft, Council Member, Don Sedgwick, Council Member

4.4. ADMINISTRATIVE REPORTS

There were no Planning Agency Administrative Reports.

4.5. PLANNING AGENCY PUBLIC HEARINGS

There were no Planning Agency Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Carruth reconvened the City Council Meeting at 7:23 p.m. All Council Members were present.

5. CITY COUNCIL PUBLIC HEARINGS

5.1 A Proposed Resolution Establishing a New Apiary Registration Fee.

Community Development Director Chantarangsu reviewed the information provided in the staff report, provided a PowerPoint presentation and responded to City Council requests for additional information.

Mayor Carruth opened the Public Hearing and upon seeing no one rise, closed the Public Hearing.

Recommendation: That the City Council: (1) Conduct a Public Hearing; (2) Find and determine that the proposal is statutorily exempt from the California Environmental Quality Act (CEQA) per Section 15273 of the CEQA Guidelines and Public Resources Code Section 21080(B)(8); and (3) Adopt Resolution No. 2018-11-27-4: "A Resolution of the City Council of the City of Laguna Hills, California, establishing a new Apiary Registration Fee".

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 11, 2018

TO: Mayor and Council Members

FROM: Melissa Au-Yeung
Deputy City Manager

ISSUE: Direction Regarding Unscheduled Vacancy for Traffic Commission

RECOMMENDATION: That the City Council direct Staff to proceed with the appointment process to fill the unscheduled vacancy on the Traffic Commission, per Government Code Section 54974, and Laguna Hills Municipal Code Section 2-28.080.

SUMMARY:

By virtue of his election onto the City Council, Council Member Dave Wheeler's term on the Traffic Commission is vacated, creating an unscheduled vacancy on the Traffic Commission, effective December 11, 2018. It is recommended that the City Council direct staff to proceed with the process to fill the unscheduled vacancy per Government Code Section 54974 and the Laguna Hills Municipal Code Section 2-28.080, and, to the extent possible, consolidate the process with the regular biennial process for Commission appointments.

BACKGROUND:

Council Member Dave Wheeler was appointed to the Traffic Commission on January 23, 2017, and took his Oath of Office on February 28, 2017. His term would have expired on January 31, 2021. By virtue of his election onto the City Council and his swearing in as a Council Member, Council Member Wheeler's seat on the Traffic Commission is vacated, effective December 11, 2018.

Policy 201, adopted by the City Council for filling vacancies on City Commissions, adopts a procedure for filling the vacancy, as well as a timeline. Specifically, Policy 201 states that once an unscheduled vacancy exists, “then, the same procedure that is followed during the biennial process for appointing Commissioners will be necessary to fill the vacancy.”

With the expiration of terms for two Traffic Commissioners and three Parks and Recreation Commissioners on January 31, 2019, staff will begin the regular biennial process and open the application period for the open seats on December 13, 2018.

The timeline for the biennial process for appointing Commissioners is as follows:

December 13, 2018	Open of application period. Notices will be posted in the City Clerk’s office and forwarded to the newspaper for publication. Notices will also be forwarded to homeowners associations in Laguna Hills and to the Laguna Hills Technology Library, as well as made available on the City’s website.
January 15, 2019	Close of application period; thirty days is the standard application period for the City’s biennial Commission appointment process.
January 22, 2019	The City Council conducts interviews and appoints new Commissioners.
February 6, 2019	New Parks and Recreation Commissioners attend first Parks and Recreation Commission meeting. Commissioners will be sworn in prior to attending this meeting.
February 12, 2019	New Commissioners provided with Certificate of Appointment at City Council meeting.

Because the vacancy coincides with the regular biennial process for Commission appointments, staff recommends consolidating the process, to the extent possible, of filling the unscheduled vacancy with the regular biennial process for Commission appointments. Consequently, instead of selecting two applicants to serve on the Traffic Commission, the City Council would be required to select three applicants for the Traffic Commission – two of which would serve full four-year term and the third would serve the remainder of Council Member Wheeler’s term through January 31, 2021.

It is recommended that the City Council direct staff to proceed with the process to fill the unscheduled vacancy per Government Code Section 54974 and the Laguna Hills Municipal Code Section 2-28.080, and, to the extent possible, consolidate the process with the regular biennial process for Commission appointments.